



Chamber of Commerce and Industry of Tegucigalpa (CCIT) Honduras

World Chambers Competition 2013
Category: Best Unconventional Project

Project CONSOLIDA

Benefit of a network for institutional growth

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1. Executive Summary

Chambers and business associations in Central America act in a very difficult environment. Large parts of population suffer from poverty and poor access to basic needs such as drinking water, medical services and education. It is one of the most violent regions worldwide. This has its effect in the daily life of the people and the daily struggle of micro, small and medium sized companies. Part of the young and skilled generation migrates to other countries, mainly to the USA, to make a living and to support their families at home. All this has its consequences in slow economic growth and low investment rates.

In early 2008, four Central American chambers, as well as business institutions in Mexico, Brazil and Germany started a multilateral project of international cooperation. With financial support from the Ministry for Economic Cooperation and Development of Germany and the support by Sequa, German entity to support for international projects of German companies and institutions, the Project CONSOLIDA aims at contributing to the growth of Micro, Small and Medium Sized Enterprises (MSMEs) in Honduras, El Salvador and Guatemala.

All involved institutions formed a close alliance with one another, creating a network in which all shared their best practices and knowledge for mutual learning. Starting point was a kick-off meeting at COPARMEX Jalisco in Mexico, a benchmark employers association in Mexico, which nowadays offers a wide variety of sustainable services, promotes entrepreneurship and counts with a highly efficient administration. From this, the network thrived on many multilateral and bilateral exchanges on specific topics, such as the creation of services, the issue of membership and how to keep the members, planning processes and administration, management and monitoring tools.

The network worked on all different levels of the institution, from the presidents down to all departmental and technical levels. The partners went through planning and implementing stages and started to work with methodology new to Central America, but proven in other countries and parts of the world. This made possible a very quick gain in knowledge and new or refined ways to engage in their main reason to be: strengthening the competitiveness of its members.

The network managed to overcome difficult political and economic conditions in different moments and places, only to become stronger and to engage in more intense cooperation.

As of 2012, there are numerous manifestations and visible results within of this unique cooperation network in Central America. Thousands of MSMEs benefit from the services offered by the four chambers and their engagement in economic and social projects, at local and national level. But not only the companies, also their employees, the families of the employees, potential entrepreneurs and young people seeking employment – all benefit one way or the other.

The members of the network see this just as a first step: Knowledge and best practice gained and proven by the network is to be made available to other business membership organizations in the three countries and abroad. Learning from one another has proven to be the way to advance and grow, and all project partners are more than willing to continue in this direction.



2. Introduction

This report presents the effort, the scope and the benefits of a multilateral project of international cooperation between four Central American chambers and business institutions in Mexico, Brazil and Germany. With the aim of contributing to the growth of Micro, Small and Medium Sized Enterprises (MSMEs) in Honduras, El Salvador and Guatemala, the institutions formed a close alliance with one another, creating a network in which all shared their best practices and knowledge for mutual learning.

The project works under the name of “CONSOLIDA - chambers supporting entrepreneurs”. It started in 2008 and continues to the present.

The project is presented in the framework of the contest of the 8th Conference of the ICC in Doha, Qatar, in the category "Best Unconventional Project".

3. Members of the Project

CCIT: The Chamber of Commerce and Industry of Tegucigalpa (CCIT) of Honduras was founded in 1890, being thus one of the oldest chambers in Central America. Today, it unites more than 2,500 members of all spins in the Honduran capital and the department of Francisco Morazán. The vast majority of them are MSMEs. Main services are a commercial register, a secure transactions register, a center of mediation, labor exchange, training and various socially oriented projects.

CCICH: The Chamber of Commerce and Industry of Choloma (CCICH), Honduras, started its operation in 1992 in a part of the country that is characterized by a large conglomeration of textile manufacturing plants. This small local chamber comprises 220 members, offerings micro credit services, training and labor exchange as its main services.

CCIES: The Chamber of Commerce and Industry of El Salvador (CCIES) is one of the largest and most representative chambers in the country. Created in 1915, it now counts on a central office in the capital and four local branch offices within the country. Its main services of training, assignation of bar codes and numerous innovative activities to enhance commercial relations between companies are offered to more than 2.400 members and the private enterprises in general.

