Stiftung für wirtschaftliche Entwicklung und berufliche Qualifizierung
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sequa

Handbuch

Handbuch zum Aufbau einkommenschaffender Dienstleistungen von Kammern und Verbänden

Manual

Manual on Income-Generating Services of Chambers and Trade Associations

Manual

Manual sobre Actividades Generadoras de Renta en Cámaras y Asociaciones Empresariales

Income from Services

A Practice-Oriented Manual for the Development of Income-Generating Services of Chambers and Associations

Contents

Preface

Since the early 1990s, the promotion of small and medium-sized enterprises (SMEs) has gained additional significance for development cooperation, due to the changes in Eastern Europe and the opening up of many developing countries. This renaissance has been accompanied by a re-evaluation of earlier SME promotion strategies. The traditional approach of promoting SMEs by way of assistance to state organizations has been criticized as paternalistic and not demand-oriented enough. An interesting alternative is cooperation with business membership organizations of the SME sector. As a rule, membership organizations such as chambers and associations have a closer relationship with the target group, i.e. the individual enterprises, and are therefore a good platform for implementing practice-oriented promotion measures. The Federal Ministry for Economic Cooperation and Development (BMZ) supports projects of this type mainly within the framework of the Partnership Program. This program, managed by the Foundation for Economic Development and Vocational Qualification (SEQUA), promotes cooperation between German chambers and associations and similar institutions abroad, so as to create opportunities for direct transfer of know-how.

A core focus of these projects is to advise foreign partner chambers and associations on the development of income-generating services. This helps to improve the range of services available to small and medium member enterprises, and at the same time strengthens the capacity of the foreign partners for a sustainable, long-term self-financing of such services. It is the only way to break the familiar vicious circle of low membership, low income and the resulting inability to win new members by offering attractive services.

Based upon experiences gained in more than 60 partnership projects managed by SEQUA, the present handbook aims to give chambers and associations in developing countries, as well as in the reform states of Eastern Europe, practical assistance in developing income-generating services. We hope that the publication can give valuable hints to this end, and that it will find a large audience.

We thank the Federal Ministry for Economic Cooperation and Development for financially supporting this publication. Our thanks also to the author of the handbook, Dr. Torsten Schumacher, who has managed to present his experience, gained over years of work as an adviser for foreign economic organizations, in the form of very clear recommendations for action. In addition, we wish to thank the domestic and foreign staff of German chambers and associations cooperating with SEQUA, who have provided valuable input to improving the concept of the handbook. Finally, special thanks go to Ms. Annette von Blanckenburg, SEQUA Foundation, for her typesetting work.

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1. Objectives of this Manual

The present publication is a practical and practice-oriented manual on the development of income-generating services by chambers and associations during the start-up phase- particularly in developing countries and the reform states of Central and Eastern Europe. As a rule, these organizations cannot rely on a legally prescribed, mandatory membership - as is the case e.g. for Chambers of Industry and Commerce in Germany. For this reason, they are especially dependent on earning income by way of attractive services.

Previous publications have addressed the topic of services in a rather general or theoretical/abstract manner. However, the core challenge for the above-mentioned organizations lies in finding ways to translate a theoretical service concept into concrete steps and measures which at the end of the day will satisfy the needs of member enterprises and generate income for the chamber or association.

This book has thus been conceived as a practical working aid covering, for each of the proposed services:

- their concrete characteristics and possible applications,
- diagrams and cost calculation examples,
- checklists for the introduction of the respective service,
- a list of problems that typically arise when developing and providing a service, as well as suggestions for overcoming them,
- recommendations on marketing.

Not every recommendation will be applicable to every chamber or association. National or organizational differences, especially with regard to the specific stage of a chamber or association's development, will always have some bearing on the concrete form in which a service is provided and the process by which it is introduced. Similarly, the proposals made for solving the problems most commonly encountered when introducing the respective services cannot, so to speak, make a clean sweep of every single problem. However, they have been tried and proven in practice, as have all other recommendations made in this manual.

This book is based on practical experience gained in more than 20 consultancies which the author has conducted on the topic of services in various Latin American, Eastern European, Asian and African countries.

2. The Significance of Income-Generating Services

The overriding importance of income-generating services for chambers and associations, especially during the start-up phase, is by no means universally recognized. Many professional staff and elected officers see their organization much more as a political advocacy body, or as an informal forum for exchanging information. Therefore, this chapter shall first emphasize the most important reasons for developing income-generating services. Subsequently, it will analyze the seven steps of service introduction, and list the most common mistakes made in this context.

2.1 Five Good Reasons for Developing Income-Generating Services

- The importance of services as a source of income: During the start-up phase, the following sources of funds may be available to chambers and associations:

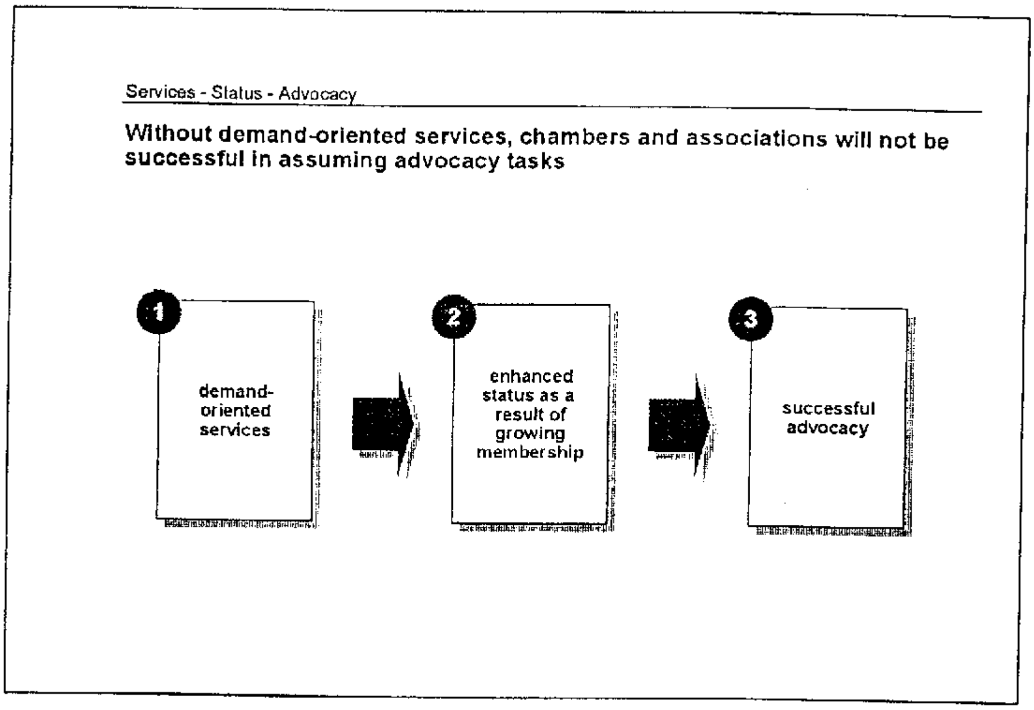
  - membership dues
  - services
  - subsidies
  - international cooperation programs.

  It must first be noted that the potential for income from membership dues is usually rather small. Subsidies as a source of income are, for one, subject to influence by political change. For another, they pose a threat to the autonomy of the chamber/association. Finally, international cooperation programmes do not guarantee a reliable, long-term source of funding.

  Thus the most obvious reason for developing income-generating services becomes evident: without sufficient income from a chamber or association's own services, its autonomy as an organization is threatened.

- Services and interest representation: Numerous consultancies conducted in a variety of countries have shown that particularly during the start-up phase, chambers and associations try to take on too many activities at one time. In particular, the provision of various types of services "competes" with the objective of advocacy for a region's or sector's entrepreneurs - especially SMEs - vis-a-vis political decision-makers.

In all of these cases, the following observation holds true: to be able to provide credible advocacy vis-a-vis political institutions in the first place, chambers and associations must represent a certain minimum number of enterprises. This level of representation, however, is also directly linked to the services offered: the better the services, the greater the number of enterprises that will wish to become members. The interconnection between services offered, level of representation and advocacy is summarized by the following diagram.



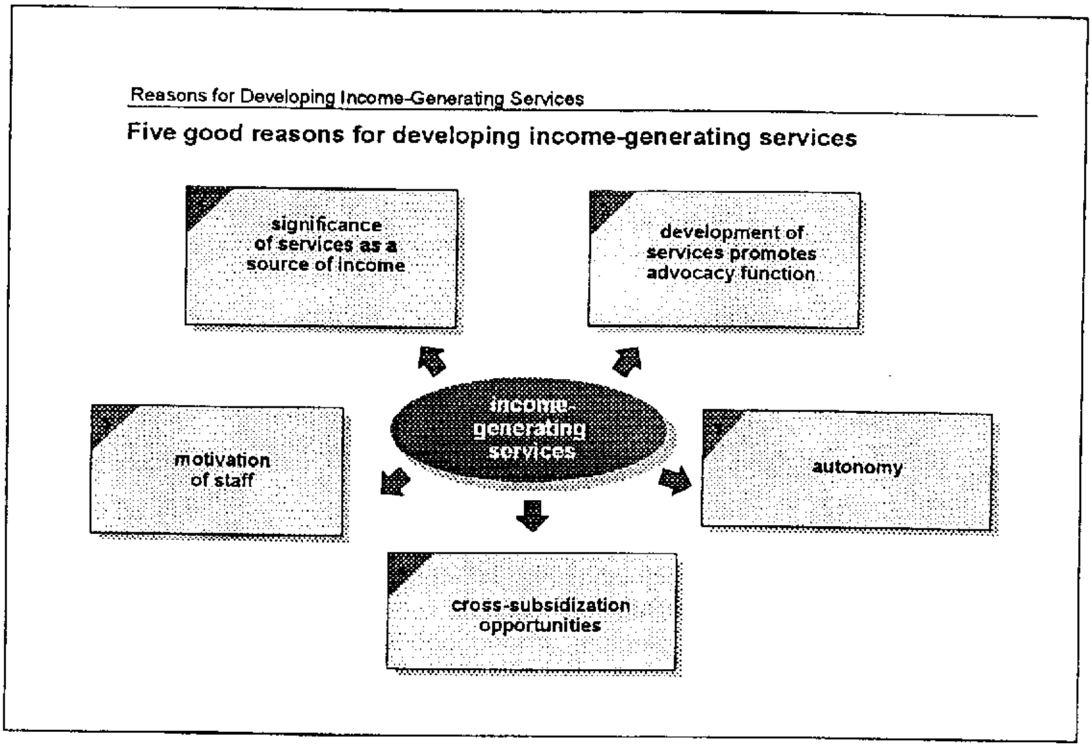
- **Autonomy:** In many countries, chambers and associations assume a mediator function between the private, entrepreneurial sector of the economy on the one hand and political institutions on the other. To be able to fill this position in a neutral manner and effectively represent the interests of the private sector vis-avis political decision-makers, chambers and associations must be financially independent. The less they depend on subsidies, the greater their autonomy.

- **Possibilities of cross-subsidization:** It is important to understand that the topic of "developing income-generating services" cannot be addressed in isolation from other topics, but must be treated as part of the overall context of "chamber and association development". There are especially close interactions with the topic of "attracting and serving members".

If sufficient income is earned from services, then other activities aimed at attracting and serving members, e.g. advocacy or social welfare activities, need not always be costed for full recovery of expenditures. Certainly this should always be the goal, but the greater the surplus (= income - costs) that can be earned through services, the easier it is to risk a deficit when conducting another activity, e.g. with cost recovery of only 50 or 70%. Moreover, an effective way to attract new members is to differentiate the fees or rates charged for a service by whether the customer is a member or not. This principle can be applied to all services offered by a chamber/association. Non-members should pay between 50 and 100% more than members, so as to gain a clear incentive toward membership.

- **Motivating staff**: The development of income-generating services can also have positive effects on day-to-day operation. Managing a newly-introduced service is a concrete, hands-on task that can raise the motivation level of committed staff. Various consultancy projects have shown that a veritable surge in motivation can occur when a staff member is charged with the overall management of a service. In putting this realization into practice, chambers/ associations may consider negotiating variable income components with the respective staff members, e.g. a sum dependent on the volume of income earned through a particular service.

The diagram below summarizes the most important reasons for developing income-generating services:



2.2 Stepping Stones of Service Development

2.2.1 Status-Quo Analysis

Before individual measures are taken to introduce new services or further develop existing ones, the chamber/association should always conduct a careful review of its current activities. Such stock-taking has three main advantages:

- it clarifies whether a service is generating income or losses
- it provides an overview on the relationship between free services and those for which charges are raised
- only a status-quo analysis can clarify the relative position of the chamber/ association. This makes it easier to determine fields of activity for the further development of services, and easier to decide upon concrete measures.

The recommended stock-taking grid shown in the following diagrams has a double function in this respect: first, it serves as an important input to any discussion on the introduction of new services. Secondly, however, one should continue to complement and update the form - in this way, it becomes an important control instrument for chamber/association management.

Status-Quo Analysis

No.	Service/Activity	1998			1999		
		Price/Unit	Income	Costs	Price/Unit	Income	Costs
1	**Office Services** • fax						
	• e-mail						
	• Internet						
	• photocopies						
	• translations						
	• rental of premises						
2	**Advisory Services** • topic 1						
	• topic 2						
	• topic 3						
3	**Training Seminars** • topic 1 • topic 2 • topic 3						

Status-Quo Analysis (continued)

No.	Service/Activity	1998			1999		
		Price/Unit	Income	Costs	Price/Unit	Income	Costs
4	Cooperation Exchange • national						
	• international						
5	Entrepreneurs' Meetings • activity 1						
	• activity 2						
6	Fairs/Exhibitions • event 1						
	• event 2						
7	Publications • publication 1						
	• publication 2						
8	Other Services						

Naturally, expenditure planning and liquidity calculations must also be conducted. However, these matters of financial planning, an area in which many chambers and associations show weaknesses particularly during the start-up phase, are not the subject of this manual.

2.2.2 Analysis of Potential

The analysis of potential takes place at the interface between the status-quo analysis and the development of additional activities. It provides an answer to the question of how much unused staff capacity is in fact available to the chamber/ association, and can be used towards introducing new services or further develop existing ones.

The analysis of potential answers the following questions:

- where in the organization is any unused capacity available?
- must additional staff be hired to be able to introduce a new service?
- are the qualifications needed to introduce the new service available?

The most practicable way of conducting an analysis of potential is to prepare job descriptions which - on a single page, if possible - characterize individual staff positions with regard to duties, responsibilities and requirements. The following job description is a typical example.

Chamber for Small and Medium Enterprises

Job Description: Head of International Department

Number of Department Staff: 3

Reports to: Director

Duties:

- **Organizes visits by foreign entrepreneurs' delegations**
  - ❑ initiates contacts particularly with larger member enterprises
  - ❑ fulfills coordination duties
  - ❑ directs follow-up
- **Organizes fairs and exhibitions**
  - ❑ trains participating enterprises in basic questions of fair participation
  - ❑ organizes participation in fairs, particularly joint exhibition stands by member enterprises
- **Serves selected member enterprises**
  - ❑ serves larger member enterprises by way of international contacts and/ or regarding cooperation wishes
- **Head of Department**
  - ❑ weekly jour fixe with all department staff
  - ❑ staff discussions
- **Deputy of Director**
  - ❑ assumes external appointments and internal duties in the event of the Director's absence

Responsibilities:

- Self-directed fulfillment of the above duties
- External representation of the Chamber
- Supervises department staff in substantive and disciplinary terms
- Deputy of Director

An analysis of the job descriptions now shows which staff position is best suited to the envisioned service.

2.2.3 Demand-Side Analysis

The various options for a demand-side analysis will be discussed in detail in Chapter 3, since the instruments used may vary according to the type of service. In principle, the following instruments may be considered:

- **Visits to enterprises:** This most intensive form of demand-side analysis has the advantage that the needs of the member enterprise can be evaluated in a more "first-hand" manner. However, the time factor may present a decisive hurdle.

- **Events:** Every event hosted and every activity conducted by the chamber/ association should be used to obtain information on the expectations, needs and opinions of the members.

- **Questionnaire for new members:** Demand-side analysis should begin as soon as a new member joins! A well-drafted questionnaire or registration form permits the chamber/association to already gain important information at this early stage. The questionnaire could look as follows:

Name of Chamber or Association

Questionnaire for New Members

I. Basic Enterprise Data

1. Name: ……………………………… 2. Address:…………………………… 3. Phone/Fax: ………………………..

4. Legal form: ………………………….. 5. Year established: …………………… 6. Today's date: ………………………..

II. Contact Person

Name	Position	Phone	Languages

1. ....
2. ....
3. ....

IV. Range of Activities

☐ Manufacturer of:	☐ Trade in:	☐ Services:
1. ………………………..	1. ………………………..	1. ………………………..
2. ………………………..	2. ………………………..	2. ………………………..
3. ………………………..	3. ………………………..	3. ………………………..

IV. Size of Enterprises

- ❑ 1 - 2 employees
- ❑ 3 -4 employees
- ❑ 5 - 9 employees
- ❑ 10-19 employees
- ❑ > 20 employees

V. Foreign Trade

Exports: Export volume in <year>: …………………….. US$

Country	Percentage	Products

1. ....
2. ....
3. ....

Imports: Import volume in <year>: ……………………USD$

Country	Percentage	Products

1. ……………………………………………………………………………
2. ……………………………………………………………………………
3. ……………………………………………………………………………

VI. Your Expectations of <Name of Chamber/Association>

Please indicate how important each of our organization's activities is to you by ticking the respective boxes below (the higher the number, the more important the activity is to you, i.e. 1 = unimportant, 10 = very important).

A. Political Advocacy

1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

Provision of Services

1	2	3	4	5	6	7	8	9	10
☐	☐	☐	☐	☐	☐	☐	☐	☐	☐

B. Services Which issues are of particular interest to you?

Legal advice
1 10 ………………………………………………….
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ………………………………………………….

Fairs/exhibitions
1 10 ………………………………………………….
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ………………………………………………….

Training
1 10 ………………………………………………….
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ………………………………………………….

Cooperation with other enterprises
1 10 ………………………………………………….
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ………………………………………………….

International contacts
1 10 ………………………………………………….
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ………………………………………………….

Technical advice
1 10 ………………………………………………….
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ………………………………………………….

Administrative advice
1 10 ………………………………………………….
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ………………………………………………….

Other topics (please specify)
1 10 ………………………………………………….
☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ☐ ………………………………………………….

C. Further Comments
....
....
....

Name: ………………………… Signature: …………………………………

In this format, the questionnaire fulfills three important prerequisites:

- it must be easy to read and complete and should therefore be no longer than two pages
- for evaluation purposes, it must provide a way to categorize members by sector, region, size of enterprise and other factors, so that the types of services offered can be adjusted accordingly
- thirdly, about half of the space of the questionnaire should be dedicated to the expectations and needs of the new member.

Naturally, small adjustments will need to be made depending on the respective organization and country. However, if the basic structure is used consistently, one of the more common weaknesses of chambers and associations - namely, insufficient information on member enterprises - can be avoided right from the outset.

2.2.4 Prioritization of Services

A comparison of the status-quo analysis with the results of the demand-side analysis now permits a decision on how to expand the existing range of services. However, be sure to stay focused! During the start-up phase, many chambers and associations lose direction by trying to introduce too many new activities/services at one time. One should concentrate on 2 to 3 services, basing the decision on the following criteria:

- income potential (short-term, long-term)
- usefulness to members
- resources required (capital, know-how, personnel)
- degree of competition
- interrelationships with other services

The following decision-making grid may be used in discussing a focusing strategy based on these criteria:

Decision-Making Grid for Introduction of New Services					
Decision-Making Factors	Weighting	A Points 1-10	B Points 1-10	C Points 1-10	D Points 1-10
Service can be fully introduced with available staff resources	5				
Service has short-term (1-6 months) income-generating potential	20				
Service has long-term (12 months or more) income-generating potential	15				
Synergy effects with existing income-Generating potential	10				
Low-intensity competition in market for New service	15				
Service is highly useful to members	20				
No need to build up additional know-how	5				
No additional capital expenditures necessary	10				
Total	**100**				

The more a decision-making factor applies to the new service under consideration, the higher the number of points (1-10) awarded.

Naturally, certain details of the grid may need to be adjusted to account for conditions in the particular country and the competitive position of the respective chamber/association. This is especially true for the weighting of decision-making factors. Nevertheless, various consultancy projects have shown that this decision-making grid can structure, and considerably shorten, the difficult discussion process on the introduction of a new service.

There are a number of methods for implementing this work step of service prioritization, e.g. a one-day workshop attended by various chamber/association staff as well as entrepreneurs serving as elected officers. A positive side effect is that a dialogue between professional and elected officers is held or intensified. In various consultancy projects, the author has observed that sometimes a whole year can go by without a single contact or exchange of opinions between a large portion of the professional staff on the one hand and elected entrepreneurs on the other. The design of the "prioritization workshop" could look as follows:

- 10 participants
- 6 professional staff from various sections/departments
- 4 elected officers
- duration: 1 day
- venue: external, i.e. not at chamber/association premises
- general agenda:
    1. presentation of results of the status-quo analysis
    2. presentation of all available information from demand-side analyses
    3. discussion of the prioritization strategy.

