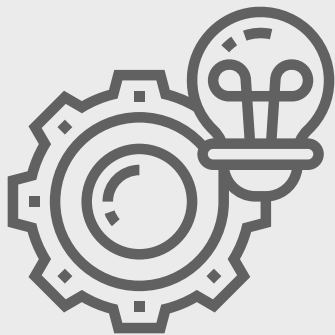




# 12 Insights on Business Support Processes

Document prepared by the iC Foundation Team

July, 2020



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## iC Foundation

**T**he Julio and Astrida Carrizosa Foundation - iC Foundation, is a non profit organization established in 2010 with the aim of improving economic and social conditions for vulnerable communities by supporting the development and consolidation of community based businesses. To achieve this, the foundation implements business support processes and structures and disburses associative loans.

The mission objectives of the iC Foundation are:

- To support the consolidation and growth of associative business projects for vulnerable populations that generate positive social and economic impacts in their communities.
- To contribute to the development of administrative, organizational, and business capacities of local leaders and organizations.
- To promote solidarity and the principles of associative work as key values for territorial and community development.
- To facilitate access to loans for producer organizations that may not have access to funding from traditional financial institutions.

The iC Foundation is not a financial service provider and has no intention of becoming one. Its purpose is to prepare community based businesses to acquire knowledge and skills through "learning by doing" and to help them grow and consolidate their businesses, gain loan experience, and access funding from formal financial entities. The iC Foundation seeks to promote "financial inclusion" for producer organizations that generate, or have the potential to generate positive impacts in their communities. ///



## Introduction

This document contains some insights and lessons learnt from the implementation of business support processes over the past 5 years at iC Foundation. This is not an academic document, but rather a compilation of insights and lessons learned from our team's experience in implementing various business support processes with producer organizations. (Processes with different organizations strengthened, different types of organizations, different donors, different models of contracting with the support funder, etc.)

This document is addressed to public sector entities, foundations, NGOs, international cooperation agencies, organizations and individuals who acknowledge the value of business support processes for the development of sustainable Community Based Businesses (also called Associations), and who are implementing or want to implement business support processes. Of course, when Business support is implemented, every case is unique and it is impossible to draw definitive conclusions or absolute truths, so the insights presented below should be seen as that, as considerations of an organization that believes that business support processes are necessary, and that when implementing them, assumes a researcher's attitude: we test methodologies and different approaches and ask ourselves what worked, what didn't and why.

This document is divided into three sections: the first section contains general insights on business support processes for associations. In the second section, considerations that a Community Based Business that is going to be supported should take into account; and in the third section, recommendations for organizations that are going to finance or start a business support process. ///



1

# General insights on the business support process

# 1. What is, and what is not, business support?



**V**ery often, when talking about business support, everyone has something different in mind: Producers of an association think: “They are going to give us new equipment”; Leaders of that association think: “They are going to give us more and more workshops and trainings”; Funders of business support process think: “We are going to help the association to be a sustainable and profitable business”; and those who do the support think: “We are going to do something practical that will serve the association”. The concept of business support and how it is done can be something very different in the heads of the different stakeholders in a territory.

In a business support process, activities that help a Community Based Business to be organized and managed with a business vision are implemented. At iC Fundación, we believe that any business support process must aim at least for the following three goals:

1. That the Community Based Business that is supported is clear about where is the business going or where it wants it to go.
2. To Transfer business skills for the staff who lead and manage the associations, in such a way that even if the business goes bankrupt, they have the ability to start over.
3. Transfer tools and implement processes that help improve business management of an association.

If a strengthening process is a medium (12-24 months) and long term (24-48 months) process, a business support process should also aim at:

4. Empowering Associates: Get associate producers to recognize the importance of a Community Based Business and associativity, feel part of it and actively participate in building a better organization.
5. New Leaderships: Identify and empower those new figures who can take the lead and guide the present and future development of the association.