CIG: The Chamber of Industry of Guatemala (CIG) is historically linked to the industrial development of the country, ever since its creation in 1958. It serves its almost 900 members nationwide with its central and branch offices in two major cities. It offers a number of services: training, graphic arts, labor exchange, environmental consultancy, and publications such as “Guatemala Business Guide”.

Bfz: Training and Development Centers of the Bavarian Employers’ Associations (BFZ) are one of the most important suppliers of training services, consulting and integration in Germany. It is a private non-profit organization, founded in 1983, working in 28 regional centers with more than 2,200 employees throughout the state of Bavaria. It has 20 years of experience in international cooperation, mainly with chambers in Latin America, Africa, Asia and Europe.

COPARMEX Jalisco: This association was founded in 1930 as part of the Mexican Confederation of Enterprises (COPARMEX). It has accomplished a profound renovation of its organization and services during the past 10 years, being now a center of reference not only for its more than 1,600 members, but the entire COPARMEX network.

CACB: The Confederation of Chambers of Commerce of Brazil (CACB) is a multi-sector organization formed by 27 State Chambers of Commerce which again comprise more than 2,300 municipal chambers with about 2 million members nationwide. It was founded in 1912, and represents and



expresses the independent opinion of commerce, industry, agriculture and livestock breeding, service and the finance sector.

4. Context and History of the Project

The chambers in Central America are historically well-established institutions, some of which are over a hundred years old. They are organized in regional head organizations, on the industrial and on the commercial side. Institutional networks exist, but mainly at the highest level of its organization. Operating level contacts occur only sporadically.

Central America as such is a very complicated region in a social and economic context. Large parts of its population suffer from poverty and poor access to basic needs such as drinking water, medical services and education. It is one of the most violent regions worldwide. This has its effect in the daily life of the people and the daily struggle of the MSME entrepreneurs. Part of the young and skilled generation migrates to other countries, mainly the USA, to make a living and support their families at home. All this has its consequences in slow economic growth and low investment rates.

At the same time, most of the Central American chambers face great challenges in mobilizing their base, in fostering cooperation, providing quality oriented services on demand and an efficient operation of their own institution. Times have changed, but the chambers have not always managed to align its internal organization and development to these changes. Without a doubt, there is best practice in all chamber institutions, and some of them can be considered "benchmark" due to their performance and services.

The project CONSOLIDA arose out of these considerations. It was initiated in January 2008 with a cooperation agreement between the four chambers of Central America and the BFZ of Germany. With the founding of the Ministry for Economic Cooperation and Development of Germany and the support by Sequa, German entity to support for international projects of German companies and institutions, the project CONSOLIDA tried to engage in a unique effort in Central America: Create an institutional network between chambers at all its organizational levels. The basic idea was that the growth and development of each chamber involved in the project should be generated by the exchange of best practices and experiences of the same institutions. The aim was to have impact on MSMEs of the region, creating better conditions for their development and help to grow their competitiveness by strengthening the chambers.

The network tried to enrich this process by a close alliance of well-developed institutions within the geographic region of Latin America. This was on the one hand COPARMEX Jalisco. This business organization had benefited from a bilateral institutional project with BFZ under the same program, and through an intense work between 2000 and 2007, it has accomplished a fundamental shift to become a modern institution, highly oriented in its clients, provider of a range of quality services and with a strong dedication to promoting entrepreneurship. Until today, COPARMEX Jalisco continues this development and is the reference entity within the COPARMEX network in Mexico. All the knowledge acquired in Jalisco has been made available in the project CONSOLIDA.

On the other hand, it was proposed to the chambers of Central America to get to know and to implement the so called Sector Unit or Nucleus Approach. The Sector Unit Approach is a methodology developed in Brazil and today proven in many parts of the world. CACB, the Confederation of Brazilian Chambers of Commerce and currently engaged in a strong process of internationalization of their own institution, seeking to support other business associations with tools and knowledge transfer, helped to organize the implementation of the Sector Unit Approach under the framework of CONSOLIDA. That is why the regional coordinator of the project CONSOLIDA is Brazilian and has previously been trained in the Sector Unit Approach by the CACB network.