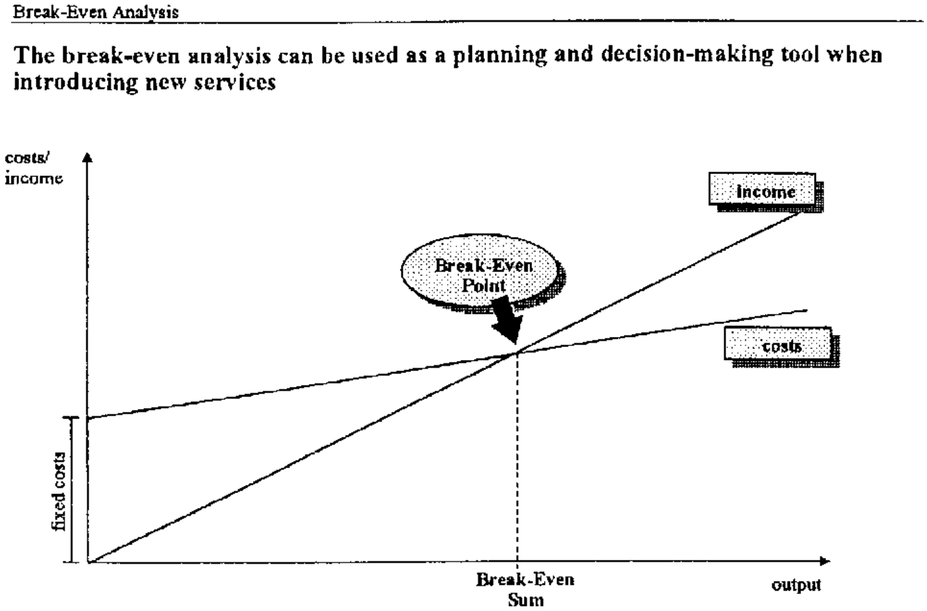
2.2.5 Introductory Phase

a) Cost Estimates

The first step of the introductory phase is to estimate the costs that will be incurred as a result of introducing the new service. Most chambers and associations in the start-up phase have serious deficits in this field. Costs are often recorded in an incomplete and unsystematic manner. For this reason, this issue will be discussed in greater detail in the comments on the individual services in Chapter 3. Generally speaking, the following cost types need to be considered:

- ♦ staff costs - the results of the analysis of potential show whether additional staff must be hired
- ♦ consultancy costs - introduction of the new service may require the assistance of an external consultant (e.g. for market research)
- ♦ marketing costs - this often-neglected cost type encompasses the costs of marketing activities conducted specifically to promote the new service (mailings, press conferences, press releases etc.)
- ♦ equipment costs - these also encompass acquisitions such as additional PCs, special literature etc.
- ♦ communications costs - phone, fax, etc.

An important decision-making tool with regard to cost estimates and cost analyses is the so-called **break-even analysis**. This will be briefly mentioned here because it has often proven to be a valuable planning and decision-making instrument for chambers and associations introducing new services.



As may be seen from the diagram, the break-even analysis determines the amount of output as of which income begins to exceed costs. This is the break-even point. As a rule, fixed costs incurred irrespective of output (here: provision of a service) must also be taken into consideration - as has been done above.

b) Assignment of Responsibilities

Another typical mistake is that staff members are not assigned with express responsibility for the individual steps taken to introduce a new service. Often, it may even be a good idea to appoint a staff member as officer with overall responsibility for a new service (see Chapter 3.1. with regard to office services).

c) Marketing/Public Relations Work

Recommendations will be made in Chapter 3 regarding marketing strategies and their implementation for individual services. Generally speaking, the following may be considered:

- telephone promotion
- direct mailings
- mailings to multipliers, e.g. foreign chambers and associations, embassies and consulates, ministries, institutes
- promotion at own events
- advertisements in local newspapers and magazines
- local radio programs
- local television programs
- own publications

- company visits.

An important criterion for success lies in designing member-specific marketing strategies. Under all circumstances, a database should be established for this purpose. The following points should be observed in this context:

- ♦ In most cases, i.e. as long as the number of members is not in the tens of thousands, the database can be created with simple means. Microsoft Excel is a suitable tool (evaluation options: by members, services or individual activities)
- ♦ No activity should be conducted without participants' lists!
- ♦ The database should be updated weekly, ideally at a fixed time (e.g. Friday afternoons)
- ♦ It is highly recommended that a staff member be designated as responsible for the database. On a monthly or quarterly basis, this staff member reports to the chamber/association management on the results of the database evaluations. The following are among the evaluation options of interest:
    - * development of the overall number of service customers
    - * development of the number of customers by service/activity
    - * development of income (overall/by service)
    - * sectoral analysis: which services are used primarily by which type of enterprise?
    - * what is the enterprise-specific profile of the service users (what/when?)
    - * influence of individual marketing measures on the "popularity" of a particular service.

2.2.6 Evaluation

Chambers and associations usually spend far too little time on this step when developing services! A systematic evaluation is often "forgotten" during day-to-day operation, even though this step is highly significant for

- the quality of the future range of services, and
- income development.

The following evaluation tools have proven useful in practice:

- ♦ distribution of standardized questionnaires immediately after a service has been provided (example: training seminars)
- ♦ appointment of an internal staff member as "quality control officer"; he/she will then also assume the evaluation of the respective services (example: office services)
- ♦ for very important services: external evaluation
- ♦ oral interviews of selected members, e.g. during events.

The distribution of questionnaires directly after an event is a simple and at the same time effective evaluation tool. Such an analysis form should leave the respondent as much freedom of formulation as possible, so that ideas are also gained with regard to services not yet being offered. It could look as follows:

Name of Chamber/Association

We want to further improve our services!

Please complete this questionnaire. By doing so, you give us valuable hints on how we can better suit our range of services to your needs!

Which services provided by Our chamber are of special interest to you?.	**And which concrete questions are most interesting to you in this context?**
1. ________________________	________________________ ________________________
2. ________________________	________________________ ________________________
3. ________________________	________________________ ________________________

Which service do you think is missing from our range of offers?	**And which concrete questions are most interesting to you in this context?**
1. ________________________	________________________ ________________________
2. ________________________	________________________ ________________________

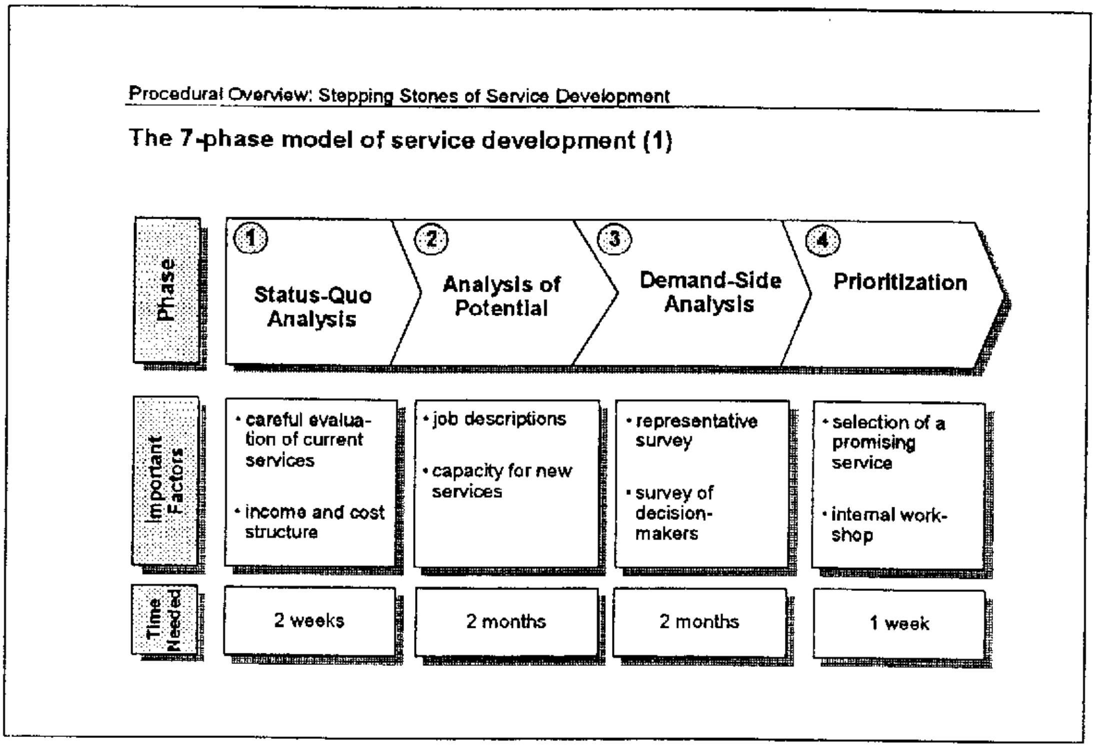
....	....	...................…..
Enterprise	Name	Date

2.2.7 Expansion

The range of services should be expanded only after all of the previously discussed steps have been carefully carried out. For purposes of selecting the service that shall be introduced, the results of the evaluation should be used as an information source in addition to the status-quo analysis and the demand-side analysis.

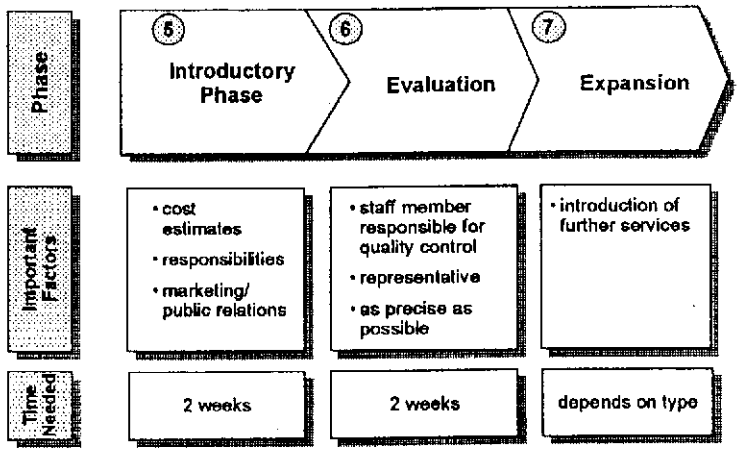
3.6.1 Summary

Chambers and associations should always observe these seven steps when developing services. They constitute a sequence which may be described as the "7Phase Model". The following two diagrams offer a summary of the individual steps, important factors in implementing them, as well as an estimate of the minimum amount of time that should be spent on each. As a bottom line, it will become clear that at least 6 months will usually be needed to introduce a new service. While this time frame may vary by organization, country and especially by the type of service involved, the 6-month period is nevertheless a realistic average. The amount of time needed to introduce a new service is often underestimated.



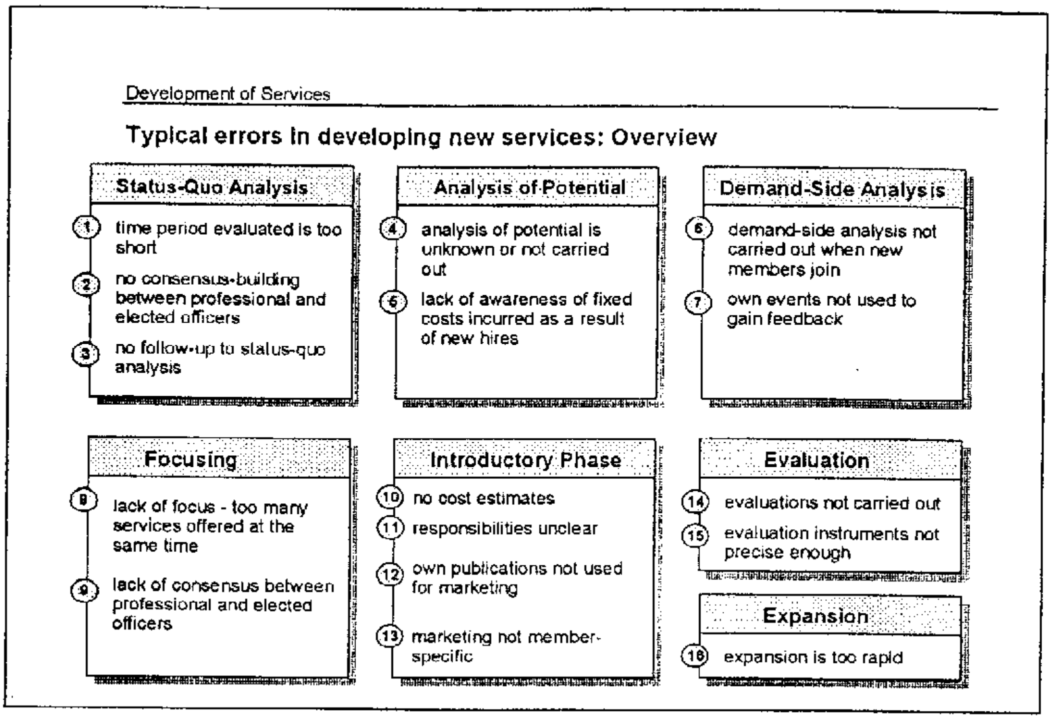
Procedural Overview: Stepping Stones of Service Development

The 7-phase model of service development (2)



2.3 Typical Errors in Introducing New Services

From experience gained in numerous consultancy projects directly or indirectly addressing the topic of income-generating services, we have derived a list of mistakes made by many chambers and associations when introducing new services. The following diagram gives an overview of these typical errors.



The following section shall offer easy-to-implement recommendations for avoiding each of the problems indicated. If these points are studied and observed carefully, chances that the service will be introduced successfully will already be a good deal better. The analysis is oriented on the previously discussed 7 phases of service introduction. A schematic synopsis of the respective recommendations will be given at the end of this chapter.

Error 1: Short time frame of reference: Too short a time period is taken into consideration for the status-quo analysis, yielding a "crooked", unrepresentative view of the amount and structure of income and expenditures.

Recommendation: At least one full calendar year should be considered, ideally supplemented by figures from the preceding year.

Error 2: Lack of consensus between professional and elected officers: Even if the chamber/association uses the right parameters for the status-quo analysis, it often fails to take the next step. This is to coordinate the results with the supervisory organs of the organization, and/or the elected management bodies. The opposite situation is just as common: the elected body takes decisions without feedback from professional staff, again hampering implementation.

Recommendation: First of all, the status-quo analysis - designated as a draft - should be prepared by the professional staff. Since experience shows that a half to a full day is needed to discuss the analysis in detail, an extraordinary session with the elected bodies may well be necessary. Overall, the process of finding a consensus is of eminent importance to the further process of service introduction the chamber/association must "speak with one voice" in all respects.

Error 3: Lack of follow-up to status-quo analysis: The next very common mistake is that a status-quo analysis is in fact prepared, but then "disappears in a drawer".

Recommendation: Among other things, the status-quo analysis serves as a valuable input to the discussions on potential new services. However, it can only become a true control instrument for management if it is continued over a period of several years.

Error 4: Analysis of potential is unknown: Most chambers and associations in the start-up phase are unaware of the tool of the analysis of potential; as a result, such studies are not carried out.

Recommendation: Particularly during the start-up phase, chambers and associations are subject to considerable fluctuations in available and/or required financial and staff resources. An analysis of potential, focusing on the interface between the status-quo analysis and the demand-side analysis, should therefore be conducted in all cases. Job descriptions should be drafted to clarify how tasks and responsibilities are divided within the chamber/association, and to indicate where free resources are available for service development.

Error 5: Fixed costs for new hires: Frequently, there is a lack of awareness of the fixed costs resulting from any new hire.

Recommendation: New staff members should be hired specifically in order to introduce the respective new service, and their continued employment should be made to depend on successful introduction. This will provide an additional motivating effect.

Error 6: No demand-side analysis conducted when taking in new members: The admission of new members is often not used as an opportunity to gain an awareness, or at least a first impression, of their information and consultancy needs.

Recommendation: The demand-side analysis begins with the mailing and completion of the registration forms! Using the questionnaire introduced above, the needs of new members should be surveyed in "quick scan" fashion.

Error 7: Events are not used as an opportunity for surveys: As a rule, the greatest deficits in pro-active surveying of members' needs arise at events organized by the chambers or associations themselves: they are not, or only rarely, used as opinion-building fora.

Recommendation: EVERY event organized by a chamber/association can and should be used to poll the needs of members and/or customers. When doing so, the following factors should be taken into consideration (see sample analysis form in Section 2.2):

- The survey should always be made in writing, because only this allows valid evaluation.
- The form used should not be modified for a period of at least one year. This permits a documentation of changes in the opinion of members on particular

services/activities, from which appropriate reactions by the chamber/association can be derived.

- The analysis form must be designed so that it can be completed in 5 to 10 minutes. Otherwise, the respondent may not want to bother, and one ends up with an unrepresentative opinion survey.

Error 8: Lack of focus: Many consultancy projects have shown that, especially during the start-up phase, chambers and associations want to introduce or significantly expand a number of services at one time. There is a complete lack of focus.

Recommendation: A lack of focus decisively reduces the chances of a successful expansion of the existing service spectrum. The decision-making grid introduced above, which is well-proven in practice, should be of assistance here.

Error 9: Lack of consensus between professional and elected officers: Professional and elected officers often disagree on which service should be selected to expand the chamber/association's spectrum of activities.

Recommendation: Professional and elected officers must "speak with one voice" on this matter, because the decision is a strategic one and because implementation would otherwise be hampered. Two different approaches can be envisioned as regards implementation:

- a joint workshop by professional and elected officers
- initially, a preparatory workshop by the professional staff, whose results serve as the basis for the discussion with the elected officers.

The choice of approach depends largely on the relationship between professional and elected officers in the respective organization.

Error 10: No cost estimates: Estimates of costs that will be incurred as a result of service introduction are often neglected.

Recommendation: An important part of the introductory phase is to estimate the costs linked to the introduction of a new service. This estimate can be conducted using the checklist found in Section 2.2.5a).

Error 11: Responsibilities remain unclear: An almost universal mistake is that no one is designated as responsible for the individual stepping stones of service introduction.

Recommendation: A staff member is assigned to each and every activity. He/she assumes coordination functions and is also empowered to take decisions in the event of disagreement (in so far as this does not involve the chamber/association as a whole and thereby becomes a management issue). In many cases, it will even be practical to appoint one staff member as officer in overall charge of introducing a service, or further developing an existing one. Bonus payments can be offered for successful completion of this task.

Error 12: Insufficient use of own publications for marketing: Especially when chambers and associations are still in the start-up phase and do not yet possess a well-established financial base, they are liable to neglect marketing activities for cost reasons.

Recommendation: Here too, innovative solutions can be found. Often the simplest and least expensive way to market a service is to use own publications as a publicity platform. Periodical association/chamber publications (bulletin/newsletter) should include a regular section on "Our Events", informing readers, in a clear and concise manner, on events hosted and services offered by the chamber or association.

Error 13: Lack of member-specific marketing: If and when marketing activities are conducted, there is often a lack of orientation on a specific target group marketing is understood and conducted too broadly.

Recommendation: Identifying the target group and orienting marketing activities on this group are among the most elementary building blocks of any marketing plan. With respect to the development of income-generating services, this means that chambers and associations must know which member enterprises have taken advantage of which services when. A central database should be created for this purpose. Member-specific marketing of a service becomes useful when

- a member enterprise has not yet taken advantage of the service at all,
- a member took advantage of the service for some time but has lately (e.g. during the past 6 months) ceased to do so.

This recommendation plays a pivotal role under the aspect of chamber/association marketing activities (see Section 2.2.6) .

Error 14: Lack of evaluation: The "work package" of evaluating a service which has been/is being provided is often ignored outright. In some instances, this is true even for "established" chambers and associations.

Recommendation: The evaluation is among the most important steps to be taken when introducing any service. The amount of work dedicated to an evaluation should be in line with the significance of the service, i.e. the amount of income that is or could be gained from it. The most common evaluation tools are listed in Section 2.2.6.

Error 15: Evaluations are not precise enough: If and when evaluations are conducted at all, they are often too imprecise (e.g. assessment of a seminar as good/average/poor).

Recommendation: Evaluations which fail to offer concrete results or assessments are pointless! The above-mentioned evaluation tools must be designed so as to provide the most precise assessments possible, as well as prompt the service customer to make suggestions for improvement.

Error 16: Overly rapid expansion: Unfortunately, it can be observed time and again that a chamber or association's well-meant enthusiasm leads it to take on new services even when the most recently introduced service is not yet securely established.

Recommendation: Obviously it is difficult to determine a generally valid rate of expansion. Generally speaking, however, it is better to wait a little longer than to become bogged down by an overly quick introduction of several new services, because this is to the detriment of the chamber/association’s work as a whole. As a rule of thumb: a new service can only be considered well-established when it has been offered repeatedly and has been accepted by different groups of members.

The recommendations made in this chapter are again summarized in the two following diagrams.