**A business support process is just one component of everything that may be needed to make a community-based business sustainable and successful.**



It is important to mention that a business support process is just one component of the things that may be needed to make a Community Based Business sustainable and successful in business. If an association does not have working capital, or good leadership, a sufficiently strong social base, products to sell, or does not have the necessary infrastructure for its production process, even with the best business support process, success is not guaranteed.

Below, we present the goals or scope of a business support process, from the perspective of the iC Foundation Team:



A business support process:	A business support process is not about:
<p>Carry out activities that allow associates to recognize the value of their Community Based Business and associativity.</p> <p>Transfer tools and knowledge and facilitate processes that allow the Community Based Business to:</p> <ul style="list-style-type: none"> <li>• Define their business strategy and commercial strategy</li> <li>• Be clear about their production costs and break-even point</li> <li>• Implement sales and purchase records, and traceability</li> <li>• Improve and implement better internal production processes</li> <li>• Be clear about the roles and functions of all staff (the governance model).</li> <li>• Have better negotiation skills with clients</li> <li>• Know the market and be able to access better markets</li> <li>• Support the definition of bylaws</li> <li>• Develop strategic planning exercises as an association</li> <li>• Improve their decision-making processes (more informed and autonomous decisions).</li> </ul>	<ul style="list-style-type: none"> <li>• It is not about donating infrastructure:                             <ul style="list-style-type: none"> <li>- Headquarters</li> <li>- Collection Center</li> </ul> </li> <li>• It is not about donating trucks or machinery</li> <li>• It is not about giving away accounting software</li> <li>• It is not about giving loans</li> <li>• It is not about donating money to set up a revolving fund</li> <li>• It is not about to be all day and every day at the Community Based Business</li> <li>• It is not about making decisions for the Community Based Business.</li> <li>• It is not about to be another board of directors or president of the Community Based Business.</li> </ul>

If we compare a producer organization to a car, it is of no use to have the best tires (i.e., a collection center) and a full tank of gas (i.e., a working capital loan) if no one knows how to drive or doesn't know who should drive.

Activities listed in the right column can undoubtedly complement a business support process and create a very important boost in the business development process of a Community-Based Business. However, if these activities are carried out without proper strengthening, or if the association is not ready to receive them, their impact may be considerably less than expected or they may even be detrimental to the association. If we compare a Community Based Business with a car, we can say that it is useless to have the best tires (collection center) and a full tank of gasoline (a working capital loan), if there is no one who knows how to drive the car. In the same way, it is useless to have trained the best drivers, to be clear about where the car is going, the route to follow and having checked that the engine works, if you have three flat tires and an empty gas tank. ///

## 2. Characteristics of the business support process

In this chapter we want to mention some key features of a business support process:

- **It must be based on diagnosis results:**

Without a good diagnosis, strengthening goals are difficult to define.

- **It must be pertinent and customized to the needs of each organization:**

We do not believe in generic strengthening processes. A Community Based Business is the same as a patient who goes to the doctor: first a diagnosis is made (with all the required tests), and then the medicines or treatment to be followed are defined. Not all associations have the same level of business development, nor the same business context, and therefore the priorities and the form of intervention will probably always be different. Generic intervention schemes will necessarily touch on issues that are not relevant to an association, which can discourage partners to the extent that they feel they are wasting their time.

- **It must be results-oriented:**

It is not about just holding workshops or training for the sake of it. Each business support process must be results-oriented and must have clear and measurable goals that must be defined in the diagnostic process.

- **It must be participatory:**

If the objective of a business support process is to empower an association to become the owner of its own business destiny, then they must understand the business context in which they are and decide where to go.

- **It must be practical:**

Like everything in life, you learn by doing. The only way to learn how much my products cost, is paying the costs, and the only way to learn how to negotiate is by negotiating. Business support methodologies should promote spaces to learn and understand

theoretical concepts, spaces to apply those concepts and spaces for reflection on the results. The only way to learn to do business is by undertaking.