With support from the BFZ in Germany, the four chambers of Central America, COPARMEX and CACB, formed a network and began work on its institutional development through exchange and collaboration at all levels of the organization. It turned out as strength that, between the members of the project, there are three Chambers of Industry and Commerce, one Chamber of Industry, an Association of Entrepreneurs and a Confederation. It was also a strength that its members have different sizes and coverage, and another strong advantage is that all members are speaking the same language.

5. Project Development

From the beginning of the project, the partners managed to involve the different levels of the institutions in the work and the conformation of the network. In order to start with a very clear vision of what can be achieved for each of the chambers and at the same time to put on the table the strengths and weaknesses of each institution, all four Central American chambers visited COPARMEX Jalisco in a kick-off event in April 2008.

This visit made clear several key aspects, which later became new strategies and action plans for each chamber individually:

- Chambers and business associations are very similar in different countries or parts of the world, but their context and the level of development may be quite different.
- All have to face, with varying severity, problems in growing its membership, in creating and delivering sustainable and profitable services and implementing good planning and administration.
- Among all, there is a wide range of services, some are repeated, and others are unique among the participating institutions.
- All have their success stories and excellent services that distinguish them from others.
- Most of the chambers have grown substantially over the past 10 to 15 years in terms of members and with this in terms of personnel employed, without having developed their organizational structure, their way to plan and their ways of administration.

From the start of the project, in which the chambers participated with their presidents or directors of the board, their executive directors and managers, chambers managed not only to take a clear view of the fundamental changes necessary to become a modern business organization, but they also took with them some ideas of very specific services to be implemented in the short term.

The very successful meeting in Mexico was complemented by a series of thematic workshops to share best practices in different areas of services, on the issue of gaining and keeping members, on planning processes and in administration and management tools, among others. In some specific topics they also sought the support of external consultants.

During the beginning of the project, these workshops were multilateral and almost always involving all partner chambers. As the project advanced, the work took place on a more bilateral way, in order to increase even more the profundity of the subject. The chamber with less progress or problems in a particular subject sought support and advice from the institution which achieved more progress - and received it quickly and free of charge.

Work within the network followed four main focusses, to be described in examples in the following chapters.



5.1. Focus: Institutional professionalization

Based on studies of perception and needs, the chamber started to revise or create their strategic planning, focusing on their reason to be: increasing the competitiveness of its members. For CCIT, for example, this meant creating the first-ever formal strategic plan after more than 120 years of existence. The same process helped the CIG to reconsider major adjustments in its internal structure, which had been made without reference to its strategic plan or the real demand of their members.

Simultaneously, they worked hard on the introduction of management tools, may they be based on technological platforms such as CRM or ERP, planning and monitoring tools such as the BSC or quality management systems such as ISO 9001-2008.

The latter issue, in close connection with the COPARMEX Jalisco and BFZ, both CCIT and CIG began with the documentation of their processes towards en ISO certification in 2009. COPARMEX as well as BFZ had been certified, and managed to give impetus and orientation.

5.2. Focus: Services

The first meeting in Mexico gave to the chambers very specific inputs of services they did not have previously. Benefitting from the experience of another chamber in the network meant a much faster learning and implementation process - and the effort promised better results. They began to work on details for their training services, for many chambers the main source of income amongst its services, on keeping members, creating a culture of service, and on creating or improving communication through various media such as newspapers, television, radio and websites.

Another practical example is the creation of the service of the labor exchange in the CCIT: By employing highly qualified staff and obtaining technological and methodological support from the Ministry of Labor of Honduras, the service was established within only a couple of months. To start well on the subject, a workshop was organized on a Central American level, also inviting COPARMEX Jalisco which had already gained years of experience in the field. Until January 2009, only 6 months from the start, 1,857 job seekers were registered, the companies offered 125 vacancies and CCIT began offering the service of psychometric and socio-economic studies of the candidates.

5.3. Focus: Sector Units

Three of the four chambers decided to start working with the Sector Unit (or Nucleus) Approach in the first year of the project. Sector Units are clusters of entrepreneurs or specialists of the same trade or on a common subject. They are guided and accompanied by a consultant specifically trained to help entrepreneurs to define their needs and they work to link offers of the chamber or the market to meet those needs.