Development of Services

The typical errors made when developing new services can easily be Avoided (1)

Status-Quo Analysis	
1.	The time period evaluated should be at least one calendar year, ideally supplemented by figures from the previous year.
2.	Under all circumstances, a consensus should be reached between professional and elected officers on the status-quo analysis as a basis for all further activities toward developing new services.
3.	The status-quo analysis should be continued over a period of several years; in this way, it can become a guidance instrument for management
Analysis of Potential	
4.	An analysis of potential should be carried out under all circumstances. This can be done by way of job descriptions, showing how tasks and responsibilities are allocated within the organization.
5.	If additional staff are hired to introduce a new service, their continued employment can be made to depend on successful introduction.
Demand-Side Analysis	
6.	The needs of members can and should be surveyed as soon as they join.
7.	Every chamber/association event should be used to gain information on members' expectations.

Development of Services

The typical errors made when developing new services can easily be Avoided (2)

Focusing	
8.	At first, only one (1) service should be established.
9.	Professional and elected officers must agree on the service to be selected.
Introductory Phase	
10.	Costs resulting from the introduction of a new service must be estimated carefully.
11.	One or more staff member(s) must be designated as responsible for the individual activities, or for the new service as a whole.
12.	Own publications should be consistently used to market the services.
13.	Marketing must be conducted in a member-specific fashion.
Evaluation	
14.	An evaluation must be carried out for each and every service.
15.	15. The results of the evaluation must be as precise as possible
Expansion	
16.	16. A new service should be well-established before the next is introduced.

3. The Individual Services

3.1 Office Services

3.1.1 Overview

Particularly for very small chambers and associations, office services are a good way to generate income during the start-up phase. Although the income-generating potential of office services is generally rather low, this type of service offers the following advantages:

- office services can be offered without extensive know-how, and
- the necessary capital investments are minimal.

Specifically, the following office services can be considered:

- **Fax service**: Members, but also other enterprises, use the chamber/ association's facsimile machine.
- **E-mail service**: Electronic mail will steadily gain in importance as a communications medium for chambers and associations and their members. If the chamber/association has an e-mail account, this should be made available to both members and non-members.
- **Internet use**: Similarly, the growing importance of the Internet as an information resource is virtually undisputed among experts. If the chamber/association has an Internet connection, it can make it available as an information-gathering and research resource.
- **Photocopies**: The simplest of all office services is to allow members, but also non-members, to use the chamber/association's photocopy machine.
- **Correspondence**: Many SMEs and micro-enterprises lack fundamental knowledge on how to structure and formulate business correspondence. This provides a further potential source of income for chambers/associations. Their secretariats can offer to write and formulate business correspondence. A positive side effect is that the work capacity of the secretariat is better utilized.
- **Translations**: Almost all SMEs, and especially micro-enterprises, lack foreign language skills. For enterprises which have contacts with business partners abroad, the translation of letters and other documents can be a valuable and useful service.
- **Rental of premises**: Whether in the start-up phase or not, smaller chambers and associations often own premises suitable for various types of events and functions. Consultancy projects have shown time and again that insufficient use is made of this important means of income generation. Rental of premises can be considered for the following events or meetings, among others:
    - entrepreneurs' discussions
    - seminars
    - conferences
    - panel discussions
    - company anniversaries, especially those of member enterprises
    - presentations of awards
    - other solemn occasions

- small exhibitions, particularly by the handicrafts sector.

3.1.2 Calculating Charges and Prices

Chambers and associations in the start-up phase tend to determine charges and prices "by feeling", i.e. without any relation to a reasonable basis of calculation. This observation is also valid for office services. The following table therefore recommends a scheme for calculating charges and prices for all types of office services. The systematics of this scheme are universally applicable, even if the actual rates must of course be adapted to the respective organization. The figures shown in the example are from a small South American chamber of industry and commerce.

No	Service	Cost Types	Units	Total (US$)	Profit (%)	Price (US$)
1	Fax[1]	Fax per page: 0.20 US$ (cost of fax machine: 400 US$/depreciation after 2000 transmission)	1	0.20	20	0.48
		transmission cost per minute: 0.20 US$	1	0.20		
2	photo-copies[2]	copy per page: 0.05 US$ (cost of photocopier: 500 US$/depreciation after 10,000 copies)	1	0.05	100	0.10
3	corres-pond-ence[3]	labour cost: 1.56 US$ per hour (250 US$ per month/160 hours per month)	1	1.56	20	1.87
4	trans-lations	labour cost of 1.56 US$ per hour	1	1.56	20	1.87
5 6	e-mail Internet	PC use per hour: 0.25 US$ (PC cost: 800 US$/depreciation after 3200 hours)	1	0.25	20	0.54
		transmission cost per minute: 0.20 USD	1	0.20		
7	rental of premis es	rental cost per hour: 2.20 US$ (overall rental cost incl. Supplementary cost: 350 US$/160 hours potential use)	1	2.20	20	2.64

1 Different rates must be charged for national and international connections.
2 Cost of paper not considered.
3 For letters and translations, paper and other materials as well as depreciation of PCs Are not considered as cost types here.

In this respect, it should be noted that an appropriate profit – here 20% - should be included in the price calculation. Aside from the objective of generating income, the chamber/association can already become much better known to potential new members simply by providing office services.

3.1.3 Marketing Office Services

Office services will only become a viable source of income for a chamber/ association if they are marketed in a targeted and consistent manner. There are two options for marketing such services:

- personalized letters to all members, and
- information material promoting the services, which can be distributed at any event hosted by the chamber/association.

A recommended draft of the personalized letter is shown below:

<Name of Chamber/Association>
<Address>

<Name of Member Enterprise>
<Address>

Place, Date

Use Our Office Services!

Dear Member,

We are happy to note that you have now been a member of our organization for 2 years and have taken advantage of several of the services we offer.

In the meantime, we have further expanded our range of services. From now on, you can take advantage of various office services and so take some of the burden off your day-to-day business operation. In particular, we offer you the following:

- fax service
- e-mail
- Internet research
- photocopies
- business correspondence
- translations (from/into English)
- rental of premises.

Please refer to the enclosed information leaflet for details. And please feel free to contact us - we are happy to assist you! Your direct contact partner is:

Ms Monica Miller
Central Secretariat
Phone: 123456

Yours faithfully

<signature>

Name

A suggestion for the above-mentioned information leaflet is given here:

Chamber of Industry and Commerce XYZ

Take Advantage of our Wide Range of Office Services

Do you need help in formulating business correspondence?
We have experienced secretaries on hand to assist you! We are ready to help you in formulating and writing your business correspondence
(rates per page: members/non-members)

Do you have to communicate with business partners in English?
No Problem!
We can help you by translating English-language business correspondence which you receive or need to write yourself
(rates per page: members/non-members)

Do you need a prestigious venue for your next function?
We offer rental of our premises for conferences, seminars, company anniversaries and many other occasions. Capacity: up to 80 persons.
(rates per hour: members/non-members)

The Internet opens entirely new communication and research possibilities –
Do you want to take part?
We are ready to make our Internet connection available to you, so that your research on markets, customers, suppliers or other cooperation partners becomes even more successful (rates per hour: members/non-members)

Simple but effective: fax and photocopy service
You are welcome to use our fax machines, and if you need to copy documents, our photocopiers are available to you
(rates per 10 pages: members/non-members)

Your contact person:	**Ms Monica Fulano**
	Central Secretariat
	Phone: 123456
Office Hours:	**Mon - Fri, 8.30 a.m. - 5 p.m.**

Actual rates will have to be adjusted according to the conditions of the respective country and organization. The difference in rates for members and non-members is important: the latter should pay 50 to 100% more, creating a clear incentive toward membership. In addition to this one-time information mailer, members as well as other interested enterprises must regularly be informed of available office services. Any event organized by the chamber/association can be used for this purpose, simply by distributing the information leaflet.

Finally, we offer the following example as an indication of the amount of total income that can be earned from office services. The figures are based on the chamber already mentioned above; this organization has 300 active members.

No.	Service	Number of Enterprises (Users)	Price per Unit (US$)	No. of Units Sold per Month	Income (US$)
1	fax service	28	0.48	120	57/60
2	photocopies	22	0.10	200	20.00
3	correspondence (1 page)	15	1.87	45	84.15
4	translations (1 page)	8	1.87	15	28.05
5	e-mail; not yet available	---	---	---	---
6	internet: not yet available	---	---	---	---
7	rental of premises (hours)	11	2.64	25	66.00
Total Income per Month					255.80

In this example, income from office services totals 255.80 US$ per month. This may not be much, but it is equivalent to the monthly salary of one staff member. This amount was attainable because both of the marketing approaches recommended above were consistently applied. Generally speaking, office services can account for 5 to 15% of a chamber or association's total annual income; in individual cases, and given the availability of large function rooms and a corresponding interest in rentals, up to 25% of total annual income.

3.1.4 Checklist for Service Introduction

Below, we summarize the necessary individual activities by way of a checklist, which can serve as a practical control instrument in introducing this and other services.

Office Services

Checklist

- ✓ discuss which office services can be offered
- ✓ determine prices, including price differentiation between members and non-members
- ✓ prepare price overview
- ✓ assign staff members responsible for individual services (as far as possible: within the secretariat), and appoint one person with overall responsibility for office services
- ✓ develop standardized report form on "Development of Office Services"
- ✓ draft standard letter to all members to market the office services
- ✓ disseminate letter
- ✓ draft information leaflet on available office services, which can be distributed or displayed at every event hosted by the chamber/association
- ✓ display/distribute information leaflet at every event
- ✓ quarterly reporting to management on the development of office services by staff member charged with overall responsibility

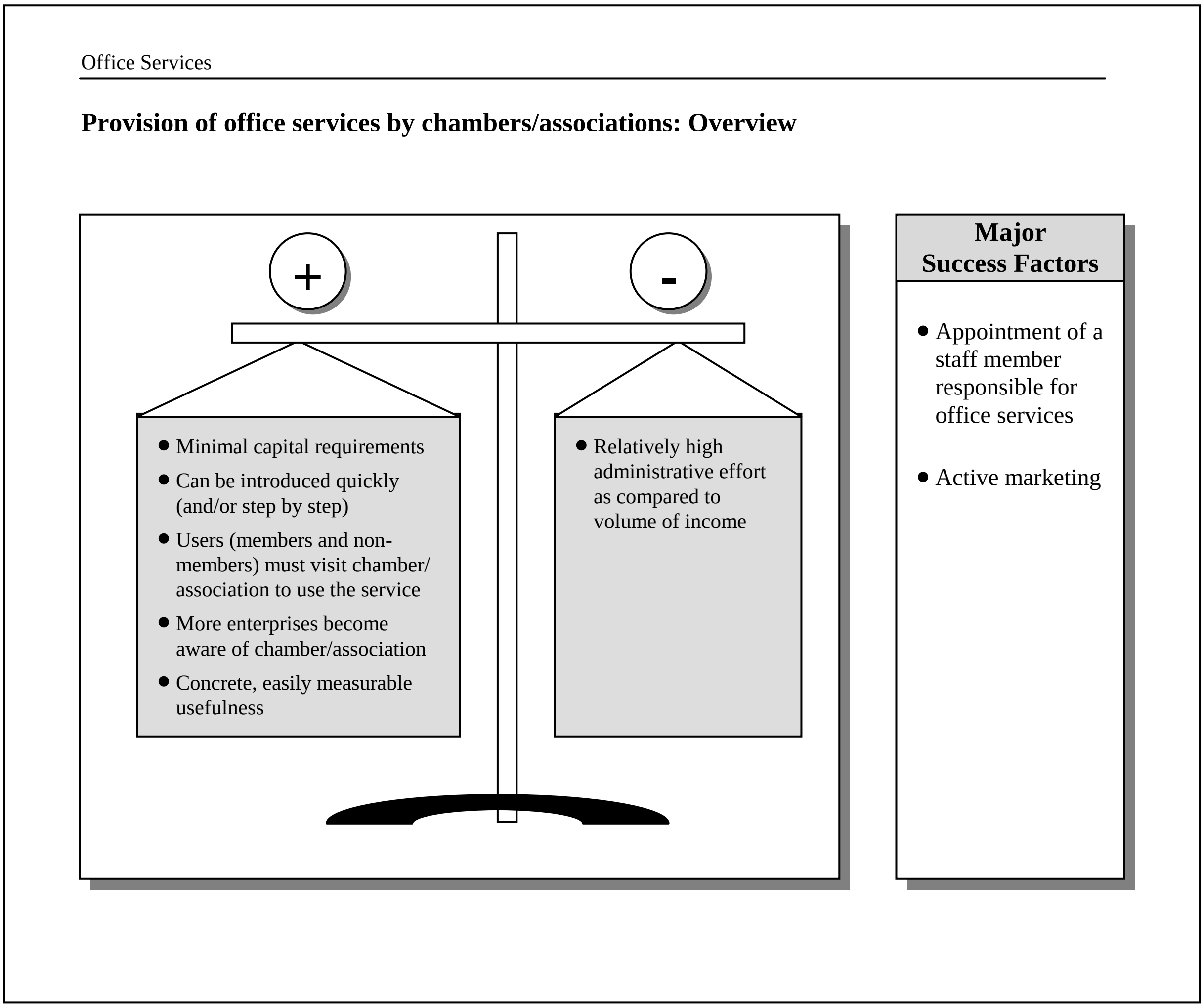
3.1.5 Typical Problems and Suggested Solutions

The following table lists problems that typically arise when introducing office services. Naturally, the suggested solutions cannot provide a cure-all for every chamber and association. They have, however, proven workable in practice in a variety of consultancy projects.

No.	Typical Problems	Suggested Solutions
1	Office services are neglected as a source of income	• designate a staff member with overall responsibility for office services • option: for this staff member, introduce a salary component dependent on income from the service • regular reporting (quarterly) to management
2	Prices are too low	• conduct simple market survey of prices • calculate prices using system recommended here
3	No difference in prices for members and non-members	• non-members pay 50 to 100% more for any office service than members of the chamber/association and thus have an incentive to join
4	Members are not aware of available office services	• distribute information leaflet on office services at EVERY event • upon joining or registering, EVERY new member receives a personalized letter and the information leaflet
5	Complaints from members who offer similar services	• discuss personally with member enterprises (underline usefulness for other members and stress the role of the organization as, among other things, a service provider) • consider offering a discount for another type of service • if compromise cannot be reached, accept that the member enterprise may withdraw

3.1.6 Summary – Office Services

The following overview summarizes the pros and cons of office services as a chamber/association activity, as well as the most important factors of successful introduction.



3.2 Advisory Services

3.2.1 Significance as a Service

Small and medium enterprises need advisory services mainly because they lack the resources to establish own advisory departments or staff positions, whether in terms of capital, know-how, or personnel. For SMEs in developing countries and in the reform states of Central and Eastern Europe, there is an additional need for advisory services because these countries have long been excluded from the international division of labour. SMEs commonly find themselves confronted with problems in the following areas:

- finance (credit access and terms, equity financing)
- marketing
- product quality (production equipment, availability of resources and preproducts, employee training)
- administration (in-company processes).

These and other topics are also addressed by private consultancy firms. However, chambers and associations have two important competitive advantages as providers of advisory services for SMEs:

- As a rule, they can offer such services at lower rates. Price is an important decision-making factor for many SMEs.
- Especially chambers and associations that have plenty of contacts with enterprises of different sizes and/or from different sectors can concentrate their advisory services on practical problems of day-to-day business conduct.

3.2.2 Demand-Side Analysis

Against this background, how does a chamber/association determine the right type of advisory services? A demand-side analysis procedure, tried and proven in practice, will be introduced in this section. It fulfills two main requirements: first, the results of the demand-side analysis must be as precise as possible; second, it must be possible to evaluate responses with reference to specific target groups.

However, expenditures in terms of both time and money should be kept low- an argument against extensive, more or less scientific market research efforts. For this reason, a relatively simple, two-step questionnaire is recommended here:

Name of Chamber/Association

Name of Member Enterprise:...............................

Member since (date):..

Please give us 10 minutes of your time!
By completing this questionnaire, you can help us to better align our advisory services with your specific questions and needs!

When completing the questionnaire, please note:

1. In the column unimportance", please enter, for each topic, a response from 1 to 10 to indicate how urgently you need advisory services in this field (1 = unimportant, 10 = very important)

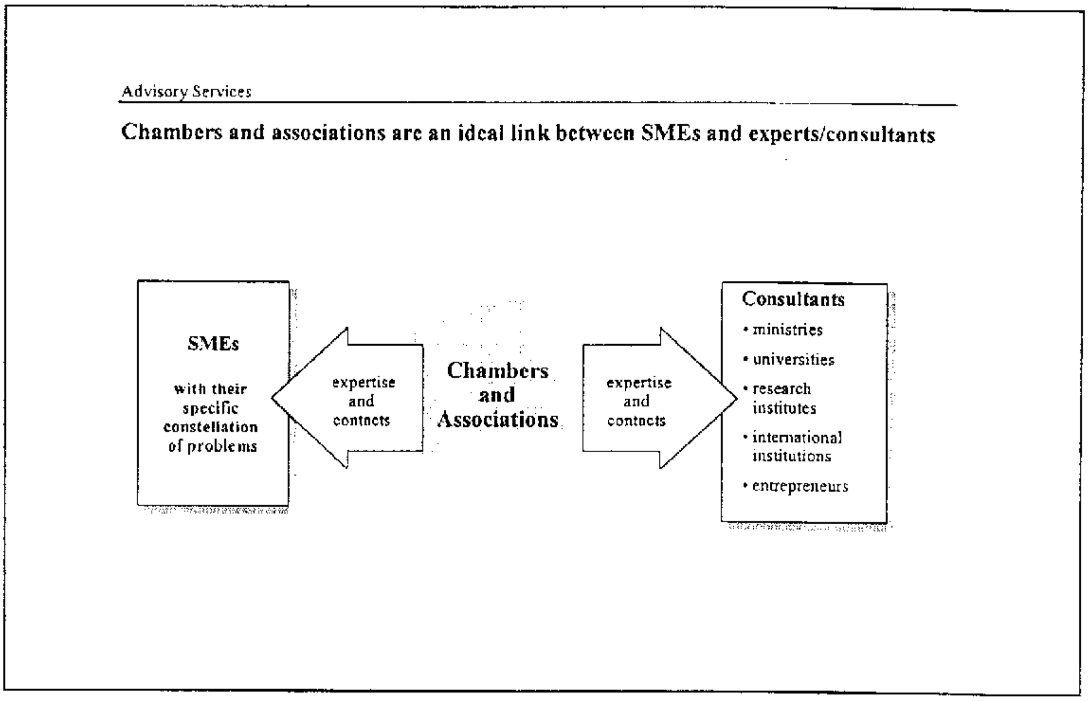
2. Within a particular topic, you can prioritize your own, specific questions. Therefore, for each topic you should enter the most pressing question first, then the next most important, etc.

Importance	Topic	Specific Questions
…………	Marketing and Sales	1. …………………………………. 2. …………………………………. 3. …………………………………..
…………	Cost and Price Calculation	1. …………………………………. 2. …………………………………. 3. …………………………………..
…………	Legal Affairs	1. ………………………………….. 2. ………………………………….. 3. …………………………………..
…………	Accountancy	1. …………………………………. 2. …………………………………. 3. …………………………………..
…………	Finance	1. …………………………………. 2. …………………………………. 3. …………………………………..
…………	International Business Contacts	1. ………………………………….. 2. ………………………………….. 3. …………………………………..
…………	Other Topics	1. …………………………………. 2. …………………………………. 3. …………………………………..

This questionnaire should be disseminated at regular intervals, e.g. semi-annually. In this way, developments and shifts in demand become transparent.

3.2.3 Cooperation with External Consultants

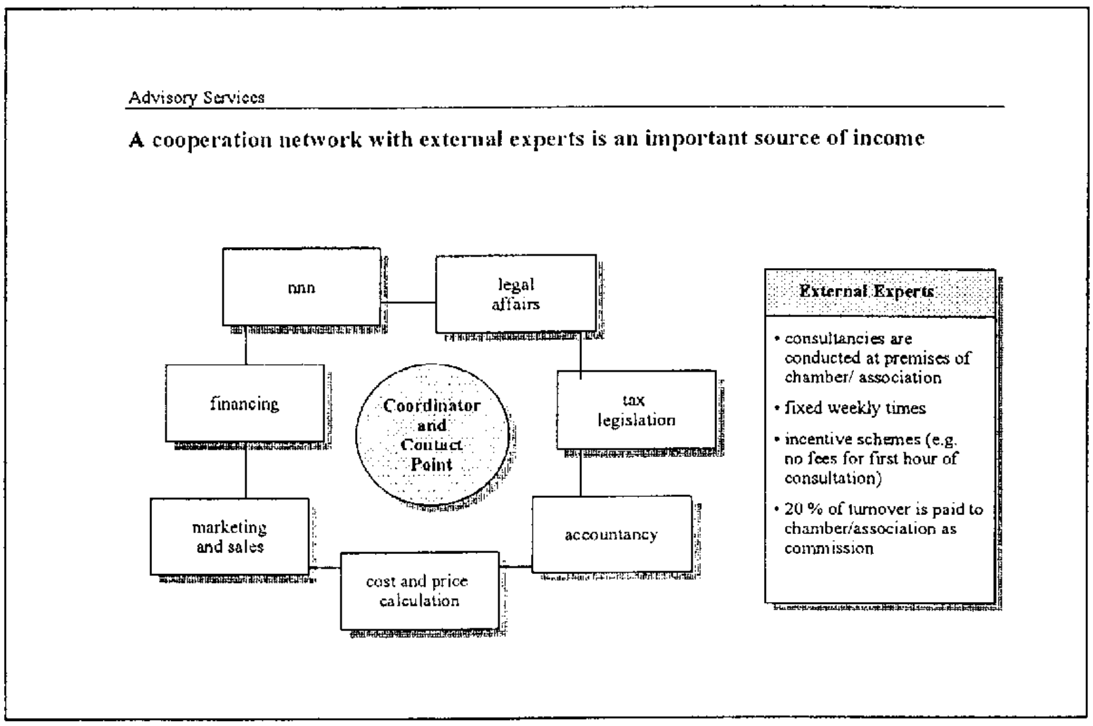
- **Suitability of chambers and associations**: Chambers and associations are well-suited to providing a link between SMEs and their special set of problems on the one hand, and consultants with specific know-how on the other. The diagram below clarifies this positioning of chambers/associations. It is a position which they can already assume while they are still in the start-up phase.



