Evaluation of a TPO

The Export and Investment Promotion Corporation

Ecuador
October, 2000
What should our TPOs evaluate?
What should our TPOs evaluate?

A System of evaluation is a tool that, besides allowing us to know the achievements of our goals, provides us with information that will help us redefine our objectives, and finally will help us achieve our goals - if the results depend only on our skills. Then it seems of crucial importance, that we have planned correctly what is the goal that we will measure what we should measure and how we measure it.
“The value of the intellectual contents of all assets and services, is eclipsing rapidly the value of the material contents, however, blindly we continue measuring badly, and evaluating badly the institutions, as if the intellect does not matter, and nothing has happened”. Dee W. Hock, Founder and President Emeritus of VISA.

(Book “The Intellectual Capital” of Leif Edvinson and Michael Malone).
Traditionally evaluation systems concentrated on the financial indicators. The tools mostly used lately have been ABC or Activity Based Costs and the Balanced Scorecard that derives indicators from vision and mission and combines the financial and non-financial indicators. (Kaplan and Norton). But one that is attracting more attention is the Intellectual Capital.

In the nineties the concern about this term and evaluation System, came up in Sweden and the United States. In October 1994, Fortune published an important article called “The Most Valuable Asset of Your Company: The Intellectual Capital”.
In May 1995, Skandia, the major Scandinavian insurance and financial Services Company, published the first Report in the World about intellectual capital, as a supplement to the financial Report. The definition of Skandia about Intellectual Capital was the following: “Intellectual Capital is the possession of knowledge, applied experience, organisational technology, relations with clients, and professionals that give Skandia a competitive advantage in the market.”
The Second meeting of all the Iberoamerican Trade Promotion Organisations, held in Cancun, Mexico in June of this year, concluded that most of us are evaluating: compliance with strategy or policy, processes, projects, services and customer satisfaction.

The indexes used measure Impact, Outreach, Efficiency, Satisfaction, and Quality.
The evaluation System in our organisation was based on the Balanced Scoreboard System. We are conceding great importance to the measure of things like the increase of exports and the diversification of export products and markets, for example.

But, is this what we should measure?
Maybe not, because the efforts of the organisation can’t always relate directly or exclusively to the results in these fields, since they have a high component of factors that do not depend on us, and can not be measured exactly. Other factors like Customer Satisfaction bear more relation to the nature of our organisations, which is that of providing Services.
Since we provide Services, we relate directly with those institutions whose assets are mostly intangibles; they are institutions based on knowledge and skills.

For these institutions, the index that does the best job is the **Intellectual Capital**. It should go hand in hand with the financial Report.

What should our TPOs evaluate?...
Shouldn’t our institutions build up a “brand name” so that when it is noticed, suggests that all the services will have a better quality?

Aren’t the skills, knowledge, and capability to generate ideas of our Intellectual Capital, that is, our people, the principal asset that we have to provide the best services that can be provided to help entrepreneurs increase the Exports of our Countries?

Aren’t we always adapting our services and incorporating New services to fulfil our goals?
Aren’t we helping entrepreneurs to acknowledge, accept and adapt to New Exports trends on quality standards, environmental concerns, and the use of internet as the most important tool of the future for small and medium enterprises?

Don’t we always try to motivate our human resource and increase their knowledge in order to retain that Intellectual Capital for years to come and to provide a better service each time to those who come to us looking for assistance?

What should our TPOs evaluate?...
Then, the **goal** we should use to evaluate our performance would be “to provide the best and most adequate services and programs to increase and diversify Exports, and in our case, to attract Foreign Investment too”.
If we use those criteria, and then we will permanently increase the Intellectual Capital of our Institution, therefore the Value of our Services will be increased.

Part of this Intellectual Capital is made up of the skills to develop new ideas, and creativity, that in many enterprises that know how to use it mean millions of dollars in profits. The Market Value of many enterprises, such as Microsoft, contemplates more intangible assets than tangibles.
The Intellectual Capital is structured by four categories of assets: market assets (like brand names, image, customers, etc); human assets (its background, skills, and the ability to generate New ideas, services and concepts, etc); intellectual property assets (secret of the Trade, patents, etc) and infrastructure assets (information systems, organisational culture, data base, etc).
Then, if we propose to measure aspects like the ones outlines in our questions, we will have taken the way that will lead us to increase our Intellectual Capital.