In the same 2008, the CCICH, CCIES and the CCIT initiated their work with sectors units, thanks to close ties with Brazil and the guidance by the regional project coordinator. At the end of that year, 3 consultants worked with the 7 sectors units in the three chambers. In Guatemala, where sector organizations already existed under CIG structure, it was decided to implement this new methodology only after completing the changes of the internal processes.

5.4. Focus: Transverse and Innovative Topics

Within this line of action, the chambers are seeking to strengthen their efforts of representing the private sector, to defend the interests of their members and to become a proactive player in its environment. CACB, COPARMEX, CCIT and CCIES provided input and valuable practices of campaigns to promote values or to create awareness and transparency for national elections. They started



campaigns such as "Prospera" (Prosper) and "Haz lo Tuyo" (Play your Part) in El Salvador, "Deja Tu Huella" (Leave your Mark) in Honduras or "CIG propone" (CIG proposes) in Guatemala.

CCIT and CCICH shared their efforts in working with female entrepreneurs in vulnerable areas and activities of Corporate Social Responsibility, which brought a national award in CSR to CCICH. In 2012, CIG and CCIT started building activities to support entrepreneurship and innovation, and COPARMEX again shared its experience of many years in this topic. CCIT began organizing "Inverted Fairs" (buyers present their needs and companies come to offer products or services) to encourage the participation of MSMEs in government tenders. This not only allows MSMEs to win public contracts, but also enhances transparency in the use of tax money in Honduras.

6. The strength of the network

The development of the project of the network was not at all easy and had its ups and downs in the five years until this date, mainly due to external factors: a political crisis in Honduras left the country paralyzed in the second half of 2009, and profound changes in the political orientation of the governments of El Salvador in 2009 and of Guatemala until the year 2011 left their mark.

Adding to this, the global financial and economic crisis of the recent years, as well as the problem of violence, little transparency and insecurity also effected the Central American countries, the companies and consequently, the chambers. Many MSMEs deserted the chambers simply because they could not continue their business. But even moments of crisis strengthened the network, and made obvious its benefit:

While a chamber or country had to face obstacles or situations previously unknown, they could rely on the network, find support, advice and help in the other institutions to cope with the problems. One example of this is the topic of conciliation and arbitration, another strategically important service for the chambers. Due to a change in legislation, the Arbitration and Mediation Center of the CCIES practically had to stop offering this service in 2012. However, since 2011, they had established links among the various centers of arbitration within chambers at Central American level, culminating in organizing the First Central American Convention of Arbitration in Tegucigalpa in 2011. To support the affected member and to make the problematic situation in El Salvador known to a wider audience, the second convention in November 2012 was organized on purpose in this country.

7. Impact and Results

7.1. Focus: Institutional Professionalization

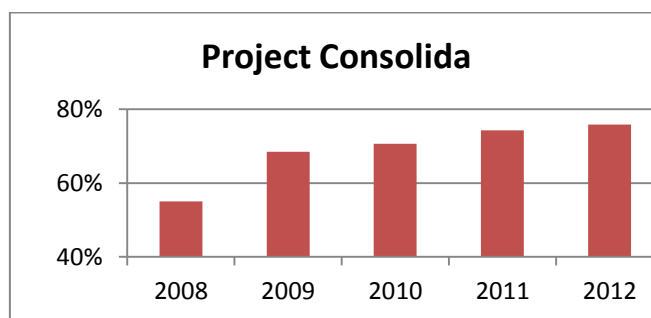
CCIES, CIG, CCIT and CCICH now count on strategic and detailed operational plans. They have adapted and modernized its organization, achieving a clear and organizational structure oriented in services and associativity. Three of them have an ERP, are implementing a CRM and BSC for better efficiency and monitoring of their activities. All chambers initiated a culture of planning, monitoring and involving their staff in this effort. CCIT achieved its ISO 9001-2008 certification in 2011. The four chambers have training plans for their staff, and also seek to train their board in essential chamber aspects.

During the project, CCIES opened a fourth branch inside the country, and CIG was able to reopen a branch office in an important part of the country after years of not being present there. CCIT will open a branch office in 2013.