- **Lack of expertise**: Chambers and associations, especially during the start-up phase, do not usually possess a level of know-how that would allow them to conduct the various advisory services on their own. As a rule, they will have to rely on external consultants. Since they often have extensive contacts with experts from a wide range of institutions, they should consider the following form of cooperation:
  - For each consultancy topic, the chamber/association cooperates with one external expert who offers his/her advisory services at the premises of the chamber/association.
  - Ideally, a fixed time each week is arranged for this - e.g. every Monday, 9 a.m. till 12 noon.
  - The first consultancy should be offered free of charge, so as to give members, but also other interested enterprises, an incentive to test the respective advisory service without further obligation.
  - The chamber receives a share of the consultancy honorarium (generally 10 to 25%) as a commission for this type of work.

This form of cooperation is attractive to consultants, because it offers them a chance to build up an additional clientele through the chamber/association's contacts. The larger the membership of the chamber/association, the more attractive cooperation will be to the external expert, and the easier it will be to put this form of cooperation into practice. Here too, one can thus note the direct interrelationship between membership and service development.

The following diagram clarifies the concept graphically.



- **Coordination of consultants**: One staff member within the chamber/ association should act as contact partner and coordinator for the consultants. Depending on the number of consultants and topics, this task can quickly take up 50% of the coordinator's work time. The coordinator's duty profile encompasses the following:
  - constant availability as a contact partner for the consultants
  - preparation of organizational and administrative activities: time planning and coordination
  - gathering and structuring of consultancy topics
  - organization and implementation of a meeting of consultants every 6 months, for purposes of exchanging ideas and opinions
  - reporting to chamber/association management.

Ideally, the coordinator should, step by step, "absorb" the know-how of the consultants, so that the respective expertise is also built up within the chamber/association. This spectrum of tasks must be defined carefully. It can be used as an internal service vis-a-vis the experts and thereby as a marketing instrument and negotiation argument.

3.2.4 Training of Own Consultants

The chamber/association may of course also hire or train own consultants. This should be considered particularly when the consultancy topic clearly interfaces with other activities of the chamber/association. Thus a staff member who, for example, has organized several participation of member enterprises in trade fairs, may also be able to take on advisory activities in this field.

3.2.5 Marketing

The following specific measures can be used to market a chamber/association's advisory services:

- **Direct mailings** to all member enterprises and other firms. Here the focus should be on SMEs, because they do not usually possess the personnel and financial resources that would enable them to establish their own, internal advisory capacities.

- **Advertisements** in the relevant newspapers and/or sector publications. To conduct a very simple cost-benefit analysis of possible newspapers, one should have a look at the relationship between advertisement rates and circulation. It is also important to gauge the extent to which the newspaper's readership corresponds with the own target group.

- **Information leaflets** describing the advisory service should be distributed at every event hosted by the chamber/association.

To facilitate implementation of these marketing ideas, a letter which can be disseminated by direct mailing is suggested below.

<Name of Chamber/Association>
<Address>

<Name of Member Enterprise>
<Address>

Place, Date

Our Advisory Services

Dear Member,

We have developed a service which will certainly be of great help to you in running your business. We have been able to recruit qualified experts to offer you consultations on various topics in the name of our chamber! For every topic, we have set aside a fixed weekly time during which you can consult the respective expert at our premises:

- Legal Affairs (Mondays, 9 a.m.-12 noon)
- Cost and Price Calculation (Tuesdays, 9 a.m.-12 noon)
- Marketing and Sales (Fridays, 9 a.m-12 noon)

We plan to further expand this service. To make an appointment, please contact our central secretariat.

Ms Monica Milier
Central Secretariat
Phone: 123456

Another piece of good news: As our member, your first consultancy hour is free of charge!

Yours faithfully,

<signature>

Name

3.2.6 Implementing Steps

To facilitate the practical implementation of this idea, we have compiled a checklist containing all important steps:

Checklist

Advisory Services

- ✓ build opinion within the chamber/association as to the importance of advisory services
- ✓ build consensus with elected officers
- ✓ demand-side analysis: draft, distribute and evaluate questionnaire
- ✓ select 2 to 3 topics for advisory services, based on the results of the demand side analysis (focusing)
- ✓ hold discussions with consultants and select 1 person per topic
- ✓ negotiate commission for the chamber/association
- ✓ prepare cooperation contracts with the consultants
- ✓ select an internal coordinator
- ✓ determine coordinator's range of duties
- ✓ marketing: direct mailings, advertisements, information leaflets distributed at own events
- ✓ clarify the legal preconditions of certification (quality control)
- ✓ determine certification criteria
  implement certification for relevant consultants
- ✓ market certification: articles in relevant publications, radio and perhaps television interviews

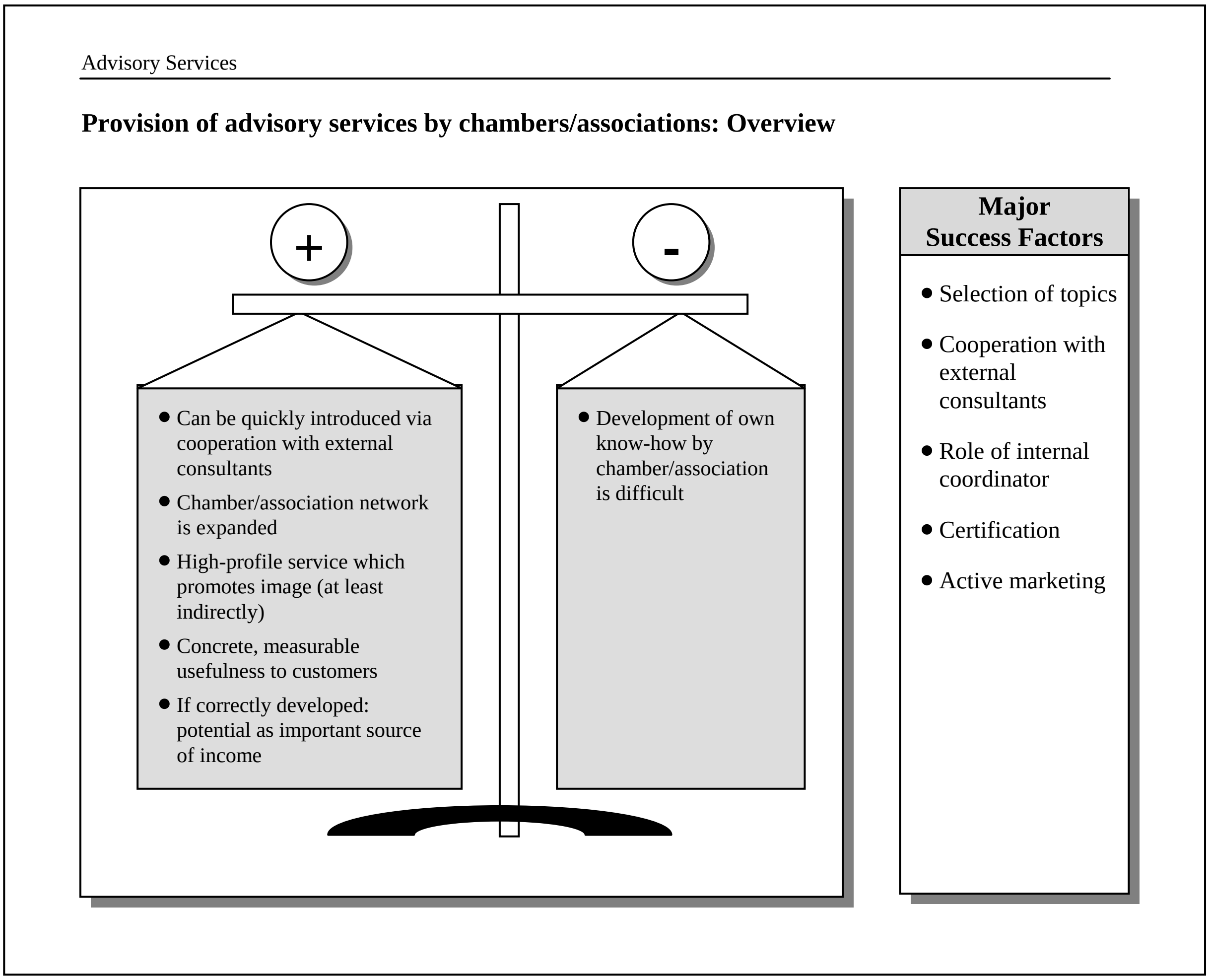
3.2.7 Common Problems and Suggested Solutions

The following table summarizes the problems most commonly encountered when establishing this type of service. Suggested solutions are provided for each problem.

No.	Typical problems	Suggested Solutions
1	Specific market for Chamber advisory Services is not recognized	Conduct demand-side analysis based on the above-mentioned two-step system; focus on concrete problems of day-to-day business conduct (no consultancies on "strategy"!)
2	External consultants "sidestep" chamber/ association to develop their customer pool	Combat via contractual clauses, e.g. minimum cooperation of 3 to 6 months, i.e. the chamber receives a commission for all consultancies conducted during this period
3	Internal consultancy Potential is not being developed	Designate a coordinator for advisory services and participate in as many consultancies as possible; take part in supplementary training seminars
4	Confusion because too Many topics have been selected	Initially focus on two to at most three topics, only expand range of offers step by step after these are well-established

3.2.8 Summary – Advisory Services

The following overview summarizes the recommendations on advisory services as a service offered by chambers and associations.



3.3 Training Seminars

3.3.1 Significance as a Service for Chambers/Associations

For SMEs, as for other enterprises, the qualification of employees is one of the most important competitive factors. Unfortunately, there is often a lack of awareness of the fact that on-going training is not a "necessary evil", but rather contributes significantly to the success of an enterprise. Chambers and associations can do a great deal to raise awareness in this area. As a rule, they have a competitive advantage over other providers of this type of service.

3.3.2 The "Right" Topics for Chamber and Association Members

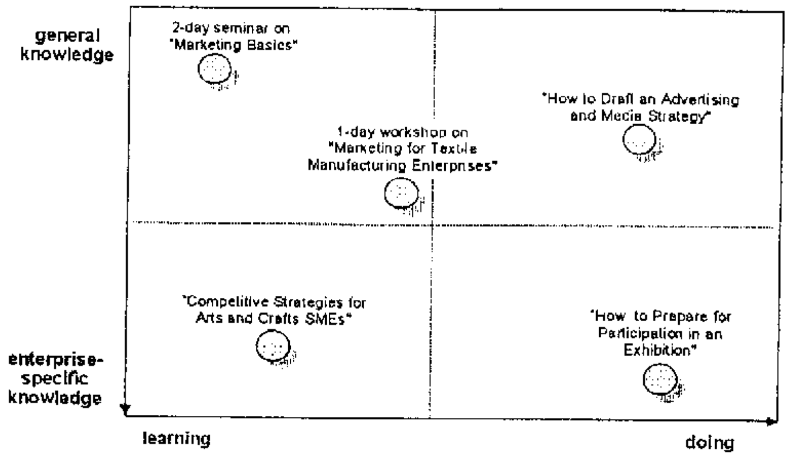
- **Focus on practical, day-to-day entrepreneurial problems**: Although the topics addressed by training services may vary according to the specific situation of an organization in a particular country, it is still possible to discern some common trends. The first and most important of these is the recommendation to focus on the concrete, practical problems that entrepreneurs encounter in day-to-day business. Therefore: no general management theory, but subjects such as "What is a letter of credit?" or "How do I fill out customs form XYZ?”

- **Orientation on demand**: The type of training seminars offered must of course be oriented on the needs of the members. The analysis of existing demand can basically be conducted via the procedure introduced in the previous chapter regarding advisory services.

- **Competitive environment**: The object here is not detailed and expensive market research, but rather the simple evaluation of easily obtainable information. In most countries, a look at the advertising pages of the relevant newspapers will already be enough to gain a good overview of the training market. Such small-scale evaluations, conducted e.g. once per month, already permit an analysis of the most important characteristics of the competitive environment. Among them are matters such as:
  - development of the number of providers
  - market leadership
  - price levels and price development
  - integration of external or foreign lecturers
  - concentration trends among seminar providers
  - main topics, structured by providers
  - substantive topics: general vs. enterprise-specific knowledge, learning oriented vs. implementation-oriented seminar topics.

Especially the last point is very well suited for structuring the many types of seminars available; from this, one can derive the specific range of advisory services to be offered by the chamber/association. The following diagram illustrates this structuring exercise, using several typical topics as examples.

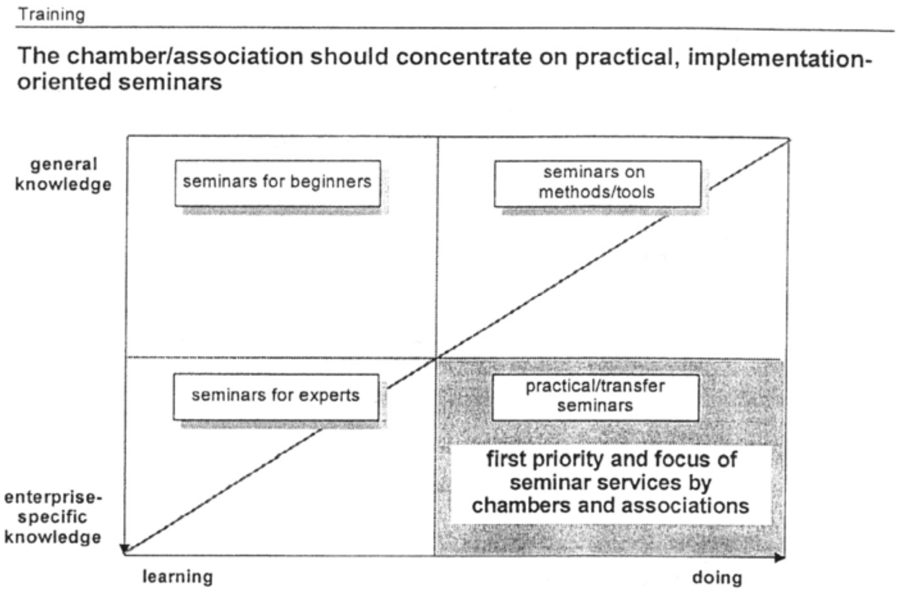
The many possible training topics can be structured as shown below:



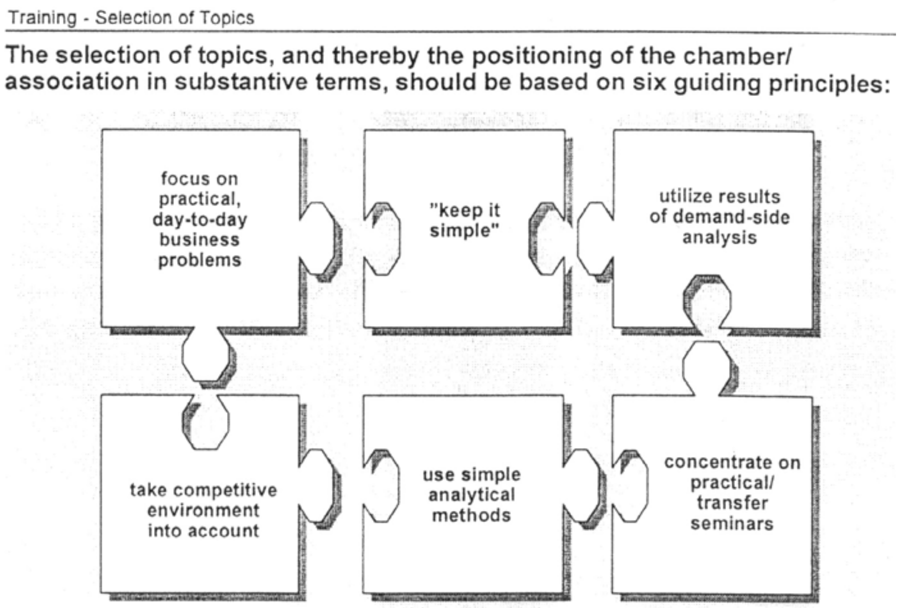
In many consultancy projects conducted for chambers and associations in the startup phase, a quick analysis of the competitive environment using the above tools has shown that most seminars address learning-oriented, general knowledge-type topics (upper left quadrant). Implementation-oriented topics with enterprise-specific content (lower right quadrant) are most often neglected.

This is where the typical training potential for chambers and associations lies, also and especially for those in the start-up phase!

Market chances for chambers/associations are best in the field of practice-oriented seminar topics aiming, so to speak, to convert general knowledge into concrete steps and implementation guidance. These can therefore be described as practical or transfer seminars. The following diagram clarifies this categorization.



The following illustration summarizes aspects of topic selection and thereby the substantive positioning of the chamber/association in the field of training.



3.3.3 Calculating Seminar Fees

After the chamber/association has decided how it will position itself in substantive terms, the next important question is what fees will be charged for the seminars, i.e. positioning in terms of price. Chambers and associations frequently charge too little for their seminars. Usually, this is because they are worried that higher fees would mean fewer participants. However, there are three arguments against cut-rate offers:

- Low rates mean that only a small portion of the organization costs are recovered. As a consequence, the seminar service will at some point have to be discontinued, unless high proceeds are earned from other services.
- Practical and transfer seminars in particular have a concrete, "hands-on" utility for participants; this justifies an appropriate seminar fee.
- Often, people conclude that low seminar fees must mean poor content ("If it's cheap, it can't be good").

On the other hand, participation in seminars should never present a real financial burden for the enterprises. In this case the above-mentioned concern would be justified and the seminar rooms would indeed remain empty. A reasonable price or fee will of course vary greatly from country to country. Whatever the case, the seminar fee should be derived from clean and systematic calculation. Initially, the deciding issue is not whether a seminar makes a certain profit or "only" aims at cost recovery of 100% or less - precise calculation is always necessary. It should be conducted along the following lines:

- The calculation must be made on full-cost basis. Particularly the staff costs linked to this type of service are often neglected as "anyway costs" and not included in the calculation, because the respective staff" is there anyway". To make things perfectly clear: if the chamber or association cannot earn its staff costs by way of attractive services, the point will come at which staff is no longer "there anyway"!
- Labour costs are an important calculation factor. They are calculated using a simple formula: gross annual salary/(200 working days x 8 hours) = labour costs/hour.
- The follow-up phase must be included in the calculation. Apart from communication costs (telephone, letters), this primarily includes labour costs (approx. 15 to 20% of total projected labour costs).
- In full-cost calculation, overhead costs which cannot be directly attributed (electricity etc.) must also be considered. At least 10% should be assessed for these costs.
- Depreciation of chamber/association equipment, which reflects loss of the value of these items over time, is in most cases not considered. Example: A computer valued at 2,000 US$ is used for a total of 800 hours per year (an average of 4 hours per day on 200 working days). For the preparation, conduct and follow-up of a seminar, the computer is used for a total of 40 hours. Assuming a depreciation period of 4 years, the computer loses 500 US$ in value per year. For the seminar, the computer was used for 10 hours, i.e. 5% of the annual duration of use. Thus 5% of 500 US$ = 25 USD must be assessed.

The following calculation scheme is universally applicable and can be adapted in detail to the specific situation of a certain chamber or association. It can also be used to calculate prices for any other service.

No	Cost Type	Specification	Units	Price/Unit (US$)	Total (US$)
1	Labour costs (gross)	Staff member 1 Staff member 2 Staff member 3 Staff member 4	Hrs Hrs Hrs Hrs		
2	Equipment cos ts	Photocopies Invitations Event folder Paper Writing utensils Other			
3	Transport costs	Taxi Private car	Km km		
4	Communi-cations cost	Phone Fax e-mail internet			
5	postage	Letters Register ed mail			
6	Rental of premises		hrs		
7	hospitality	Work time Food Beverage s			
8	technology	PC Overhead proj. Flipchart Whiteboard TV Video other			
9	lecturers	Honorarium Hot el transport			
10	subtotal				
11	overhead	10%			
12	**Total**				

3.3.4 Selection of Trainers

The selection of trainers or seminar leaders is of course an important success factor in introducing and establishing this type of service. The trainers must be able to present the respective seminar topic in a credible and competent manner. The following persons may be considered as trainers:

- self-employed entrepreneurs
- managerial-level employees of large enterprises
- foreign entrepreneurs
- university professors and lecturers
- top-level ministerial staff
- managerial-level staff of public agencies and institutes.