And this constitutes the real and awaited Value of our Service Institutions.
But we shouldn’t think this measure comes alone, it must go along with the evaluation of other indexes like: financial ones, of processes, of customer satisfaction, etc.

The chosen indexes should reflect an entity whose intangible assets should be greater than the tangibles.
Among the measure of the Intellectual Capital we have for example the following indexes; investment to support user needs, of services provided, of brand name identification, of leadership, of motivation, of employees rotation, of personnel competition, of investment in training programs, support and communication, among others.

Its appraisal will give the guidelines of the Value and potential that an institution has.
An evaluation system as a positive support:

It is convenient to make the evaluation system as simple as possible applying more positive support and less negative supports, according to the circumstances.
An evaluation system as a positive support:

When the results of the evaluation indicate a deficiency in the performance, using the information against the personnel could mean that the next time an evaluation is done, they would hide the problems or deficiencies instead of improving the performance. It is better for the manager to ask why the performance is deficient in that aspect and find a solution.
How and what is actually evaluated in our Trade Promotion Organisations?

Based on the answers to the questionnaire on “evaluation” Reviewed in the Second meeting of the Iberoamerican Network of Trade Promotion Organisations in June 5-6, 2000. Cancun, Mexico.
We are not measuring the same things in all our organisations.

For some entities, the emphasis is centred in the services that suit their users, for others their basic interests are markets and Exports promotion, and finally, some organisations measure the foreign investments and others measure both export promotion and foreign investment.

How and what is actually evaluated in our Trade Promotion Organisations?
The difference in the objectives of each evaluation system bears relation with the mission and the strategic objectives planned by each organisation.

Of 10 organisations that responded to questionnaire, 7 already use certain indicators.

Those are:
**Policy or Strategic indicators:** Measures the fulfilment of the strategic objectives

**Process indicators:** Allows you to know if the measure gave results (did it give more value to the exporter?)

**Service or Satisfaction indicators:** What is the level of satisfaction of the users with the service received?

**Project indicators:**
They are applied to a planned Activity: institutional projects or support to projects presented by entrepreneurs

How and what is actually evaluated in our Trade Promotion Organisations?
**Evaluation indexes:**

**Impact**
That evaluates the attainment or the objectives sought
Example: consolidation and growth of exports

**Outreach**
That establishes how much of your objective group
was reached. Example: user attended by the organisation

**Efficiency**
That establishes if the resources were well used
Example: relation between the budget of a program
and the real cost of it.

**Satisfaction**
That establishes if the user is satisfied with the service.
Example: The grade of satisfaction reached by the participant of
a Trade show, under the assistance of the entity

**Quality**
To measure the form and conditions in which
the service was given.
Example: average time of reimbursements
to the beneficiaries of a program.
Evaluation System of CORPEI

The evaluation system of CORPEI introduces principles and elements of the Balance Scorecard
Our objectives are:

Quantify the goals of the organisation
Evaluate the fulfilment of the goals
Identify deviations and prevent them
Measure the grade of satisfaction of the users
Consolidation and growth of exports - impact
Diversification of exported products – impact
Diversification of bound markets of the exports – impact
Diversification of Export zones – impact
Export culture – impact
Use of commercial advantage – impact

Number of Users of this organisation
– covering and impact

Cost/Benefit of investment in export promotion
– impact and efficiency

Incomes and expenses of the organisation – efficiency
Resources allocated to the participation in Trade show versus sales generated
- impact and quality

Number of users to benefit in programs of Trade shows versus users that were benefited
- covering and satisfaction

Support to users
- (example: Projects)
To measure the evolution of projects, the advance index will be applied.

Measuring periodically the fulfilment of its goal and objectives, observing the real advances of the project in relation to the time programmed and consigned in the evaluation of the project: detecting in this way any deviation.
Evaluation of a TPO

All of these indexes that CORPEI has been applying, have entered in a process of revision with the object of incorporating in our measure, the focus of Intellectual Capital.

In this way we hope to grow in the direction that will add more Value to our Organisations.