Another feat of the project was the mobilization of the Board of Directors and other volunteers. The chambers started to change from a presidential to a more participative institution, were directors took over specific functions in order to develop new projects or services.



Once a year, the degree of institutional development of each project partner is measured, using a standardized tool. In 2008, the average of the four chambers reached only 55%. In 2012 it stood above 76% and is expected to reach 80% in 2013.



Organizational development status, combined average of CCICH, CIG, CCIT and CCIES between 2008 and 2012

7.2. Focus: Services

All project partners focused their services and created new ones, directing them on actual demand and seeking sustainability. Among the most successful services are:

- Labor Exchange: CCIT: 2,325 vacancies offered and 1,487 job seekers finding employment
CCICH: 451 vacancies offered and 213 job seekers finding employment
- Graphic Design
- Networking / business networks between members
- Training: "Leadership Training Program for Women" of the CCIES with 70 participants, "InnovAcción" (innovation and action) in the CIG
- Microcredit for MSMEs: CCICH serving 2.500 entrepreneurs since start of service in 1995
- Arbitration Centers in CIG, CCIT and CCIES strengthened

The frequency of use of these services has risen considerably. 75% of the service users consider them as very useful for the growth of their companies.

A new service being investigated currently to be installed in CCIT in the near future is business intelligence (market information) with input from Ecuador.

7.3. Focus: Sector Units

At the end of 2012, 12 consultants worked with 39 sector units in the four chambers, serving approx. 400 companies, mostly MSMEs and members of the chambers. Two of every three companies working in sector units report an increase in their competitiveness, and even 82% express their complete satisfaction with sector unit work.

CCICH managed to link practical training of students from a local technical university with the needs of MSME sector units - improving marketing, packaging and product design. The CCIT works with female entrepreneurs in vulnerable areas, and through training and other support, these women achieve to formalize their business and finally integrate themselves in the sector units.

In the CCIT exists a Sector Unit Committee, formed by the leaders of each unit, and the representative of this committee regularly participates in board meetings. Sector units are becoming more and more a strategic element for membership growth, for mobilizing MSMEs and enhancing associability. It strengthens the competitiveness of the companies, and with that, the strength of the chambers.



7.4. Focus: Transverse and innovative topics

The four chambers of Central America are important actors in their environment, involved in a large number of committees, round tables and other forums to have an impact on the country's development in representation of the private sector. They work on fundamental issues and on topics with social impact. They take a stand on important questions, participate in many projects and work with other national or international cooperation, and, as in the case of CIG, for the first time ever use government funds to support MSME development in the country.

An interesting new issue for the Central American chambers currently is the implementation of the concept of "Inverted Fairs": still learning the process and always trying to improve, already the second edition of this fair in Honduras in November 2012 achieved an average 24% saving on the planned government spending, allowing MSMEs in more than 300 cases to win contracts. These contracts will result in an estimated 800 new jobs within the winning companies.

8. Vision and Future Plans

From today's point of view, much of the development that the chambers show can be viewed as a logical consequence of a series of activities from the beginning of the project. Executives of chambers that have participated in the initial workshops have risen to the presidency of their chambers, as in the case of the CCIT. Others joined the project as directors, later became president, always seeking that the network continues and strengthens.

The network is ready and willing to grow. There are already several initiatives to disseminate ideas and learning within the project CONSOLIDA within other chambers and business organizations. Especially the sector unit approach draws the attention and could become a new story of success. COPARMEX Jalisco, after seeing the development of sector units in Central America, also decided to start on this subject within their institution this year, benefitting now from the knowledge and best practices in the very chambers that they supported in a number of issues for several years. CACB benefits of the sector unit work in Central America to learn of new applications, tendencies, challenges and achievements in other circumstances. Their consultants come to Central America to work, and to learn at the same time. Other local chambers in Honduras are showing interest in sector units, too. It is now time to create a project web page to collect, structure and disseminate all best practices and lessons learned.

Since 2010, the network organizes an annual regional meeting, putting network subjects of MSME interest on the agenda, and topics of interest to entrepreneurs, to inform, train and disseminate. And to practice what made each chamber strong in the network: the exchange of best practices and knowledge.