Practitioners from the relevant field are ideal trainers for the type of practical, implementation-oriented seminars recommended here. As a rule, however, this desire for quality conflicts with the (honorarium) expectations of the prospective trainers. But here again, there are innovative solutions which have been tried and proven in practice:

- If one plans to hire an entrepreneur as a trainer, the honorarium (all or at least part of it) can be credited toward other services provided by the chamber/ association.
- Entrepreneurs will often be willing to offer seminar lectures free of charge if they can promote their enterprise during the seminar - in a manner to be agreed upon in advance.
- Special arrangements with modest honoraria can usually be made with trainers from ministries or other leading national organizations. In some countries, public officials are in fact prohibited from receiving remuneration for such services.

3.3.5 More than a Seminar: Planning the Seminar Program

The successful planning and conduct of a seminar, especially under the premise of full cost recovery, is without doubt among the more demanding services that a chamber or association can take on. But an entirely new quality can be attained if individual seminars are supplanted by a pro-active, medium-term seminar program.

Among the advantages of this approach are the following:

- There is greater planning security for members and other interested enterprises: they know ahead of time which topic will be addressed when and by whom.
- Practical experience shows that establishing a medium-term, usually semiannual, seminar planning system leads to a definite increase in status. The chamber/association is seen as a professional institution that plans systematically, and as a well-established provider of practice-oriented seminars.

Despite all the differences between individual countries and their respective chambers and associations, the following rules of thumb can be set down for seminar planning and programs:

- At the outset, one should plan to hold at most 4 seminars per half year. The resulting cycle of 6 weeks per seminar is quite demanding enough!
- In many countries Friday is a good seminar day because business appointments are usually not made for this day.
- Most seminars will last one day.

The following diagram shows the semi-annual seminar plan of a small chamber of commerce.

Training

Example: Semi-annual seminar plan of a small chamber of commerce

Name of Organization Seminars Offered During 1st Half of 1998					December 1997
No.	**Date**	**Topic**	**Lecturer**	**Venue**	**Fee** (Members/Others)
1	30 January 9am-5pm	**Marketing for Wood-Working SMEs**	*Name of Person* Institute for Marketing	Chamber of Commerce	30 US$/ 45 US$
2	6 March 9am-1pm	**What is a Letter of Credit?**	*Name of Person Ministry of Foreign Trade*	Chamber of Commerce	20 US$/ 30 US$
3	17 April 9am-5pm	**Sales Opportunities in Germany - Practical Tips for SMEs**	*Name of Person German Embassy*	Chamber of Commerce	30 US$/ 45 US$
4	22 May 9am-5pm	**Price Calculation - Typical Errors and Examples**	*Name of Person Enterprise* XYZ	Chamber of Commerce	30 US$/ 45 US$
5	26 June 9am-5pm	**How do SMEs Obtain Bank Credits?**	*Name of Person* Bank XYZ	Chamber of Commerce	30 US$/ 45 US$

In this way, all relevant information is shown on just one page. An important matter is the cover letter, which should also include the registration form. In our example, the cover letter could look as foilows:

<Name of Chamber/Association>
<Address>

<Name of Member Enterprise>
<Address>

Place, Date

Our Practice-Oriented Seminars
- **First Half of 1998** -

Dear Member,

As you know, we now offer practice-oriented seminars on a regular basis. In this way, we hope to contribute to solving typical problems which you may encounter in your business affairs.

Please find enclosed our seminar schedule for the coming 6 months. It tells you which topic will be addressed by whom on what date. We are happy to say that we have been able to engage highly competent experts for all topics.

Please let us know as soon as you can which seminars you would like to attend (your contact partner: Mr. Miller, phone: 123456). Two weeks before the seminar, you will then receive the registration form and all further details.

Yours faithfully,

<signature>

Name

The registration form should include the following information:

<Name of Member Enterprise>
<Address>

Place, Date

Binding Registration for the Seminar
"Price Calculation for Arts and Crafts Products"
Hosted by the Chamber of Commerce for Small and Medium Enterprises
on 22 May 1998

I hereby register for the seminar ....

The seminar materials will be distributed on the day of the seminar.

The seminar fees of 30.00 US$ shall be paid by 15 May 1998 latest

- ❑ in cash
- ❑ by transfer to the Chamber's account no. 12345.

I am aware that a cancellation fee of US$ 15.00 will be charged in the event of non-attendance.

……………………………………… ………………………………..
Signature Enterprise
Name

The cancellation fee should always amount to 30 to 50% of the seminar fee. In many consultancy projects, this has proven to be an effective "disciplinary instrument". In any event, it is only reasonable that short-term cancellation, which can bring the chamber/association's entire planning to naught, be penalized.

3.3.6 Help Toward Self-Help: "Training the Trainers"

The previous section has already underlined the fact that a qualitative leap forward is possible when a chamber or association, having successfully organized individual seminars, develops into a well-established, long-term provider of training services. Two points are of special significance in making this qualitative progress possible:

- medium-term, e.g. semi-annual, seminar planning (see above), and
- development of internal chamber/association know-how.

The build-up of internal know-how aims to reach the point at which seminars can be conducted by the staff of the chamber/association rather than external consultants

This entails several advantages:

- The chamber/association is perceived to an even greater degree as a "know-how institution", meaning an increase in prestige.

- There is no need to pay the trainer's honorarium, usually one of the largest cost factors.
- Thirdly, one should not underestimate the motivational aspect for staff who become qualified trainers. At the end of the day, the "train-the-trainer" principle is also a job enrichment tool, i.e. a way to qualitatively enhance a position and the demands placed on it. In this respect one may also consider innovative salary solutions: for example, a staff member who, in addition to his/her main function, becomes a qualified trainer for a certain seminar topic, may be paid a variable salary component - the amount being made to depend on the success of the seminar.

The following steps are recommended for the practical implementation of the “train-the-trainer" principle:

1. Discussions between the chamber/association management and staff who may be considered for a trainer function, as well as determination of the seminar topics. At the outset, this should be limited to a few selected staff members.
2. Workshops with the selected staff and the relevant external trainers: for one, to coordinate the concrete contents of the seminars, for another, to take a "first tour" of the overall topic.
3. Conduct of the seminars: Based on experience gained in several consultancy projects, a seminar should be conducted by an external trainer three times before chamber/association staff take on this role independently. Naturally this may vary according to the type and complexity of the seminar topic.

Even if not every seminar topic is suitable for applying it, the "train-the-trainer" principle should certainly be put to practice if the chamber/association wishes to become a well-established provider of practical, implementation-oriented seminars.

3.3.7 Marketing

The time and money needed to market seminars are regularly underestimated. As a rule of thumb, about 15 to 20% of overall work time available to the chamber/ association for training should be devoted to marketing.

In general, all possible avenues, which will differ somewhat by country, should be used:

- advertisements in relevant newspapers and journals
- promotion on the radio and possibly on local television
- direct mailings (also to enterprises that are not yet members)
- personalized letters to all members (together with the semi-annual seminar program, if available)
- information handouts at every event
- promotion during visits to enterprises
- dissemination of information handouts/semi-annual programs at fairs and exhibitions.

3.3.8 Often Neglected: The Follow-Up

Systematic seminar follow-up is neglected not only by small chambers and associations in the start-up phase, but often also by well-established training providers. Follow-up is not an end in itself! Rather, it pursues three important objectives:

- The seminar that has just been conducted is evaluated by the participants according to various criteria. In this way the chamber/association obtains valuable ideas for further improving its seminar services.
- Simultaneously, it offers an opportunity for another "bit of" demand-side analysis, namely to ask the seminar participants about other useful seminar contents and topics.
- Aside from these two objectives, which relate to the evaluation directly after the end of the seminar, about 4 to 6 weeks later the participants should receive correspondence referring back to the seminar. An example would be to send a recent newspaper of journal article dealing with the topic addressed by the seminar. This second follow-up can be seen as an element of a modern "customer cultivation strategy": customers - i.e. the seminar participants - notice that the chamber/association cares about them and takes their concerns seriously. This increases the likelihood that they will participate in a seminar again.

An evaluation should always be conducted after every seminar (preferably on one page with a maximum completion time of 10 minutes) and contain the following information/questions:

Chamber of Commerce for Small and Medium Enterprises

Seminar Evaluation

Title of Seminar: ....
Date: ....
Trainer: ....

Please indicate: your level of satisfaction for each of the points below, awarding. points from 1 to 10 (1 = I am very dissatisfied; 10 = I am very satisfied)

1.	**Seminar Content** **Points (1-10)**	
1.1	Usefulness for/applicability to practical work	....
1.2	Completeness	....
2.	**Seminar Materials**	
2.1	Scope	....
2.2	Quality	....
2.3	Clarity	....
3.	**Trainer/Lecturer**	
3.1	How clearly was the seminar content conveyed?	....
3.2	Competence of the trainer on this topic?	....
3.3	Responsiveness to questions?	....
3.4	Overall impression of trainer	....
4.	**Seminar Organization**	
4.1	Invitation and registration	....
4.2	Duration and breaks	....
4.3	Hospitality	....
4.4	Overall impression of seminar organization	....

For the three points for which you have given the lowest marks: What can we improve the next time?

a) ....

b) ....

c) ....

Which seminar topics are particularly: important to you?	
....	
....	
....	
.... Name	.... Enterprise

The letter sent about 4 to 6 weeks after the seminar could look like this:

<Name of Chamber/Association>
<Address>

<Name of Member Enterprise>
<Address>

Place, Date

**Re: Your Participation in the Seminar <Title of Seminar>
on <Date of Seminar>**

Dear Member,

First of all, let us thank you for taking part in the above seminar. We hope that it addressed aspects of interest to you and will benefit you in running your business.

Enclosed please find a recent article which appeared in <name of newspaper/ journal>. It offers a good summary of the most recent developments in our seminar topic.

In addition, we are enclosing our semi-annual schedule of upcoming seminars. Needless to say, we would be happy to be able to host you again as a seminar participant.

Yours faithfully,

<signature>

Name

3.3.9 Seminar Organization Checklist

Chambers and associations will find that organizing seminars, especially where it concerns medium-term planning, is a complex and demanding task. A checklist is provided below to facilitate the process.

Checklist

Seminars

- ✓ build opinion within the chamber/association on the significance of seminars
- ✓ coordinate and, as far as possible, build consensus with elected officers
- ✓ undertake brief analysis of competitive environment
- ✓ conduct demand-side analysis (questionnaire)
- ✓ determine potential topics for positioning
- ✓ initially, focus on 2 to 4 topics
- ✓ hold discussions with potential trainers
- ✓ draft trainers' contracts
- ✓ calculate seminar fees on full-cost basis
- ✓ train-the-trainer principle: select internal staff, determine topics, conduct workshops with external trainers
- ✓ seminar program planning: agree with external trainers on dates, reserve accommodation, solve logistical problems, send letter to all participants along with seminar program, mail registration forms
- ✓ marketing: advertisements, radio, direct mailings, information handouts during visits to enterprises and/or at fairs/exhibitions
- ✓ follow-up: draft evaluation form; send letter to all seminar participants after 4 to 6 weeks

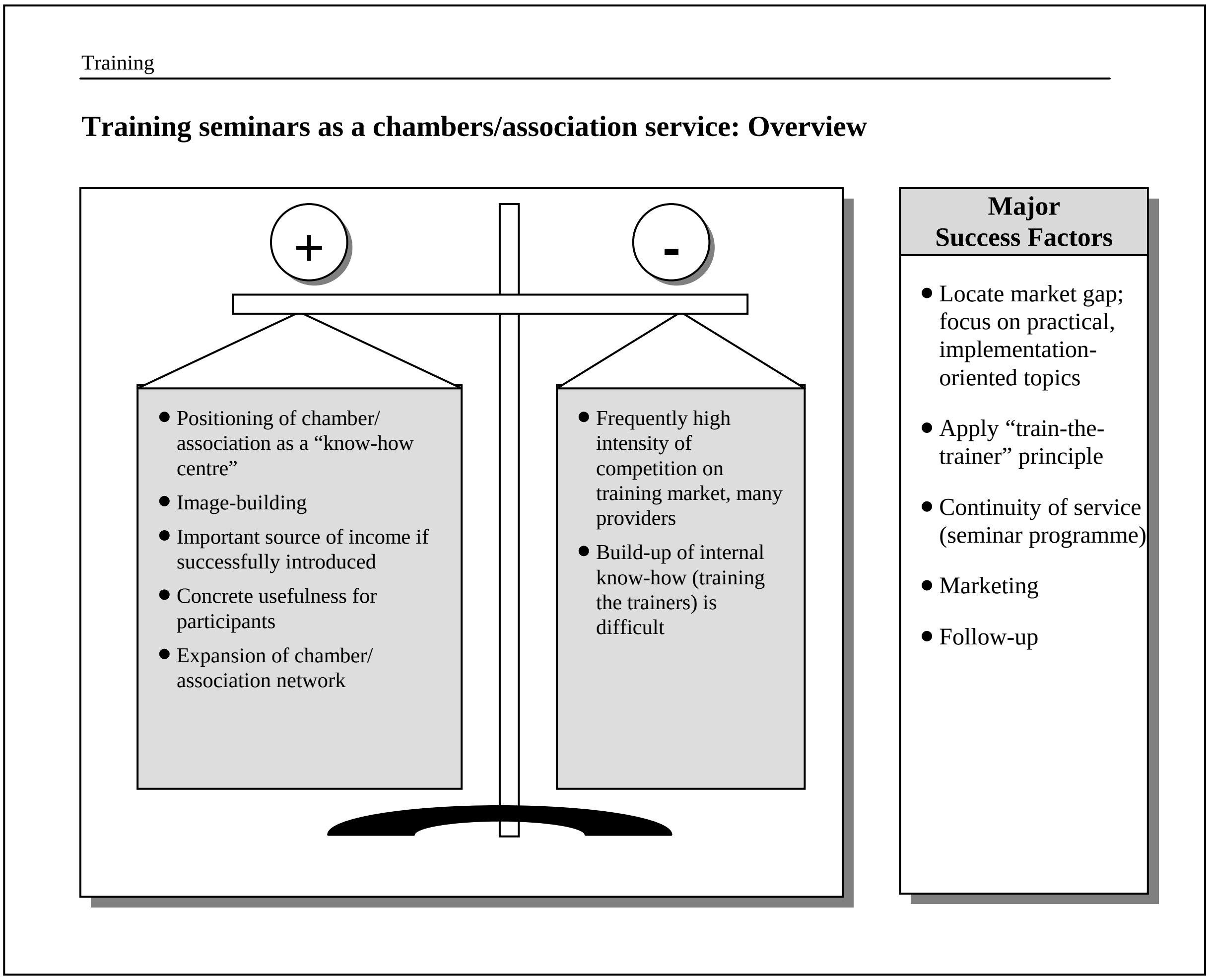
3.3.10 Typical Problems and Suggested Solutions

Even if the above checklist is followed consistently, a whole range of practical difficulties can arise when introducing seminars as a chamber/association service. Suggestions are made below for solving the most common of these.

No.	Typical Problems	Suggested Solutions
1	Chamber/association does not See itself as a "training Institute"	Conduct simple demand-side analysis; often A market niche exists for practical transfer seminars
2	Seminars fail to address Everyday entrepreneurial problems	Select topics via the six guidelines introduced above
3	SMEs cannot afford seminar fees	Analyze the largest cost factors: labour costs: standardize processes trainer: make special arrangements with trainers from public offices/for enterprises: offset against other service provided by the chamber/association
4	SMEs are not prepared to pay seminar fees	Step-by-step awareness-raising: membership fees only cover part of costs
5	Seminar planning is too complex; too many seminars are being planned	Begin with at most 4 seminars per half-year; once this is manageable and seminars have been conducted successfully (also in terms of cost recovery), the number of seminars can be increased for next half-year, e.g. to 6
6	Staff members qualified internally as trainers quit chamber/association ("brain drain")	- allow staff to partake of seminar success, e.g. by arranging variable salary component dependent upon profits earned by seminars - ensure longer-term employment via respective contract clauses
7	Follow-up not conducted or insufficient	Follow-up effort should be considered as a cost factor from the outset; respective staff capacity should be reserved
8	Training is equated with loss of productivity – SMEs want financial compensation	Offer short seminars on evenings and/or weekends

3.3.11 Summary – Training Seminars

The following diagram offers a summary look at training seminars in terms of pros and cons, as well as critical success factors.



3.4 Cooperation Exchange

3.4.1 Significance as a Service for Chambers and Associations

SMEs in particular possess neither the financial resources nor the personnel to systematically seek out other enterprises for various forms of cooperation. Chambers and associations are well-suited to filling this market gap: due to their many and varied enterprise contacts, they can become the contact point for cooperation matters. In addition, this type of service has the following advantages:

- establishing a cooperation exchange requires neither specific know-how nor any great capital investment.
- in the medium-term, this service can become one of the most important sources of a chamber/association's income. The more business relations member enterprises have, or wish to establish, with foreign companies, the more this is the case.

3.4.2 Developing a Database

Computer technology is an important prerequisite of successful, efficient administration of inter-company cooperation ventures. As a rule of thumb, the cooperation exchange should be managed by way of a computerized database as of a size of 100 members or more. This section shall discuss the steps that must be taken to implement such a system.

1. **Determination of objectives**: First of all, there must be agreement within the chamber/association on - the objectives to be attained with a cooperation exchange. The objective could, for instance, be phrased as follows: "to develop an efficient instrument to broker national and international cooperation ventures between members and other enterprises".

2. **Requirements**: The requirements which the database will have to fulfill can be derived directly from the above objectives. They may be determined as follows:
    - the database should be organized by economic sectors
    - an internationally accepted classification system should be used for this purpose
    - in addition, data searches/retrieval must be possible by company name
    - if possible, the system should offer full-text searches/data retrieval capability
    - in all cases, the respective cooperation request shall be phrased by way of 3 to 5 key terms which shall drive the search/retrieval function.

3. **Determination of databank structure**: The structure of the database, i.e. the content and form of a data record, can in turn be derived from the above requirements. The contents of the database will vary in detail by organization and country. However, the following example attempts to provide a workable basic structure for an entry in the cooperation database:

Name of Enterprise:..

Address: ....

Phone/Fax: ………………………………….

E-mail: ………………………………

Number of Employees: …………………….

Sphere of Activity (please tick):

Manufacturing	Services	Retail	Wholesale
☐	☐	☐	☐

Precise description of the planned cooperation venture:

....
....
....
....

Key terms:

....

....

4. **Selection of software**: Next, the software must be selected. Depending on the local situation, it may also be possible to have a computer programmer develop a software explicitly tailored to the needs of the chamber/association. Experience shows that no more than four weeks should be needed to develop such "custom" software.

3.4.3 Income

- **List of service charges**: Right from the outset, the chamber/association should work with a list of fixed service charges. Particularly for cooperation exchanges, the rates charged are often too low! One must bear in mind that the enterprises placing requests usually depend on this service. Finding just one suitable cooperation partner for medium or even long-term cooperation can bring an enterprise considerable economic advantages.

- **Principle**: With regard to service charges, actual amounts being determined in accordance with national and local conditions, the following principle should always be observed: the cooperation exchange is not a mass market! In the end, forwarding dozens of unvetted addresses will be of little help to the requesting enterprise. Therefore the chamber/association should conduct as enterprise. Therefore the chamber/association should conduct as precise a vetting of cooperation ventures as possible, and provide advice and assistance when entries are made in the database. But a significantly higher fee must be charged for such work!

Another important aspect of charges is the differentiation between members and non-members.

- **Example**: The following example of an East European association shows how non-members can be given an incentive to join.

Service	Members (US$)	Non-Members (US$)
Entry of Enterprise Record in Cooperation Exchange		
- first entry	25	40
- second entry	15	25
- each further entry	10	15
Database Search/Retrieval		
- 1st - 2nd contact	10	20
- 3rd - 5th contact	10	20
- 6th - 10th contact	10	20

3.4.4 Marketing

- **Informing the members**: First, all members should of course be informed of the existence of the cooperation exchange. This could be done by way of the following letter:

<Name of Chamber/Association>
<Address>

<Name of Member Enterprise>
<Address>

Place, Date

Our Cooperation Exchange:
We Can Help You Find Business Partners!

Dear Member,

We are happy to be able to inform you of an entirely new service offered by our chamber. We have developed a computer-based cooperation exchange, in which over 50 enterprises have meanwhile stored their cooperation wishes.

We are certain that our cooperation exchange will also be of interest to you in seeking new investors, new suppliers or new customers, or for other forms of cooperation. For almost all enterprises, cooperation with others, whether in terms of procurement, production or sales, is growing ever more crucial.

Please give our Ms Smith a call (phone 123456) - she will be happy to discuss all further details with you, as well as advise you on how to formulate your entry in the database.