- **It must be adaptable:**

Despite the rigor with which the diagnosis of a Community Based Business is made, it is very common that as trust is created between the association and the organization that performs the support process, new information appears that can change strengthening priorities. This is fine (in fact, it is a good sign), and for this reason a strengthening process must be flexible so that it can adjust to new realities discovered in the association and to the circumstances. When strengthening goals have been negotiated before the diagnosis, this is difficult, but the responsibility of the entity that does the strengthening is to make this situation visible, negotiate new indicators, and implement a process that is really useful for the Community Based Business. ///



Not all producer organizations have the same level of business development or the same business context, so priorities and intervention methods will always be different.



# 3.

## How is business support done? *(Leave tasks to them vs. Do tasks for them?)*

It's common to visit associations of producers and find that they have a business plan in their filing cabinets, including market studies, strategies, and financial projections that no one in the association knows about or understands. This happens because while we all understand the importance of participatory processes, project timelines can often make it difficult to develop them properly. As a result, consultants may end up writing a business plan without enough input from the association members, and the final presentation of the plan is attended by only a few members who may not have the chance to give feedback. This can be challenging, especially given the time limitations and other project constraints.

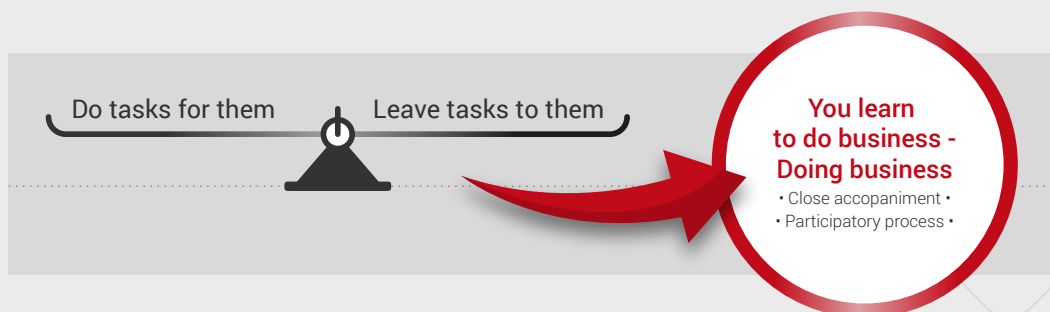
Frequently, a person or team that implements a business support process faces a dilemma: to leave tasks to the association supported (which they do not do) or do the tasks for them (because results must be delivered). We believe that an ideal strengthening process should be close to a midpoint: a topic is explained, some tools are transferred, and the association is supported to implement those tools. Leaving tasks that people will never do is pointless. A business support process should focus on transferring knowledge and tools and support the Community-Based Business in the process of implementing these tools. This does not mean that a Business Support Professional must be full time in the association, but it does mean that the professional who does the business support process must be there at key moments (days of purchase, sale, planning exercises, accountability,



etc.), where the association can be supported at key business moments, and knowledge acquired, and tools transferred can be put to test.

As we have mentioned before, we believe that you learn to do business by doing business, and that a Community Based Business must jump into the business arena, make mistakes, correct, and learn from those mistakes. Due to the foregoing, strengthening processes must be practical and must promote participation and informed decision-making. ///

It is very common for the person or team implementing a business support process to face a dilemma: whether to assign tasks (that they don't do on their own) or to complete the tasks for them (because results must be delivered).



## 4. Business support is teamwork



**A** Community Based Business can have at its disposal the best team of business support consultants in the world, but if the association does not do its part, it is impossible to achieve the expected results. Business support is a collaborative effort and as such, requires several conditions:

- **That Everyone Works:**

Not only the consultant who prepares the contents and methodology of a workshop works. The Community Based Business must understand that if it wants to learn, it must do its part: put time, work, etc. The association must understand that it is not a passive actor who sits down to receive information. On the contrary, it is the leading actor, the one who must do, ask, implement tools, and demand the maximum from the professionals who are supporting

them. (In this sense, it is important to select people from each organization with the necessary skills to receive, transfer and multiply knowledge within the organization and communities).

