THE WHAT AND HOW OF TPO SERVICES

WHAT SERVICES SHOULD TPOS DELIVER TO ENSURE SUCCESS IN THE CURRENT ENVIRONMENT?

THURSDAY 14 OCTOBER 2010

Speakers:

- Mr. Bruno HUG DE BELMONT, Manager, Investment Projects, REDIEX Paraguay
- Mr. Avi HEFETZ, CEO, Israel Export and International Cooperation Institute
- Ms. Delaine MORGAN, Vice-President, Export Development and Business Generation, Jamaica Promotions Corporation – Jampro

Moderator: Mr. John McCARTHY, Principal, Leisure Partners

The experience of selected TPOs is critical to understanding how they have tackled the new business environment with relation to their clients companies and the services they provide to address their needs.

John McCarthy introduced the session – outlining that it would cover how to identify the needs of clients, what services TPOs should deliver and how they prioritize these, and what improvements and lessons have been learnt. He spoke of the challenges of getting SMEs back into operation, and to get new SMEs into the market and operational. He underscored the importance of the strategic role of government in making things happen.

He said, “we’re hearing from three countries, with similar populations but with quite different profiles: Paraguay is landlocked; Jamaica is an island; Israel is ‘politically’ landlocked.” Their respective GDPs range from $1000 to $28000 per capita.

Mr. Bruno HUG DE BELMONT, spoke of Paraguay’s National Plan for Export, created in 2003, which has the aim of increasing exports and attracting investment, to achieve the economic and social development of Paraguay. He said “the end result of export is not export in itself, but is holistic development … and we should be able to demonstrate this development”. He said there are no perfect models and each country must understand its own identity and vulnerabilities.

He also noted that economic development has been seen as a privilege that some Latin American countries had not been entitled to. But economic development is a right, and it essential elements are democracy and freedom. REDIEX has been supported in its first four years from a non repayable loan, government funding and a further loan.
During the crisis, REDIEX has needed to prioritize resources within the agency, as well as ensuring that the agency was backed by consistent finances and utilizing resources from multilateral agencies. Internally Paraguay needed to assess its weaknesses in attracting investments. These included social, financial, production issues and tax limitations. The objective was to reach further and be more flexible. Services which were evaluated as having good results for SME’s in Paraguay were; commercial promotion including trade fairs, information services along with access to other SMEs. Paraguay also identified sectors which will have a higher impact on their export potential, and where Paraguay could lead – and from there they will identify what will get Paraguay into a leading position.

Results have included 15 projects approved by the IADB, 1 concluded, 2 under implementation and 13 about to start - to a total of $950,000 dollars. Achievements included; opening up the market for the produce sector (with specific reference to a market in Rio de Janeiro), many seminars and data deployment, along with strong relations with IADB and multilateral organizations. He concluded by emphasizing the need for TPOs to be flexible and dynamic, and to evaluate to be able to react well to new needs.

Mr Hefetz spoke of Israel’s export situation and what Israel Export and International Cooperation Institute has done in response to the global crisis. The current status is positive for Israel; with macro economic indicators showing GDP at 29,000, and exports at 79.3% - showing that the crisis has had relatively small effect. However there are still , as the country is very short of natural resources - so Israel has invested in a ‘culture of innovation’. Investment levels are now the highest in world - 4.5% as a percentage of GDP.

At the outset of the crisis, Israel convened a committee to focus on the issues and to define appropriate responses. It looked for new and diversified markets, reassessed traditional markets and assisted in trade promotion. The focus was on the latter, including paying close attention to planning, pre-sales and after sales meetings.

Established 42 yrs ago, as a public and private joint venture, Israel Export and International Cooperation Institute has the mandate of export promotion and export support – it is focused on the needs of smaller companies and their needs. The key needs identified have included; technology industries needing to find new markets, consumer goods industries needing assistance with doing business in traditional markets, Israeli business must be promoted at the broad level, and of course all exporters need skills in attending exhibitions, good business data and better understanding as to how to utilize the internet.

As a TPO they have focused their work in two ways; by market - Brazil, China, India, then Mexico, Vietnam and Korea, and by sector - homeland security, medical, water, telecommunications and fine food. The means they have of best serving their clients are knowing the customer and knowing the data. An important innovation has been using local consultants to boost information on the local markets and potential.

Ms Morgan first defined JAMPRO – the Jamaican export and investment promotion, formed 1988 fully funded by the government of Jamaica - with the mandate to stimulate and facilitate development in key sectors. Main client groups include registered and aspiring exporters as well as domestic and foreign investors.

JAMPRO has had to react to the crisis’ impact on both trading partners and domestic economy. Key traditional markets contracted, non-traditional exports fell by 43%, and they experienced a decline in remittances and tourism. These issues coupled with Jamaica’s high debt, has placed them in a borrowing relationship with the IMF to the tune of 1.27bn USD.

To work against this situation JAMPRO has completed the following needs assessments; a full private sector assessment in 2004, many client surveys, the creation of a National Export Strategy and also scheduled consultations with the Trade Support Network. Across these, JAMPRO has been consulting with enterprises, the private and public sectors, and these findings have been used to prioritize and select the services to be delivered by TPOs. They can then move to identifying how
these services align with JAMPRO’s human and financial resources in order to further prioritize, while reviewing the services of other business support providers to identify gaps, and assessing and monitoring the potential impact on export sales of particular services.

Examples of services they have delivered include, setting up of export centre’s, enterprise diagnostics and assessments, financial and management support services, cluster and sector initiatives and many recent workshops and guides distributed to SMEs.

Along with this JAMPRO has also made structural improvements to processes. They have separating export promotion and export development functions to better focus these functions from a demand side and supply side perspective. JAMPRO have created a solid data base of clients, intensified client servicing as well as revamped the means to communicate to clients with CRM, SMS technology, and their website becoming more interactive. There is also a G30 programme being implemented to concentrate on most likely to export and give them intensive support.

Key lessons have included, the need to intensify client servicing – stay in touch, to continuously assess what is happening globally, the engagement of key stakeholders in strategic planning and JAMPRO continually evolving, based on the needs identified within the export community. JAMPRO must remain relevant and have impact in this environment.

KEY POINTS OF THE SESSION

TPOs need to focus, selecting sectors and markets and services as priorities.

Understand your clients – restructure your TPO to serve these clients, and ensure you have up to date, deep and good quality information on them – and for them.

Communicate to clients, regularly and with timely communications information