Naturally, as a member of our chamber you enjoy a reduced rate as compared to other enterprises.

Yours faithfully,

<signature>

Name

- **The first database entries**: Obviously, the cooperation exchange will become increasingly interesting to enterprises as the number of entries grows. This raises the question of how the first 50 or 100 enterprises can be encouraged to make an entry. The following incentive schemes can be considered:
  - entry free of charge for the first 50 (or 100) enterprises
  - credit vouchers to be used toward other services

- credit vouchers to be used toward other services
- special publication of the first entries in the newsletter of the chamber/ association, or in another newspaper or business journal. This third type of incentive is particularly attractive to enterprises due to its marketing effect.

- **Focus on publications**: In operating the cooperation exchange, the marketing strategy should focus on announcing cooperative ventures in various media. Depending on national and local circumstances, the following may be considered:
  - Newspapers: local newspapers or economic news journals usually offer lower advertising rates than the larger dailies.
  - In some countries there are local television channels which may be able to introduce the cooperative ventures in textual form, at fixed times every week.
  - Finally, the chamber/association's own publications are a useful vehicle for marketing the cooperation exchange. This again demonstrates the interrelationship between the quality of a chamber/association's publications and the development of its services.

3.4.5 Typical Problems and Suggested Solutions

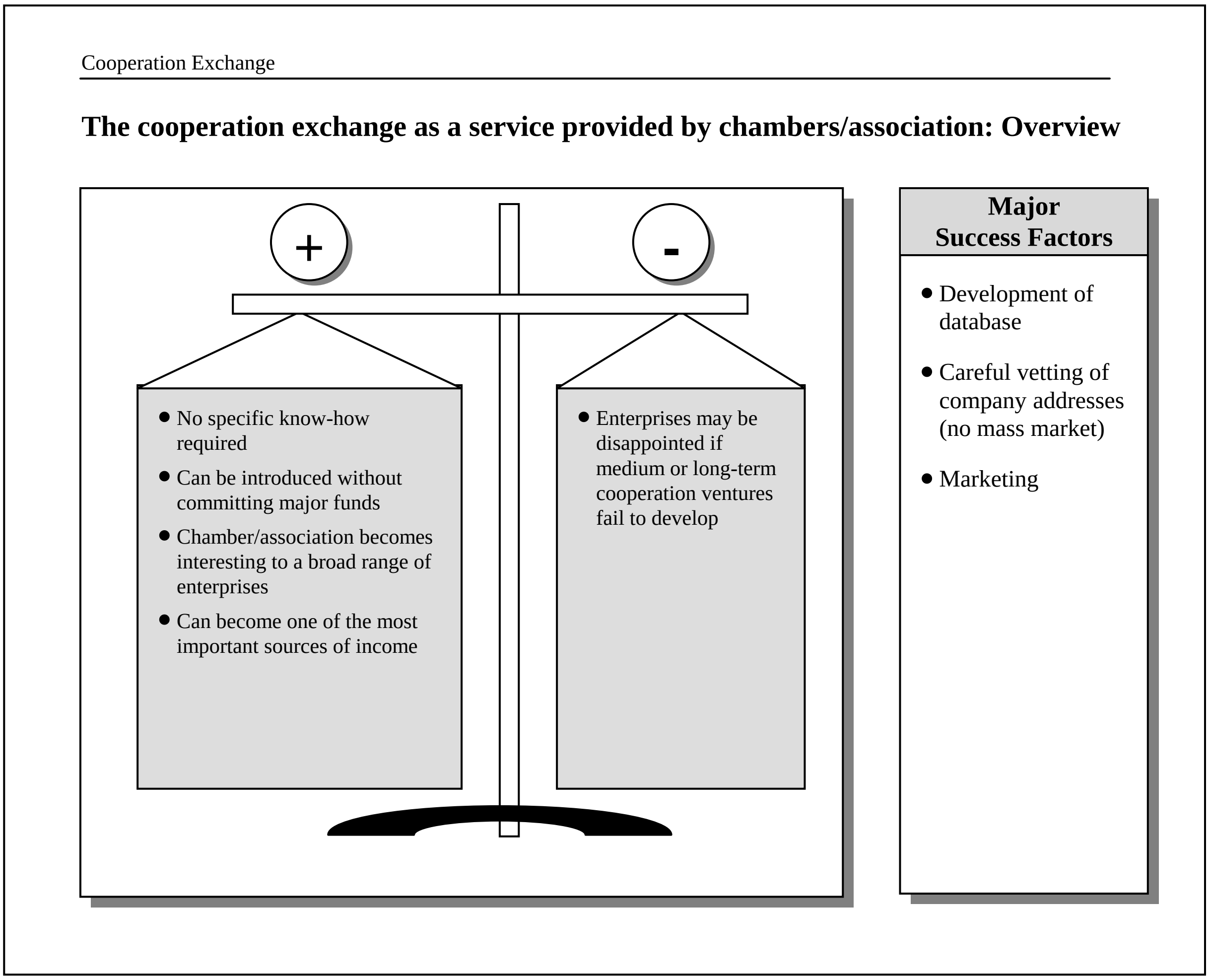
For the cooperation exchange, we shall again list below the most common problems encountered when introducing this type of service. The solutions offered indicate how these problems may be combated.

No.	Typical Problems	Suggested Solutions
1	Imprecise description of cooperation wishes	- Development of data base should require exact descriptions - Advice/assistance by chamber/association staff (quality control)
2	Slow initial growth of number of entries	- Create incentive schemes for the first (e.g. 50 to 100) enterprises - Free entry - Credit voucher to be used toward other services - Special publication
3	Expectations of requesting enterprises are too high	- Active management of expectations: point out opportunities, but also limitations, of the cooperation database - Targeted assistance rather than mass market ("2 vetted company addresses are better than 10 unvetted ones")

No.	Typical Problems	Suggested Solutions
4	Fees charged by chamber/ association are too low	- Stress potential benefit to participating enterprises - Offer advice and assistance rather than attempt mass market

3.4.6 Summary – Cooperation Exchange

The diagram below offers a graphic synopsis of the pros and cons of a cooperation exchange as a service offered by chambers and associations in the start-up phase.



3.5 Entrepreneurs' Meetings

3.5.1 Significance as a Service

Individual enterprises are increasingly incapable of finding solutions to specific problems on their own. Cooperation between enterprises is becoming ever more important in offering competitive products and services. This observation is particularly valid for SMEs.

Meetings between entrepreneurs offer an efficient and low-cost way to initiate cooperation. For chambers and associations, the underlying idea of providing this type of service is to offer entrepreneurs an opportunity to engage in "face-to-face" discussions with a number of potential cooperation partners in a single day. Chambers and associations are an obvious choice as organizers and venues for this type of event. Entrepreneurs' meetings or "Entrepreneurs' Days" can be conducted at national, but equally at international level.

3.5.2 Cost Calculation

For this service, as for all others, precise cost calculation is an important success factor. The principles of cost calculation for services provided by chambers and associations in the start-up phase have already been discussed in some depth in Section 3.3.2 (Training Seminars). it can be seen that the calculation scheme introduced there can indeed be applied universally. The figures shown here are taken from a consultancy project with an East European chamber of industry and commerce.

No	Cost Type	Specification	Units	Price/Unit (US$)	Total (US$)
1	Labour costs (gross)	Staff member 1 Staff member 2 Staff member 3	40 hrs 180 hrs 150 hrs	4.8 3.5 3.0	192 630 450
2	Material costs	Photocopies Invitations Event folder Paper Writing utensils Other	1500	0.01	15 0 0 0 0 0
3	Transport costs	Taxi Private car	km km		0 0
4	Communi-cations cost	Advertisements Phone Fax e -mail internet	1 250 min 80 min	130 0.1 0.1	130 25 8 0 0
5	Mailing costs	letters registere d mail	150	0.2	30 0

No	Cost Type	Specification	Units	Price/Unit (US$)[1]	Total (US$)
6	Rental of premises		hrs		0
7	hospitality	Work time Food Bev erages			0 0 0
8	technology	PC Overhead proj. Flipchart Whiteboard TV Video other	150 hrs	0.25	38 0 0 0 0 0 0
9	speakers	Honorarium Hot el transport			0 0 0
10	subtotal				1,518
11	overhead	10%			152
12	**Total**				**1,670**

[1]monthly salary (gross)/160 working hours per month

Calculated on full-cost basis, total costs of 1,670 US$ will arise in this instance - not an inconsiderable amount, especially since various cost types such as rental of premises have not been incurred at all. In this example, the chamber strove for maximum cost recovery. In the end, with 35 enterprises participating at a fee of 30 US$ for members and 45 US$ for non-members, 76% of costs were recovered.

3.5.3 Implementation Checklist

Planning, organizing and implementing an entrepreneurs' meeting is a more complex undertaking than one might at first guess. By succeeding, the chamber/ association can demonstrate its "can-do" abilities, because it is a task that requires professional management and organizational talent. This chapter therefore concentrates on the individual implementing steps.

The checklist is based on the example of a "Woodworking SME Meeting", i.e. a meeting of enterprises from a particular manufacturing sector. It can easily be applied to other forms of entrepreneurs' meetings.

1. **Opinion-building within the chamber/association**: The organization of entrepreneurs' meetings/conferences is one of the typical services provided by chambers and associations particularly during the start-up phase. Therefore the significance of this service should first of all be discussed internally. In this context, one can already begin to collect ideas on the concrete form of such meetings/conferences. .
2. **Consensus-building with elected officers**: Following internal awareness- and opinion-building, agreement must be sought with the chamber/association's elected representatives, so that professional and elected officers will "speak with one voice".

3. **Conceptual development of the meeting**: An important criterion for success is the careful development of an underlying concept for the entrepreneurs' meeting. In particular, the following matters need to be determined:

   - objectives of the meeting
   - target group
   - number of enterprises to be invited
   - agenda of the meeting
   - marketing activities
   - cost calculation
   - responsibilities of internal chamber/association staff.

4. **Marketing**: Appropriate marketing instruments may vary from country to country. As a rule, however, the following can be recommended: + advertisements in relevant newspapers or journals

   - direct mailings: information letters to all members from the woodworking sector as well as selected non-member enterprises
   - depending on the status of the chamber/association, radio or television interviews may be considered.

The text of the above-mentioned advertisement might read as follows:

Woodworking SME Cooperation Day

Are You Looking for Cooperation Opportunities?

The <Name of Chamber/Association> invites all woodworking SMEs to talk about opportunities for cooperation.

- Cooperation in manufacturing
- Finding suppliers
- Marketing of products

Please contact us and reserve appointments for your personal discussions right away!

We expect representatives from more than 50 woodworking SMEs to attend!

Phone: 123456

5. **Preselection:** In rare instances, it may be necessary to make a preselection of participating enterprises. If so, criteria need to be defined according to which the preselection can be made. If, for example, it is determined that microenterprises should not participate, a minimum number of 5 employees could be the selection criterion. As a rule, however, no such preselection will be made.

6. **Enterprise profiles**: In the next step, profiles must be prepared on the enterprises that will be invited. Through these profiles, the chamber/association can contribute significantly to the success of the entrepreneurs' meeting.
   - The quality of the enterprise profiles, and of the information contained in them, must be guaranteed.
   - The profiles must be balanced against each other so as to attain an optimal participation structure.

To be able to prepare enterprise profiles, the chamber/association needs information. This can be gathered e.g. by sending the following questionnaire to all participating enterprises.

Name of Chamber/Association

"Woodworking SME Cooperation Day"
on 16th April 1999

Name of Enterprise:..

Address: ....

Tel/Fax: ………………………….

E-mail: …………………………..

Number of employees: …………………….

Sphere of activity (please tick):

Manufacturing	Services	Retail	Wholesale
G	G	G	G

Why are you participating in the "Woodworking SME Cooperation Day"?
(please tick):

- ☐ to cooperate in manufacturing
- ☐ to find suppliers
- ☐ to market own products
- ☐..

Please describe as precisely as possible your cooperation wish (what, with whom, why):

....
....
....

7. **Preparing a discussion plan**: The profiles will show which enterprises shall be participating in the "Woodworking SME Cooperation Day". A discussion plan can

then be prepared, showing each participant the times at which he/she can hold discussions with which potential partner.

Some enterprises may be left without a discussion partner. These should nevertheless be invited to visit the chamber/association, so that their cooperation wishes can be entered into the cooperation database (see 3.4.2). However, these enterprises should be informed of the situation prior to the event.

8. **Premises**: The premises to be used for the entrepreneurs' meeting should be reserved as early as possible, because several separate rooms will be needed: one large room for welcomes/introductions as well as a number of smaller rooms where the entrepreneurs can conduct their one-on-one discussions. Ideally, of course, the event should be held at the premises of the organizing chamber/ association.

9. **Quality control**: About 2 to 3 days before the event, all participants should again be contacted by phone, so as to ensure that they will indeed attend. This quality control step on the part of the chamber/association is so important because any short-term cancellation affects the entire discussion plan.

10. **Agenda**: The actual entrepreneurs' day can be conducted in many different ways. The following components have been tried and proven in practice:

- Welcome address by the President of the chamber/association.
- Introduction by the Director: development and objectives of the chamber/ association, range of services, objectives of the event, organizational aspects.
- One-on-one discussions: As a rule, 30 to 45 minutes will suffice, because participants will only be able to make first contacts at this stage. If interested, the discussion partners can arrange a further meeting on their own. Also, planning longer times for the discussions can mean that other participants have to wait for a long time to get their turn.

The written agenda, to be handed out to the participating enterprises, might look as follows:

Name of Chamber/Association

"Woodworking SME Cooperation Day"
on 16th April 1999

Individual Agenda for <Name of Enterprise>

Introduction

9.00 - 9.15 a.m.	Welcome Address by <Name of President>	Room 1
9.15 - 9.30 a.m.	Services offered by the Chamber/Association (<Name of Director>)	Room 1

Individual Discussions

9.30 - 10.15 a.m.	Discussion with <Name of Enterprise>	Room 2, Table 4
10.30 - 11.15 a.m.	Discussion with <Name of Enterprise>	Room 2, Table 1
11.30 a.m. - 12.15 p.m.	Discussion with <Name of Enterprise>	Room 2, Table 3
12.30 -1.15 p.m.	Discussion with <Name of Enterprise>	Room 2, Table 3

Close

2.00 - 2.30 p.m.	Conclusion and further activities of the Chamber/Association <Name of Director>	Room 1

11. **Follow-up**: A typical phenomenon of entrepreneurs' days is that although many discussions are held, nothing further comes of the initial contacts. This provides an opportunity for the chamber/association to generate additional income by way of a systematic follow-up. The following steps must be taken:
    - telephone all participants to ask about the progress of their cooperation discussions
    - contact the respective discussion partners
    - weigh expectations/objectives
    - resolve any misunderstandings and communication deficits
    - facilitate further discussions
    - in parallel: offer market information/research.

The potential for income generation lies in the opportunity to further promote participants' cooperative ventures by conducting market research, facilitating further discussions, brokering contacts and, in some cases, sitting in on the first cooperation discussions. All of these activities open avenues to further income.

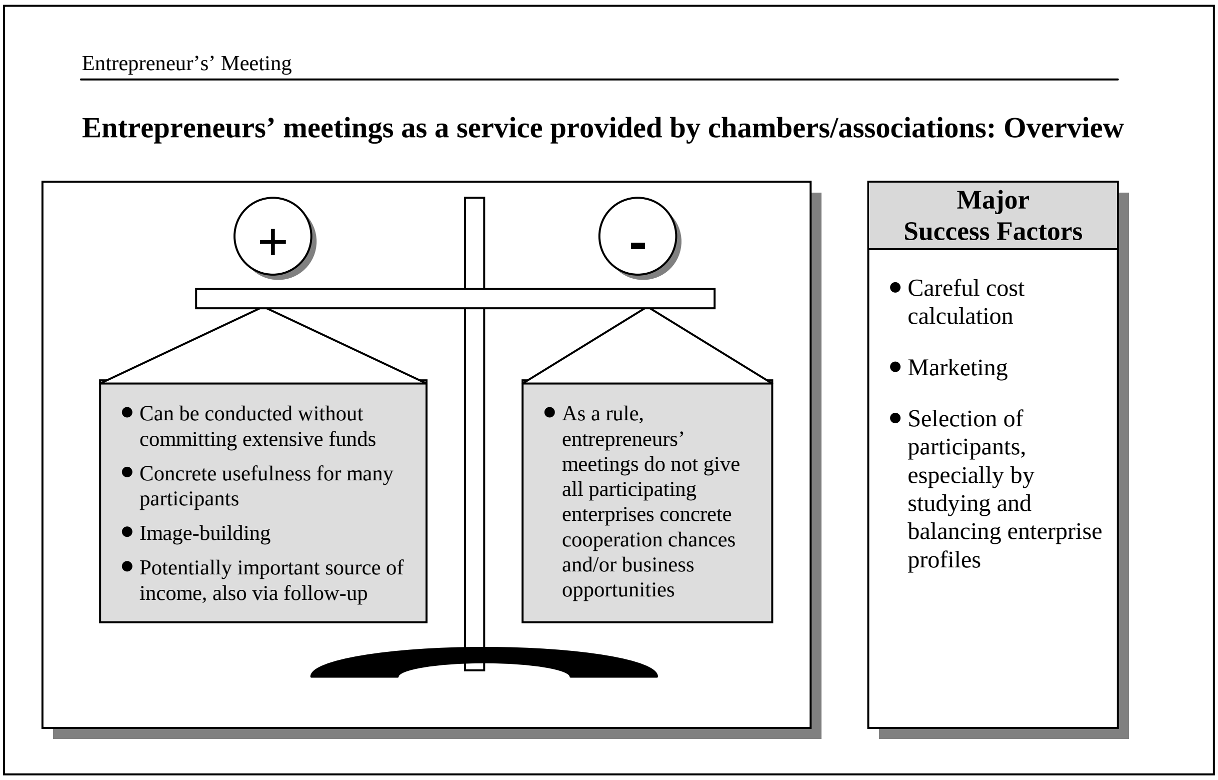
3.5.4 Typical Problems and Suggested Solutions

The problems listed in the table below are those most frequently encountered when organizing and conducting entrepreneurs' meetings. Here too, we try to offer workable solutions.

No.	Typical Problems	Suggested Solutions
1	Entrepreneurs' day has resulted in deficit	Precise cost calculation on the basis of the system introduced above
2	Unclear profile of entrepreneurs' day	Prepare concept in earlier planning phase along the above-mentioned criteria
3	Short-term cancellations	Quality control by telephone shortly before entrepreneurs' day
4	Too many discussion partners	Preselection of participants (criteria for participation)
5	Wrong discussion partners at event	- detailed queries on cooperation wishes in preparatory phase, based on questionnaire introduced above - evaluation by chamber/association and final selection of participants
6	Established contacts are lost over time	Follow-up by chamber/association (source of income)

3.5.5 Summary: Entrepreneur's' Meetings

The following diagram summarizes the pros and cons of this type of service for chambers and associations in the start-up phase, as well as the most important factors influencing the successful conduct of entrepreneurs' meetings.



In the course of the growing national and international division of labour, fairs and exhibitions are steadily gaining in importance. They are events where supply and demand, in their most multi-faceted forms, come into direct contact. Exhibiting enterprises, but equally firms attending only as visitors, have the opportunity to engage in a large number of discussions and negotiations with potential business partners over a relatively short period of time (usually 2 to 4 days). The degree of transparency as to the products on display is another special advantage of these events. The various functions of fairs and exhibitions can be summarized as follows:

- they allow the visitor to gauge value-for-money first-hand
- they promote an intensive exchange of opinion
- they ensure and increase market transparency
- they can be an instrument for opening up new markets
- they offer a concentrated reflection of a select market.

Fairs and exhibitions are also becoming increasingly important for SMEs. However, these enterprises generally have neither the financial nor the personnel or organizational resources to be able to participate in exhibitions on their own. Often they even lack a clear idea of what events are being held where.

Against this background, chambers and associations have the opportunity to open up a further significant source of income, namely to organize joint participation in fairs by a number of member enterprises. It must be acknowledged that organizing participation in an international fair is a rather complex and demanding project. However, this service also covers many related, simpler forms of participation. This shall be illustrated by way of the following case study.

3.6.2 Case Study: Sales Exhibition

- Start with a good idea: Particularly for very small chambers and associations still in the early stages of development, the key is to take pragmatic "first steps" to establish modest services, and only gradually develop more sophisticated services over time.

  Here the example of a Latin American association for small manufacturing enterprises may serve to stimulate own ideas: The association had a membership of about 200, of which only 50 had paid their current membership dues. The association was providing no services which could generate any significant income. The association was not well known. It only owned a medium-sized building.

  In this situation, which is altogether typical for chambers and associations in the start-up phase, the director was struck by a good idea: from a number of discussions with member enterprises, he knew that these enterprises had virtually no opportunity to exhibit their products, because they could not afford to rent the layout of two rooms of the association's premises was modified, and used as a venue for the exhibition and sale of the members' handicraft products! The result was entirely positive: week after week, more tourists, but also local customers, came to visit the exhibition.