- **Interest in being supported:**

The Community Based Business must have a genuine interest in being supported and be clear about why it needs to be supported. If there is no interest, the expected results will not be achieved.

- **Capacity for self-criticism:**

Capacity for self-criticism and willingness to learn is crucial to achieve significant changes within any organization participating in a business support process. Support is pointless, if the organization thinks it has nothing to improve. ///

**The implementer or consultant who prepares the content, methodology, and/or training materials does not work alone. The producer organization must understand that if they want to learn, they must put in their own effort: time, work, enthusiasm, etc.**



# 5. What does a business support professional do, and what does he/she not do?



**P**rofessionals responsible for implementing business support processes must assist the organization in clarifying its goals, comprehending essential concepts for developing a community-based business, and aiding in the adoption of tools that facilitate efficient management. In the following list, iC Foundation outlines its beliefs regarding the tasks that fall under the purview of a business strengthening professional:

This division of what a Business Support Professional does and does not do, is made in coherence with three principles that we promulgate at iC Foundation:

### 1. Avoiding conflicts of interest:

We believe that a Business Support Professional should not be judge and party. The association is responsible for its own business decisions and actions, and must understand and assume the risks and consequences.

### 2. Learning by doing:

We believe that Community Based Businesses can only learn to do business by doing it themselves. Business support is done to create capacities.

### 3. Providing tools and information:

We aim to provide the association with the tools and information necessary to make informed, strategic, and autonomous decisions.

Generally, the process of business strengthening requires a team of professionals with different areas of expertise such as accounting, business administration, social work, etc. It is difficult to find a single professional to be an expert in everything. Therefore, we recommend always thinking of a work team with complementary knowledge when it comes to business support. ///

#### What a Business Support Professional does

A Business Support Professional is responsible for providing guidance and support to a Community Based Business in the execution of their work plan. This entails:

- Facilitating workshops to establish policies, develop strategic plans, calculate costs, etc.
- Giving advice on business strategy and company structure.
- Strengthens the conceptual understanding of board members, administrative staff, accountants and operators and accompanies them in the implementation of their tasks (including negotiations, decision making, personnel coordination, etc.).
- Provides specialized technical advice (costs, budget, assemblies, accounting issues, etc.).
- Trains in the use of various management tools and accompanies the organization in the implementation of those tools.
- Monitors purchases and sales records.
- Assist the association in drafting specific documents for the purposes of managing alliances, resources and/or projects.
- Accompanies buying and selling processes.

#### What a Business Support Professional does not do

A Business Support Professional:

- Is not a manager, salesperson, or accounting assistant for the organization, and does not assume any of the responsibilities or functions outlined in the organization chart.
- Does not make decisions for the association or manage association resources.
- Does not handle record-keeping for company purchases and sales.
- Is not responsible for updating accounting software.
- Does not design corporate images
- Does not manage organization bank accounts or prepare financial reports.
- Is not responsible for implementing IFRS or the Occupational Health and Safety Management System.
- Does not represent the association at events or workshops.
- Does not receive resources on behalf of the organization.
- Does not directly handle purchasing and sales processes.



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Insights of an association that is going to be supported

## 6. NGO or company? Or both? What do i want to be supported for?



Community-based businesses often engage in multiple lines of business, such as marketing products, implementing cooperation and government projects, managing revolving funds, providing technical assistance services, and operating community and agricultural input stores. While there is nothing inherently wrong with this approach, successful associations understand that running a business is different from running an NGO or project. Leaders of such businesses who effectively combine various sources of income recognize that these different ventures require distinct management styles and strategies. In other words, a business cannot be managed like a project, and vice versa.

While there are some management principles that are applicable to both NGOs and companies, there are also differences in the questions that managers need to ask themselves when administering these entities.

For example, in project management, it may be more crucial to monitor execution progress rather than the immediate impact of the project, since impact is often seen in the long term. Conversely, in a business setting, it's more important to keep track of costs, profits, and sales, and to focus on acquiring new clients and generating new business. Additionally, project managers may need to prioritize donor satisfaction over client satisfaction, while business managers focus more on the satisfaction of their customers and associates.

It's important to recognize that managing a project is different from managing a business, and that not all managers possess the necessary skills to excel in both areas. While someone may be adept at project management, they may require additional training or experience in areas such as sales, marketing, negotiation, or producer management to effectively run a business.

Sometimes, when managing projects, it is more important for the manager of a community-based business to know what the donor thinks than what their customers or associates think.



	A Project	A Company
<b>Duration</b>	<ul style="list-style-type: none"> <li>Has a defined term (short term)</li> </ul>	<ul style="list-style-type: none"> <li>Medium- and Long-term projection</li> </ul>
<b>Expectations</b>	<ul style="list-style-type: none"> <li>What does the donor expect? What is the best for the project?</li> </ul>	<ul style="list-style-type: none"> <li>What does my client want? What is best for the company and my associates?</li> </ul>
<b>Strategy</b>	<ul style="list-style-type: none"> <li>An activity plan is implemented and there are project goals</li> </ul>	<ul style="list-style-type: none"> <li>There is a strategic plan with strategic goals (towards which the projects managed should aim)</li> </ul>
<b>Priorities</b>	<ul style="list-style-type: none"> <li>Ask yourself: How is the execution of the project going? It is very important to know how much I have spent and how the execution is going</li> </ul>	<ul style="list-style-type: none"> <li>Ask yourself: Are we meeting the sales budget? Am I at a break-even point? It is very important to know what the business profitability is</li> </ul>
<b>Success Indicators</b>	<ul style="list-style-type: none"> <li>Do we comply with the products and indicators of the project?</li> </ul>	<ul style="list-style-type: none"> <li>Are we being profitable? (Economically and socially)</li> </ul>
<b>Sustainability</b>	<ul style="list-style-type: none"> <li>Dependency on calls / Donations</li> </ul>	<ul style="list-style-type: none"> <li>It depends on what the business produces, and access to funds from financial institutions</li> </ul>

Community-based businesses with multiple lines of business should be clear on their reasons for seeking business support, whether it be to enhance project management, commercial ventures, or administrative and managerial skills. Knowing what type of entity they are, what they want to strengthen, and why they want to strengthen it is crucial in ensuring the success and commitment of the association in the business strengthening process. ///

Not everyone who knows how to manage projects knows how to run a business. It does not mean that they cannot, only that there are skills that must be strengthened or complemented.





# 7. What does an association want, and what does it need?



**W**hen considering business support, it is important for Community Based Businesses to reflect on several key questions to determine their actual needs and goals.

## • Is what the association wants, what it needs?

Firstly, the association should reflect on whether what they want is actually what they need. Often, associations may believe that their lack of working capital is holding back their progress, when there may be other underlying issues such as poor accounting, insufficient knowledge of the market, or a lack of clients. Thus, it is important for associations to perform a thorough analysis of their business operations and identify their true needs before seeking out solutions.

## • Assets? Really?

Secondly, the association should consider the acquisition of assets such as machinery, trucks, or warehouses. While these assets may seem beneficial at first glance, they can also become a heavy burden on the association if they do not have a clear plan for how to utilize them effectively. The association should calculate the costs and expenses associated with acquiring and maintaining these assets and determine whether they are truly necessary and will contribute to the sustainability of the business.

## • Who wants what?

Thirdly, the association should reflect on who is making the decisions regarding new projects or business ventures. It is important for these decisions to be made in consultation with the board of directors and the community, rather than being solely driven by the personal interests of a single leader.