The association received a commission of 15% of profit on sales, meaning that after only a few months, this simple idea had become its most significant source of income. As an alternative to this example, one could also imagine a model in which the exhibiting enterprises paid a fixed monthly fee to the association, to which a small commission, e.g. 5% of profits on sales, would be added. In the first instance, however, the risk for the participating member enterprises is lower.

- Marketing: This good idea was accompanied by a marketing strategy that was as simple as it was effective. Since the products were mainly targeted at tourist customers, the service was announced on simple information leaflets (A5 format, black-and-white) in English, Spanish, French and German and displayed in taxicabs, restaurants and selected hotels.

3.6.3 Cost Calculation

To calculate costs that will arise as a result of joint participation in a fair by several member enterprises, one can again make use of the calculation system introduced above (also see 3.3.2).

No	Cost Type	Specification	Units	Price/Unit (US$)	Total (US$)
1	Labour costs (gross)	Staff member 1 Staff member 2 Staff member 3 Staff member 4	Hrs Hrs Hrs Hrs		
2	Equipment costs	Photocopies Invitations Event folder Paper Writing utensils Other			
3	Transport costs	Taxi Private car	km km		
4	Communi-cations cost	Phone Fax e-mail internet			
5	postage	Letters Registered mail			
6	Rental of premises		hrs		

No	Cost Type	Specification	Units	Price/Unit (US$)	Total (US$)
7	hospitality	Work time Food Beverages			
8	technology	PC Overhead proj. Flipchart Whiteboard TV Video other			
9	lecturers	Honorarium Hotel transport			
10	subtotal				
11	overhead	10%			
12	**Total**				

* construction of exhibition booth (setting up, disassembly etc.)
furnishing of booth (furniture, carpet, lighting, video recorder, slide projector etc.)
design of booth (lettering, photos, posters, decoration etc.)
service at booth (customer hospitality etc.)

3.6.4 Implementation Checklist

This section shall outline the typical steps to be taken when organizing joint participation by several member enterprises in an exhibition.

1. **Recognizing the importance of organizing participation in exhibitions as a chamber/association activity**: In the first place, the chamber/association must of course recognize that organizing participation in exhibitions is a worthwhile activity and means of generating income. Such opinion-building should also include the elected representatives. It is a leadership task for chamber/ association management.

2. **Selection of event**: The availability of information on exhibitions of interest varies a great deal from country to country in terms of quality and scope. Generally, we recommend starting with a smaller, national-level fair. Its sectoral focus should correspond with one of the sectoral concentrations of the chamber/ association members. Specifically, the following criteria may be used in making a selection:

- is the size of the fair appropriate to the size of the chamber/association?
- is the membership structure suited to the topic and focus of the fair?
- does the fair offer a representative range of suppliers/providers?

3. **Budgeting**: The next question is whether the cost framework is justifiable for the participating member enterprises. To answer it, one should use the calculation system introduced above.

4. **Contacting the members**: After the event has been selected and the cost framework worked out, the selected members can be contacted. This is best done by way of a personalized letter. A draft is shown below:

<Name of Chamber/Association>
<Address>

<Name of Member Enterprise>
<Address>

Place, Date

Present Your Enterprise at the Exhibition "Textilia 2000"!

Dear Mr./Ms <Name of Manager of Member Enterprise>,

We are happy to inform you that we will be organizing the participation of 6 carefully selected member enterprises in the exhibition "Textilia 2000", by way of a joint exhibition stand. Over the past years, "Textilia 2000" has become one of our country's most important exhibitions. This year, at least 50 exhibiting companies and 2000 visitors are expected.

Your participation offers you many advantages:

- You can exhibit your products to a large audience
- Potential cooperation partners will notice you
- You will get an excellent overview of the situation of the sector

Ms Monica Solano will be happy to answer any questions. Please contact her at the phone number 123456. We are looking forward to your call!

Yours faithfully

<signature>

Name

During this phase, special importance must be allocated to a telephone follow-up, to take place one to two weeks after mailing the information letter.

5. **Contacting non-members**: Not only members, but also other enterprises from the respective sector should also be contacted. Apart from a potentially greater number of participants, this has the advantage of making more enterprises aware of the work of the chamber/association. This step can be taken by placing advertisements in the relevant newspapers and journals.

6. **Organizational preparation**: Among the most important tasks of the chamber/ association during this phase are:

   - travel arrangements
   - hotel reservations
   - catalogue entries.

7. **Information event and catalogue entries**: The participating enterprises are informed on the organizational details during an information event (to last about one hour). In addition, the event is used to discuss the matter of the participants' catalogue entries. The following format- depending on the requirements of the particular exhibition - may be used for this purpose:

I. Basic Enterprise Data

1. Name…………………………
2. Address:……………………..
3. Phone/Fax:………………….
4. Legal form:………………………..
5. Year established:…………………

II. Contact Persons

Name Position Phone Languages

1. ……………………………………………………………………………………..
2. ……………………………………………………………………………………..
3. ……………………………………………………………………………………..

III. Range of Products/Services

☐ Manufacturer of:
1. ………………………
2. ……………………..
3. ……………………..

☐ Trade in
1. ……………………
2. ……………………
3. ……………………

☐ Services
1. ……………………
2. ……………………
3. ……………………

IV. Size of Enterprise

☐ 1 - 2 employees

☐ 3 - 4 employees

☐ 5 - 9 employees

☐ 10 – 19 employees

☐ > 20 employees

V. Foreign Trade

Exports: Export volume in <year>: ………………………US$

Country Percentage Products

1. ……………………………………………………………………………
2. ……………………………………………………………………………
3. ……………………………………………………………………………

Imports: Import volume in <year>: ………………………US$

Country Percentage Products

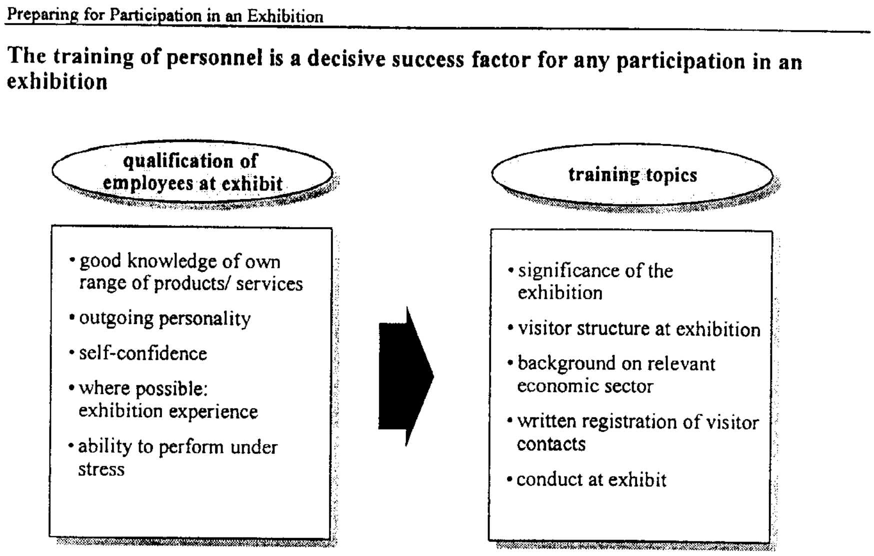
1. ……………………………………………………………………………
2. ……………………………………………………………………………
3. …………………………………………………………………………..

8. **Preparing for the exhibition:** Aside from organizing preparatory activities, the actual value-adding contribution by the chamber/association is made during this phase. In all probability, the SMEs will lack the know-how needed to participate in an exhibition effectively. The chamber/association should conduct an all-day training workshop, covering in particular four topics which are of decisive importance for successful participation:

- ♦ the necessary qualifications of the employees that will staff the exhibit
- ♦ attracting visitors
- ♦ registration of visitor contacts
- ♦ follow-up.

a) Training of Personnel

The preparation of the employees that will staff the exhibit is an important prerequisite of successful participation. The following- diagram illustrates the most important requirements, as well as the training topics to be derived from them.



b) Attracting Visitors

Without well-planned and professionally conducted public relations work, there can be no successful participation in an exhibition! Long before the event actually begins, every member enterprise should start intensive promotion activities. The following diagram explains the most common methods of attracting visitors.

Attracting Visitors

Sufficient time must be allocated for publicity efforts before the event

Publicity Type	Comments
letter stickers	for as long as possible before the event, stickers are attached to all correspondence - an inexpensive means of advertising the enterprise's participation.
written invitations	personalized letters to all major cooperation partners. Consider enclosing documentation on the exhibition
telephone calls	entrepreneurs should phone others to inform them that they are participating, and should mention the fact at every possible occasion
ticket vouchers	depending on the available budget, vouchers for free entry to the exhibition can be sent together with a cover letter
advertising	to be placed shortly before the exhibition begins
catalogue adverts	in addition to the general entry in the exhibition catalogue, an ad on the enterprise's range of products/services can be placed in the catalogue

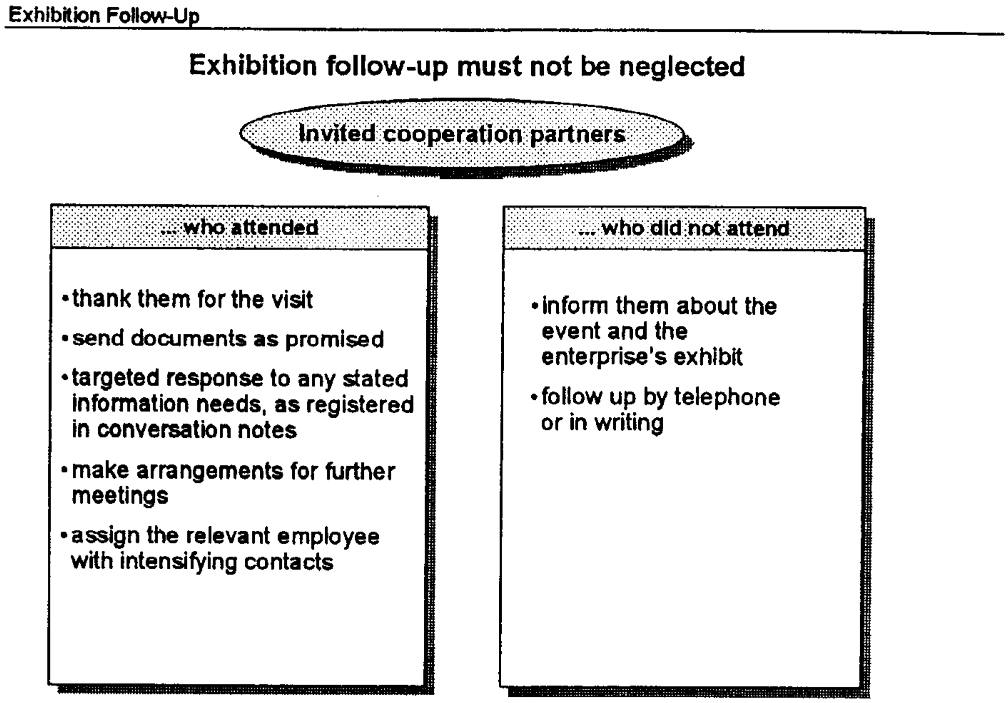
c) Registration of Visitor Contacts

A clear and systematic registration of all visitor contacts is the decisive precondition for all later follow-up measures. For each discussion held at the exhibit, participating enterprises must register, in writing, at least the following points:

- name of (visitor) enterprise
- name and position of discussion partner
- member/non-member
- previous contacts with the chamber/association
- information needs of discussion partner
- documents handed out
- ideas for follow-up.

d) ***Follow-Up***

The follow-up to an exhibition should not be neglected under any circumstances The following diagram offers an overview.



9. **Verifying the status of preparations:** Depending on conditions in the specific country, there should generally be 1.5 to 2 months' time between the training of enterprises in basic matters of participation and the actual exhibition. During this time period, the participating enterprises carry out their preparations (promotional efforts, training of employees). Experience shows that it is useful to verify the status of preparations after about 4 weeks. Any remaining problems can usually still solved at this time.

10. **Participation in exhibition:** The next step is the actual participation in the event.

11. **Follow-up:** For participating enterprises, but equally for the chamber/ association, the follow-up to the exhibition is the last, important work step. The main objective here is to obtain suggestions on how the next participation in such an event can be better organized. A questionnaire designed for this purpose is presented below.

<Name of Chamber/Association>
Your Participation in "Textilia 2000"

Evaluation of Organization by <Name of Chamber/Association>

For each of the following points, please assign a value of between 1 and 10
(1 = 1 am absolutely dissatisfied, 10 = I am absolutely satisfied)

1.	**Organizational Preparation**	**Value (1-10)**
1.1	Travel organization	....
1.2	Accommodation	....
1.3	Catalogue entry	....
2.	**Preparation (Training Topics)**	
2.1	Expertise of personnel.	....
2.2	Attracting visitors	....
2.3	Registration of visitor contacts	....
2.4	Exhibition follow-up	....
3.	**Assistance during Exhibition**	**...........**
4.	**Overall Usefulness of Exhibition**	**...........**

For the three points for which you gave the lowest marks: How can we improve things they next time around?

a) ....

b) ....

c) ....

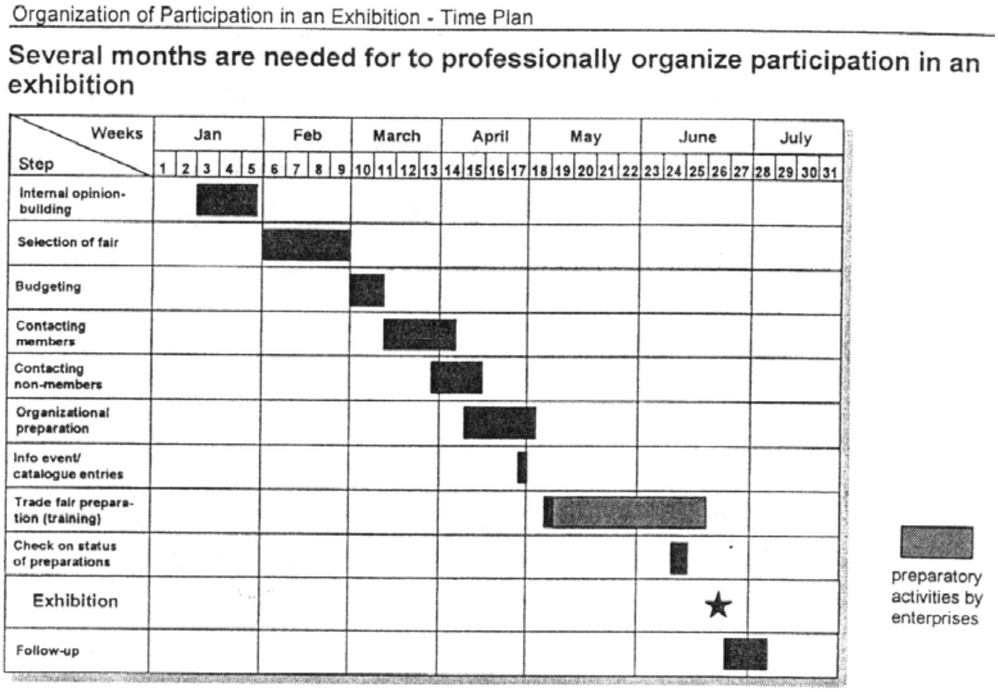
Many Thanks for Your Cooperation!

....

Name Enterprise

3.6.5 Time Plan

For a relatively complex organization process such as this, precise timing of the individual measures is essential. The following diagram shows a typical time plan.



3.6.6 Common Implementation Problems

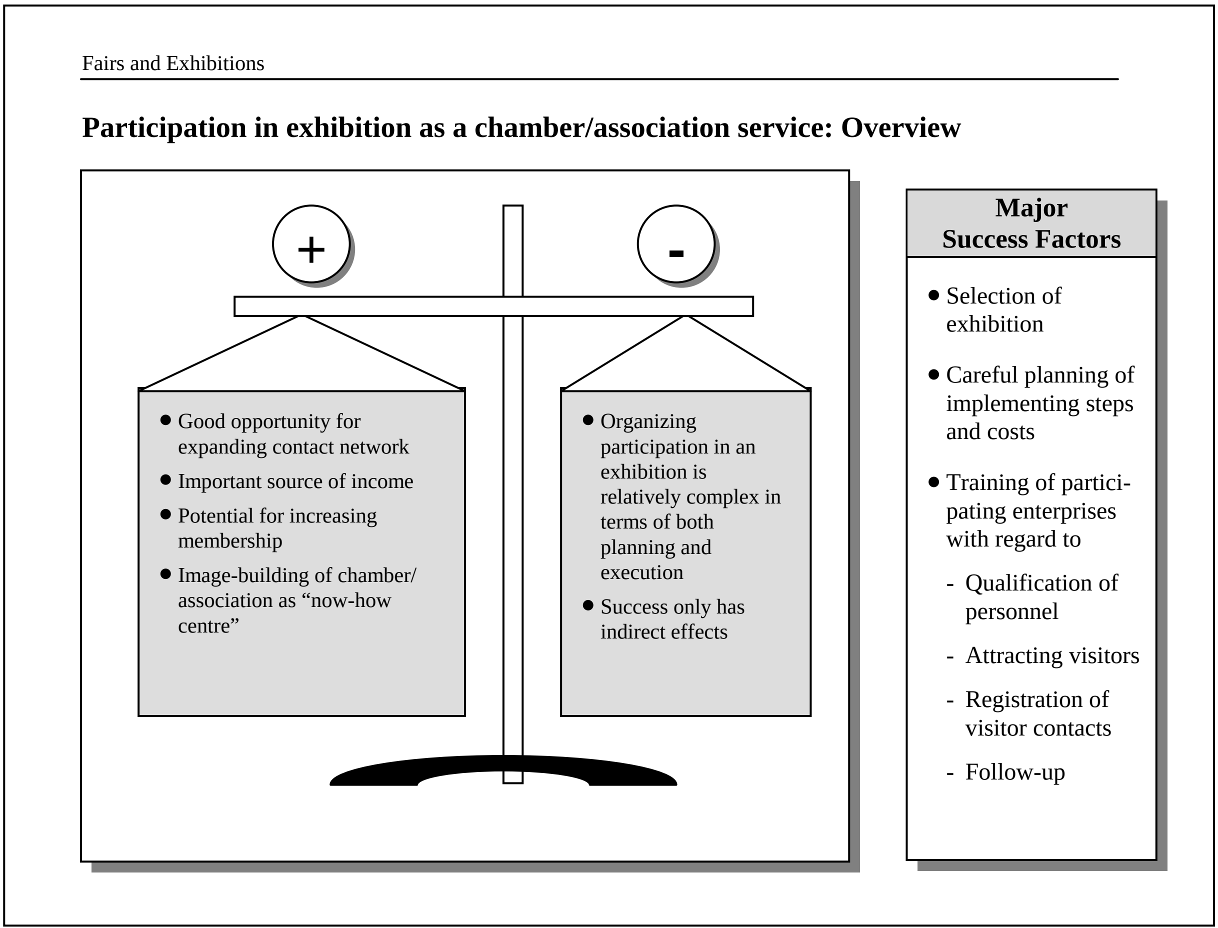
The problems that most commonly arise when organizing participation in an exhibition are listed in the table below, along with suggestions for overcoming them.

No.	Typical Problems	Suggested Solutions
1	Members fail to recognize Importance of participating in exhibitions	Give positive examples (report on successful participation in chamber/association publication)
2	Participation in exhibition is regarded as too costly	Begin with simple exhibition (see 3.6.2 – sales exhibition)
3	Target group is not reached – Exhibition booth remains empty	- careful selection of fair/exhibition - intensive visitor attraction efforts with the above-mentioned instruments

No.	Typical Problems	Suggested Solutions
4	Exhibition budget is exceeded	Cost calculation via system introduced above
5	Staff at exhibit is unqualified	Include training in the above-mentioned topics as an integral part of preparation for exhibition
6	Contacts made by members at exhibition do not last	- basic requirement: system written registration of all discussions - Systematic follow-up

3.6.7 Summary – Fairs and Exhibitions

The most important pros and cons of organizing participation in exhibitions are summarized in the diagram below. Additionally, the most important success factors are again listed.