## • Anything if it is a gift?

Lastly, the association should carefully evaluate any offers of support or donations from external parties. It is important for the association to determine whether the support being offered is truly aligned with their needs and goals, and whether the investment of time and resources required to accept the support is worth the potential benefits.

By reflecting on these key questions and carefully considering their true needs and goals, Community Based Businesses can make more informed decisions about how to strengthen their businesses and achieve greater success and sustainability in the long term. ///

There is always a tendency to want to have assets and to request asset donations within the projects presented to donors (collection center, truck, machinery, etc.); however, no asset by itself guarantees more sales and the sustainability of a producer organization.

# 8.

## Loans are important, but they are not always the solution

A loan can be a helpful tool to propel a Community Based Business forward, but it can also create problems if the association is not equipped to handle it. If we compare a Community Based Business to a car, a loan would be like the gas needed for the car to move. However, having a full tank of gas is useless if no one knows how to drive, or if the driver doesn't know where to go, or if the passengers want to go in different directions, or if the car has a flat tire, a faulty engine, or a gas leak.

Therefore, before adding gas (a loan) to the car (association), a strengthening process should:

Por eso, antes de poner gasolina (crédito) a un carro (asociación), el proceso de fortalecimiento debería:

- Help define the destination and route for the journey.
- Teach basic driving and traffic rules to several people and accompany the driver on their first few trips (you learn by doing).
- Check and ensure that the car is in working order before filling the tank.

Sometimes, when a car is severely damaged and repairs may take a long time (years), the producers must understand that it's better to walk or find someone else to take them where they want to go. It's not easy to accept that you're not prepared to take

out a loan, and a business strengthening process should help the business mature so that this type of situation is easier to accept and the decision to "walk away" is easier to make.

Just like how we learn to crawl before we walk, a Community Based Business must have certain minimum processes and conditions in place in order to receive a loan. Before getting a loan, the association should be able to honestly answer several questions, such as:

- Will the investment made with the loan allow the business to sell more and generate enough additional income to repay the loan? Do you know the maximum interest rate you can pay to make the business profitable?
- Are you capable of meeting the new orders? How much raw material do you have to increase sales volumes?
- Do you have a clear understanding of your costs and the level of sales you need to reach a break-even point?
- Do you have controls in place to prevent the loss of money and to always know where the money is?
- Who will make the business decisions? Will it be the entire board or just the manager? ///



It's crucial to keep in mind that it's useless to have a car full of gas if no one knows how to drive, or if the driver doesn't know where to go, or if all the passengers want to go in different directions, or if there's a flat tire, or if the engine doesn't work, or if there's a leak in the gas tank.





# 3

## Insights for the funder of a business support process

## 9. Whom to support?



**W**hen participating in strengthening processes, we are typically provided with a list of Community Based Businesses that we must work with. However, upon conducting diagnoses, we found that some of the associations on the list had never engaged in commercial activities, lacked an active social base, or had no interest in participating in a support process. When we asked the funder why these associations were selected, we often did not receive a clear answer. We believe that funders should consider the following questions when choosing or prioritizing Community Based Businesses for strengthening:



### 1. Who on the team is responsible for prioritizing Community Based Businesses and what are the selection criteria?:

The team should ask themselves:

- Who is creating the list of associations that we will support?
- Have clear selection criteria been established?
- Have they been verified?
- Is there a conflict of interest between the staff who are selecting the associations and the associations themselves?

Just as the needs of a Community Based Business should reflect the needs of the association and not just the manager, the selection of associations to work with should be based on clear criteria such as minimum level of business development, minimum number of associates, minimum infrastructure, and a team of leaders to work with, among others.

After conducting diagnostics, we discovered that some of the producer organizations had never engaged in commercial exercises, didn't have active members (social base), or had no interest in being part of a business support process.

## 2. How well do we know the associations we are going to support?

Once the Community Based Businesses have been prioritized, it is important to conduct an evaluation to gain clarity on various aspects of the association, such as:

- Who is the leader of the association and what is their background?
- What is the history of the association? Who founded it, why was it created, and with what motivation?
- What is the current financial situation of the association? How up-to-date are their financial statements? Do they have any outstanding debts?
- How dispersed are the association's members?
- Does the association rely on a single product for its revenue?
- What are the levels of trust between the partners?
- Has the association conducted any commercial activities?
- Does the association have experience in project or business implementation?
- How successful were they in previous projects?



## 3. Relevance of the support process:

Often, business support/strengthening is done because it is considered relevant, but it may be more important for the funder than for the association itself. Therefore, funders should always ask themselves questions to ensure that the investment of resources in strengthening is relevant:

- Is strengthening being done because the association requests it or because it is an internal requirement to justify the delivery of something else?
- Is the association interested in strengthening or in something else?
- Is it pertinent?
- Are they willing?
- Do they have time?

It is important for leaders within a Community Based Business to recognize the importance of strengthening before starting the process. During the diagnostic process, which is the first phase of any business strengthening process that we implement at iC Foundation, we ask all these questions to the Community Based Business and to third parties.

However, when the answers to all these questions are negative and there is a bad record of the leader and the association, we face a difficult decision. We know that we are unlikely to achieve significant results in terms of business capacity development with that association, but it is challenging to stop strengthening halfway, once expectations have been created with the diagnostic process.

Finding many negative answers to the questions listed above does not mean that we will not work with an association, but it means that we can define the scope and expectations of any strengthening process more effectively. ///



The success of a business support process depends on the active participation and commitment of the association's leadership and members. It's essential to involve them in the decision-making process and provide them with the necessary training and resources to implement the changes successfully.

# 10.

## Expectations of the funder and real scope of the business support process

In a business support process, miracles are not made. As mentioned at the beginning of this document, a support process is another piece of all that is needed to achieve a successful Community Based Business. We cannot expect an association that has never sold a kilo of a product to start exporting in full containers in 6 months. The knowledge that a funder has of the association to be strengthened, plus additional information that is collected during the diagnostic process, is key to defining the scope of a business strengthening process and defining clear expectations both with the funder and with the association. Below, we present several insights on the topic of expectations and scope of a strengthening project:

- **A Community Based Business should not “ripe before growing”:** If an association has never marketed a product and does not have commercial or administrative experience, it does not make sense to build a factory so that it can sell value-added products. Business development occurs in phases: an association must crawl before it walks and walk before it runs.
- **An association should not be forced to do something they do not want:** An organization should not be forced to do something they do not want, just because it is believed to be the best for them and because it is based on a good diagnosis. Here we return to two principles: An organization must be convinced and make its own decisions (empowerment), and the strengthening team is not the association (it does not co-manage and avoids conflicts of interest).
- **Business strengthening takes time (it is not a matter of a year)** and the first six months of a strengthening process in most cases are spent building trust with the leaders of an association. A business strengthening process can be seen as a support process, and results require time.



- **Implementing a strengthening plan vs. sales increase:** 100% implementation of a strengthening plan does not immediately translate into increased sales. It translates into administrative and accounting order, a clear vision of the business, understanding of costs, better clients, traceability, etc., which in the medium term should reflect improvements in the company's situation.
- **Results vs Indicators:** Sometimes project indicators are not reached, but spectacular results are achieved in the business development of an association. As mentioned above, increasing sales and increasing associate income is generally not something that can be accomplished in a one-year project. If there is prior knowledge of the situation of the prioritized organizations and the organizations are clear about their strengthening needs, the funder should be able to define realistic indicators for any strengthening project.
- **What is the Community Based Business contributing?** It is always easier to spend other people's money than your own money. Therefore, sometimes it is better not to give or not to carry out a project, if the association is not ready or has not fulfilled the commitments for the implementation of a project. The funder must take into account that the delivery of physical infrastructure or equipment must be a consequence of achieving results, of having a clear plan for the future, etc. and not a condition for strengthening. ///

The funder's knowledge of the community-based business to be strengthened, coupled with additional information gathered during the diagnostic process, is key to defining the scope of a business strengthening process and setting clear expectations with both the funder and the community-based business.