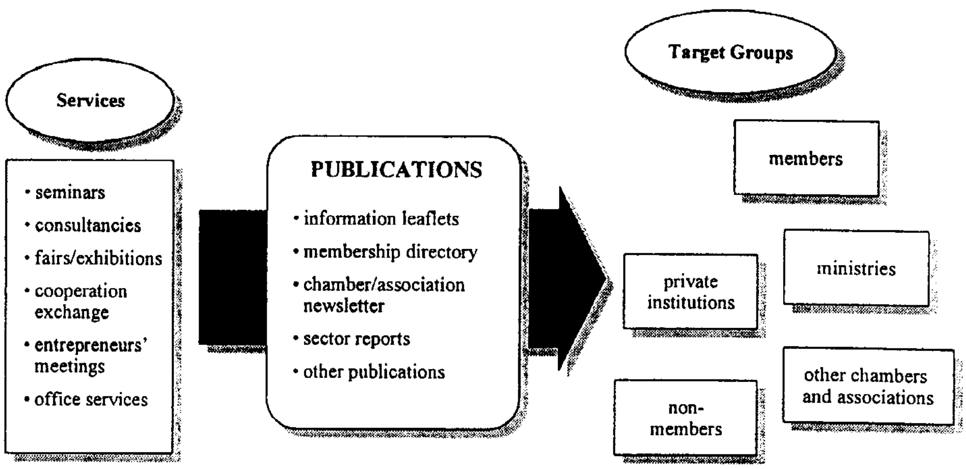
3.7 Publications

3.7.1 The Importance of Publications

Many chambers and associations in the start-up phase consider the preparation of own publications more as an "additional" activity that should be deferred until "real" services have been established. This view ignores or underestimates the relationship between own publications and the marketing of other services. Moreover, any publication developed by a chamber/association is already a service in its own right - and one which may be of great value to the members. Interesting publications are a basic precondition of effective chamber and association work, i.e. for reaching their target groups. The following diagram illustrates this relationship.

Publications as a Marketing Instrument

Own publications can decisively facilitate marketing of services



3.7.2 Information Leaflets

- **Can be produced without major effort**: This- most simple form of publication can be produced fairly easily at relatively high frequency. Recommendations for format:
  - no longer than one A4 page
  - double-sided printing in black-and-white
  - offers information on current topics, e.g. legislative developments, changes in customs affairs, own events and events hosted by other organizations (exhibitions, seminars etc.).

- **Can be used as a marketing instrument**: The relationship between interesting, demand-oriented publications on the one hand and successful marketing on the other can again be illustrated using the example of information leaflets. The topics covered by the leaflets can, for instance, be simultaneously addressed by the chamber/association's advisory services. Thus, if a leaflet is prepared to inform members on important new legislation affecting them, then it is only logical that the leaflet should also be used to inform them of the advisory services the chamber/association offers with regard to legal questions

- **Cost calculation**: For information leaflets, the principle again holds true that any activity undertaken by the chamber/association should be financially self-supporting. Below, we therefore recommend a calculation scheme for incomes and expenditures which - after appropriate adjustment of figures - can be used by any organization. The figures given here are based on a concrete example from a consultancy.

The income column contains an item named "support funds/sponsoring" Behind this is the idea that a member enterprise financially supports the publication of the information leaflet - with a relatively minor contribution. In return, its name appears on the leaflet. This can be very worthwhile for the enterprise, because it offers a chance to advertise and become better known. However, the chamber/ association should use the instrument of sponsoring only in selected instances and cooperate only with selected enterprises, because its autonomy might otherwise be questioned.

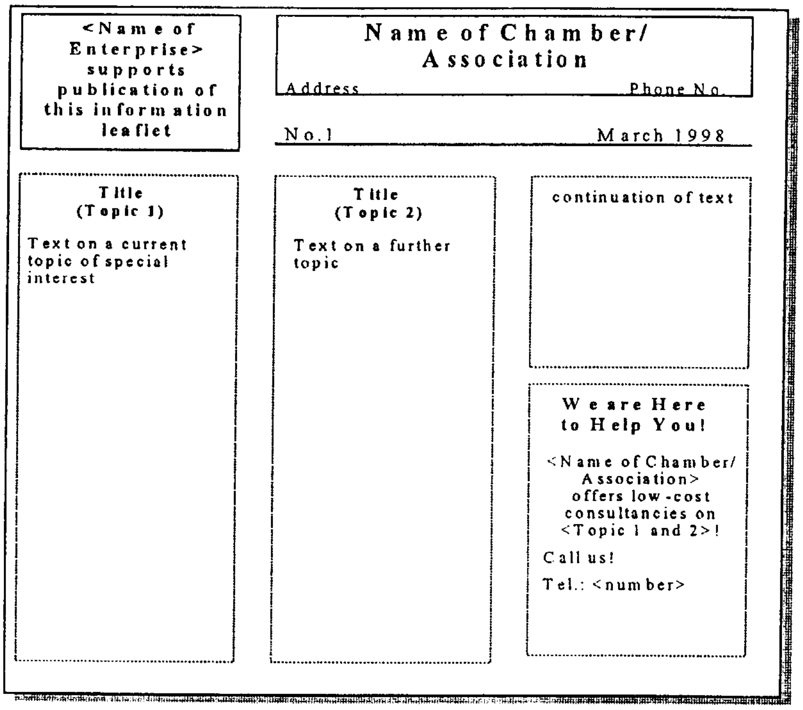
No.	Cost Type	Total (US$)	Income Type	Total (US$)
1	Work time: 1 day (300 US$$ per month/ 20 working days)	15.00	Support funds/ sponsoring	50.00
2	Paper: 200 pages	3.50		
3	Depreciation of photocopier	5.00		
4	Postage costs	50.00		
5	***Total***	***73.50***	***Total***	***50.00***

Calculating on full-cost basis, only about 70% of total costs were recovered in this instance. But remember: the information leaflets also serve as a marketing instrument (see above). They draw the readers' attention to the advisory services offered by the chamber/association in cooperation with external consultants. If the chamber/association receives an average commission of 10 US$ (20% of the consultancy honorarium), it already attains the break-even point (see Section 2.2.5) when three consultancies are booked as a result of marketing via the leaflet.

- **Example**: In summary, the structure of a typical information leaflet is shown in the following diagram.

Information Leaflet

Information leaflets must be concise and informative

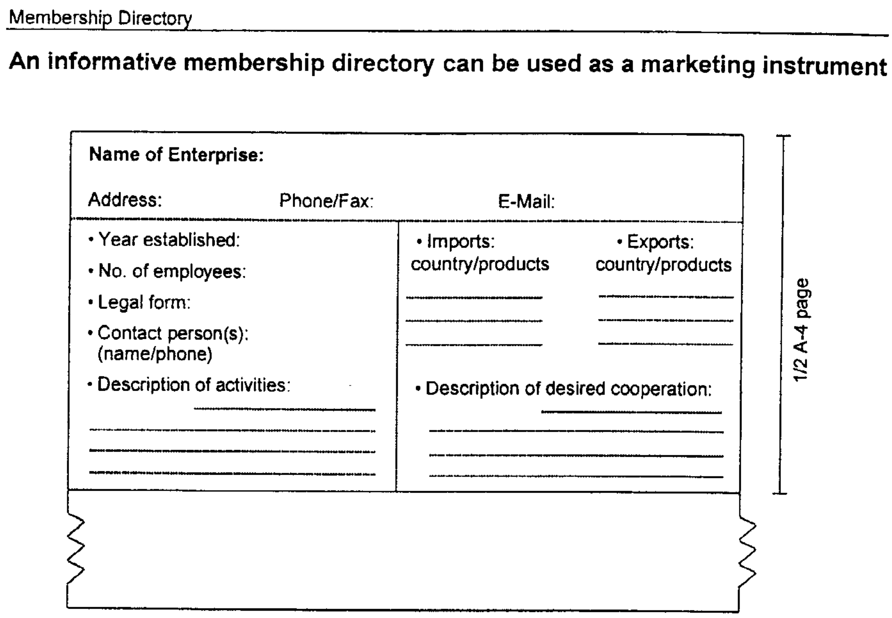


3.7.3 Membership Directory

- **Concept**: The basic idea of a membership directory is to provide member enterprises with an opportunity to showcase themselves and their range of products/services. The directory thus also serves as an instrument for mediating business contacts at national and international level. Again the relationship between publications and the marketing of other services becomes evident.

- **Content:** The main section of the membership directory naturally consists of the self-portrayal of the chamber/association's member enterprises. Aside from this, there are a great many options for design and presentation of information. The following structure has proven worthwhile in practice:
  - preface by the President of the chamber/association
  - report by the Director on the work of the chamber/association, with practical examples
  - letter of greeting from the Economics Minister or another high-level ministerial official
  - "annual calendar" of the most important events
  - self-presentation of member enterprises on a full or half page each

- **Example:** The decisive factor for the success of this publication, aside from secure funding, is how the member enterprises are showcased – with regard both to the layout and the information presented. The following diagram offers a recommendation to this end.



- **Funding:** The objective is 100% cost recovery! The financing scheme shown in the table below is therefore based on full-cost calculation.

  In this example, conceived and implemented in a consultancy project, the organization has 300 members. 1000 copies of the membership directory were printed.

No.	Cost Type	Total (US$)	Income Type	Total (US$)
1	Work time: 1 staff member (400 US$ gross monthly salary) at 50% work time for 4 months	800	Advertisements 10 whole-page adverts 10 half-page adverts	 1,200 700
2	Work time: 1 secretary (250 US$ gross monthly salary) at 50% of work time for 4 months	500		
3	Copying - layout - printing	 300 600	Sales (100 copies at 20 US$ each)	2,000

No.	Cost Type	Total (US$)	Income Type	Total (US$)
4	postage	750		
5	subtotal	2,950		
6	Overhead 10%	295		
7	**Total Costs**	**3,245**	**Total Income**	**3,900**

Result: In this concrete example, the membership directory has actually generated profits, even though most copies were distributed free of charge.

- **Marketing**: Regarding the marketing of the membership. directory, one must generally differentiate between sale and free distribution. The-following steps are recommended:

  1. free distribution to all member enterprises
  2. selection of important multipliers (embassies and consulates, foreign chambers of commerce, international development programs, national chambers/associations, ministries) and free dissemination to these organizations
  3. articles in economic journals and own publications
  4. reports in local radio and television programs
  5. direct mailers to selected (usually larger) enterprises.

  The distribution of the membership directory to important multipliers is a key element of this marketing strategy. To facilitate practical implementation, we present a draft cover letter below.

Name of Chamber/Association

To:
The Embassy of the Federal Republic of Germany
Economic Department
X Street
City

Date: 4th March 1999

Re: Membership Directory of <Name of Chamber/Association>

Dear Mr./Ms <Name>,

We are proud to present you the current membership directory of our chamber.

As you will note, many of our members wish to cooperate in various ways with German companies. We therefore believe that this publication makes a concrete contribution to further intensifying economic relations between our countries.

In this respect, may we also request that you bring our new membership directory to the attention of German companies with which you are in contact. The directory may be obtained from us for only 20 US$.

Thank you for your assistance.
Yours faithfully,

<Name>	<Name>
President	Director

- **Checklist**: To facilitate practical implementation, a checklist of the most important points is presented below.

Checklist

Membership Directory

✓ define basics: content, layout, number of copies

✓ calculate costs and income

✓ solicit advertisers

✓ draft questionnaire and mail to all members (incl. cover letter)

✓ follow up by telephone

✓ discuss layout with graphics company

✓ select printing company

✓ select representative from the ministerial sector and possibly pre-formulate
✓ text

✓ preface by President

✓ information section by Director

✓ control quality of information supplied by member enterprises and phone where incomplete/unclear

✓ market according to scheme recommended above

✓ if successful: follow-up edition after 8-12 months

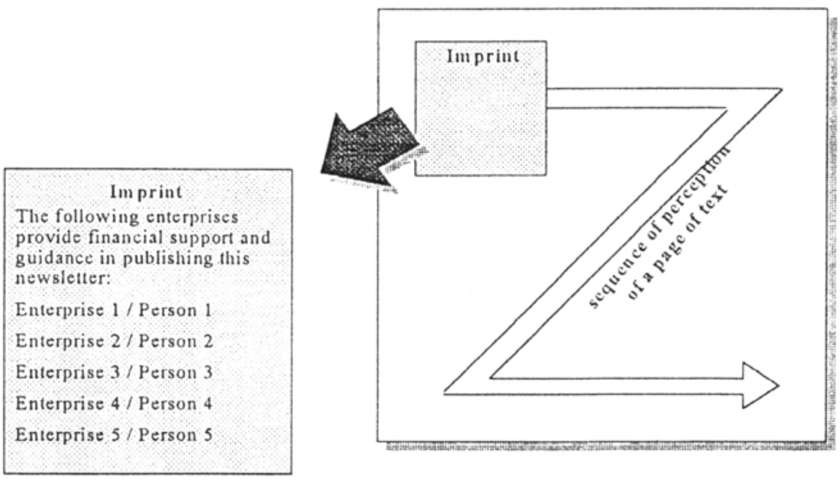
3.7.4 Chamber/Association Newsletter

- **Effort**: Introducing a chamber/association newsletter is a demanding project. Experience shows that at least one staff member needs to devote 100% of his/her work time to the newsletter.
- **Panel model**: For the most part, costs and income are calculated along the lines of the calculation scheme introduced above for the membership directory. Particularly in the early phases of introducing a newsletter, however, funding problems usually crop up, because it is very difficult to attract advertisers at this stage. Against this backdrop, the "advisory panel model" can be an innovative and practicable solution. Its salient points are as follows:

- About 5 enterprises make up the advisory panel of the newsletter.
- These enterprises should be particularly active members of the chamber/association. There should be a relationship of trust between their management and that of the chamber/association.
- The panel members pledge to place one advertisement in every issue appearing over the next year, and pay for these advertisements in advance.
- In return, the panel members are given a say in determining the objectives and content of the newsletter.
- The panel members are named in the imprint of every issue. The imprint should always appear on the top left of a page, because scientific research has shown that readers who only glance cursorily at a page start with the upper left-hand side. The following diagram illustrates this fact.

Chamber/Association Newsletter

The advisory panel model provides planning security and income when introducing a chamber/association newsletter



- **Financing**: The way in which a chamber or association newsletter is financed naturally varies considerably by volume, number of copies, and frequency of publication. However, experience gained in various consultancy projects shows that the following format is realistic and practicable:
  - 4 issues are published per year. After the newsletter has been successfully introduced, this may be raised to 6 issues.
  - The number of copies printed should be about twice that of the membership of the chamber/association.
  - 8 pages are a realistic volume. After 1 to 2 years, the number of pages may be increased.

The financing of a newsletter should be based on the following calculation scheme:

No.	Cost Type	Total (US$) Per year	Income Type	Total (US$) Per year
1	Work time: 1 staff member at 100% of work time (incl. Supplementary wage costs)		Payments by members of advisory panel	
2	Work time: 1 secretary at 100% of work time (incl. Supplementary wage costs)		Other advertisements	
3	Office costs (phone etc)			
4	Copying - layout - printing			
5	Postage			
6	subtotal			
7	Overhead 10%			
8	***Total Costs***		***Total Income***	

- Checklist: Introducing a chamber or association newsletter is a complex project. The foremost implementation steps are listed here.

Checklist

Newsletter

✓ build opinion within the chamber/association as to the importance of an own newsletter, and collect ideas about content and target group

✓ find consensus with elected officers

✓ analyze regional/supra-regional news market

✓ determine target group and objectives of newsletter

✓ initiate contacts with potential advertisers

✓ hold discussions with potential advisory panel members and select 3 to 5 enterprises

✓ calculate costs and income

✓ identify or hire staff member to manage newsletter

✓ conduct general planning of topics

✓ solicit advertisers

✓ devise concept of first issue

3.7.5 Other Publications

- Folders: Folders can be described as a more upscale type of information leaflet. The most common type is doubly folded A4 format. Typical contents of folders are:
  - overviews of chamber/association services
  - seminar program for the upcoming 6 months
  - overview of advisory services provided by chamber/association
  - calendar of events
  - profile of chamber/association.

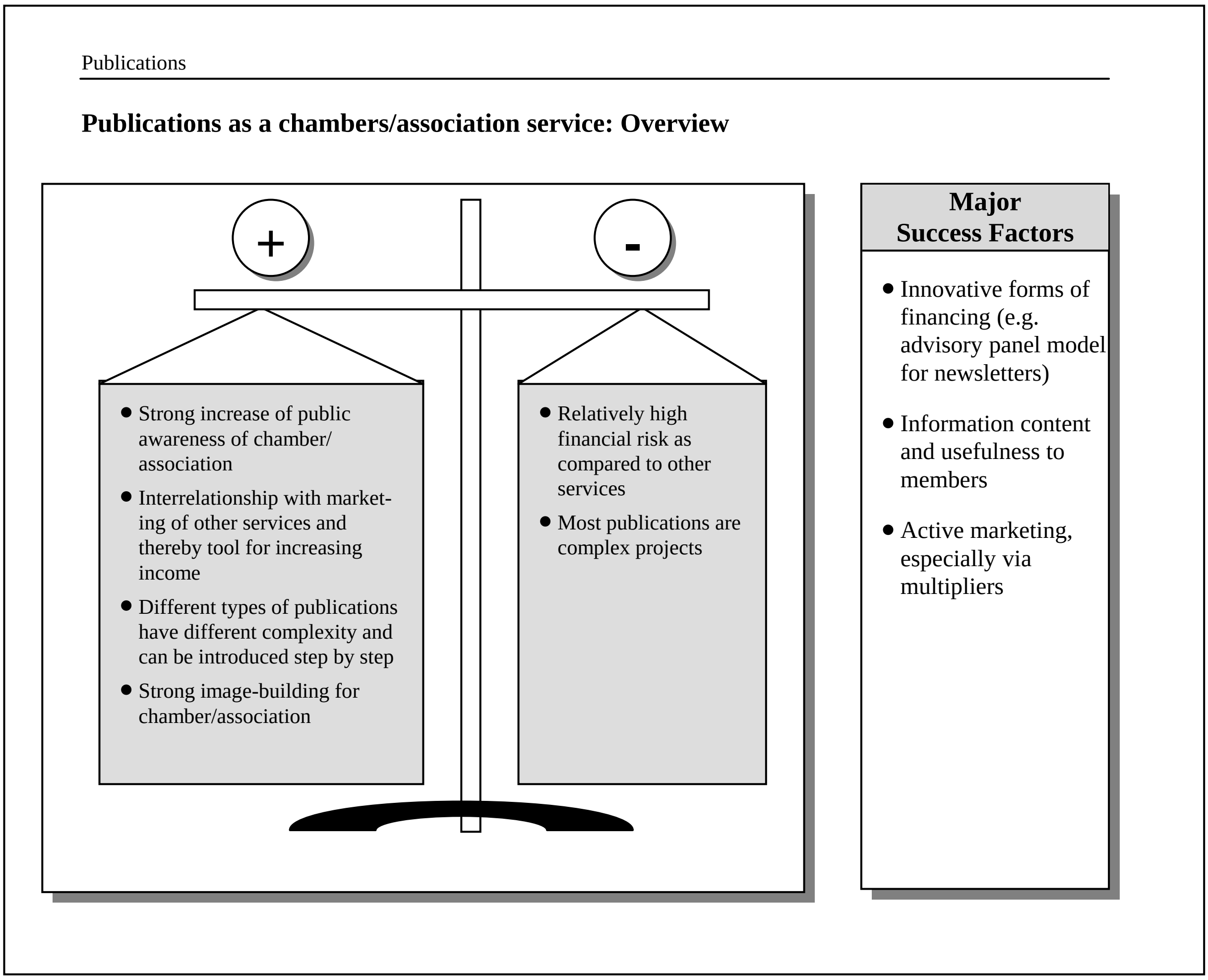
In the last instance, design folder should be as impressive as possible in terms of costs, because this folder will become one of the chamber/association's most important "calling cards" !

3.7.6 Typical Problems in Introducing Publications

Chambers and associations in the start-up phase often view the development of own publications as too complex, and too risky financially. But introducing at least the more simple types of publication is not really that complicated if the checklists presented here are observed carefully. Still, problems can arise here as well. Suggestions for overcoming them are made in the table below.

No.	Typical Problems	Suggested Solutions
1	Significance of own publi-cations is not acknow-ledged	Clarify relationship between the quality of own publications and the development of income generating services
2	Information leaflets usually generate losses	Obtain support via enterprise sponsorship
3	Funding problems with membership directory	Focus on advertisements as the most important source of income
4	Insufficient use is made of the membership directory's potential as a cooperation tool	• Usually caused by deficits in self-presentation of members enterprises (structure, content, layout) – see above example for hints • Involve the above-mentioned multipliers as building blocks of the marketing strategy
5	Funding problems with newsletter, especially during introductory phase	Advisory panel model
6	Interests/ideas of advisory panel members are too different	• Even before publication of the first issue, hold a (1-day) planning workshop with all panel members on: objectives, main topics, target groups • If agreement cannot be reached, consider ending cooperation with one or more panel members

No.	Typical Problems	Suggested Solutions
7	Advisory panel members "meddle" in day-to-day work	As early as possible, define exact division of labour and responsibilities of panel member
8	Administrative problems because too many newsletter issues are published	Publish at most 4 issues per year initially; following successful introduction, consider increase to 6 issues (only if practicable!)



4. Conclusion

It may be concluded from the comments on the development of the individual services that they should be introduced at different rates. The different services discussed in this handbook are of varying complexity and have different income-generating potential. The following diagram summarizes this conclusion.

Conclusion

The individual services differ by timeframe of introduction, complexity and potential for income generation.

Service Type	Timing of Introduction	Complexity (low – medium – high)	Income Potential (low – medium – high)
Office Services	immediately		
Advisory Services	1-2 years		
Training Seminars	1-2 years		
Cooperation Exchange	< 1 year		
Entrepreneurs' Meetings	< 1 year		
Fairs/Exhibitions	2-3 years		
Publications	1-3 years		