# 11.

## The commercial partner and the financing partner



In any business development project, it is essential to have a business partner and a financing partner. One to guarantee the purchase of the association's products and the other to support necessary working capital for the business to function; but not everyone who can buy a product from the association is a commercial partner, nor is everyone who gives loans a financial partner.

Some characteristics of Business Partners are:

- They are interested in developing a medium or long-term business relationship – you do not buy to do them a favor (neither to the association nor to the funder of the process).
- They are interested in building a relationship where everyone wins.
- They understand that time and money have to be invested in the provider, that they have to be trained, taught, etc.
- They maintain a clear, direct and transparent line of communication (in terms of prices and costs).
- They maintain communication and relationship as equals (not above the association).

Some characteristics of Funding Partners are:

- They are clear that the important thing is not to place a loan, but to be able to help the association to grow business. If the loan is not necessary or if the association is not in a position to pay it, they say so clearly and do not force a disbursement.
- Before a disbursement, they help the Community Based Business to see different financial scenarios and to evaluate the project in which the association would invest the money from the loan.
- During the disbursement, conditions are clear and transparent: rates, terms and forms of payment, responsibilities, consequences in cases of delays, etc. They must be clear and transparent in their communication with the Community Based Business, and must guarantee that the loan decision was approved by the association's board of directors and that the conditions are known to the board, not only to the legal representative.
- Accompany and monitor business development of the Community Based Business. Not just call to collect. ///

It's crucial to have a commercial ally and a funding ally. One to guarantee the purchase of the community-based business's products and the other to provide the necessary working capital for the business to operate.



# 12.

## Alignment between: funder - association - “supporter”

**A**lignment between actors that participate in a project (the one that finances, the one that implements and the one that receives the strengthening), is one of the keys to the success of any business support project. Alignment is needed at different levels:

### Alignment in principles:

- **Alignment of support principles:** All implementers should be aligned on the following principles
  - Empowerment / Participation: The process is as or more important than the result, and therefore, if the goal is to empower, participation must be promoted.
  - Learning by doing: Do not do their tasks.
  - Teamwork: Everyone contributes. Strengthening is an active exercise, not sitting down to receive knowledge.
  - You must be flexible to be able to adjust goals, priorities, or methodologies halfway. Flexibility and ability to adjust on the go. The important thing is not the indicator, it is the association.
- **Alignment in the why (goals - indicators - expectations):** Feasible goals and indicators must be defined (based on a realistic baseline) and measurable on which we all agree.
- **Alignment in the how (methodologies):** Everyone must be clear on the tools and methodologies that are going to be used, what they are going to be used for, and what is expected of each one.

### Alignment at different levels of personnel

On the other hand, alignment at different hierarchical levels of different institutions is key. A perfect alignment at the managerial level is of no use if, in the field, the implementing staff of the funders and the implementers pull each one to their side, and arrive with different messages or strategies before the associations.



### Alignment in strengthening issues

It is very important for there to be alignment and coherence between different strategies and activities implemented when strengthening a Community Based Business. When different strengthening processes in the same association are implemented by different teams or institutions, alignment spaces between actors must be guaranteed. Strengthening commercial issues that aim to implement a marketing strategy for organic products is useless, if the production team is implementing a strategy to increase productivity using chemical fertilizers.

Finally, the alliance must promote permanent communication with clear communication channels, and permanent evaluation of the processes. You should not wait for the project to end to evaluate the results, you have to implement evaluation processes in phases, or from time to time (quarterly) that allow you to make all necessary adjustments at the right time. ///



The alliance must promote ongoing communication with clear communication channels, and the ongoing evaluation of processes





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