



CÁMARA DE COMERCIO – LIMA

Donde las pequeñas, medianas y grandes empresas crecen.
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BUSINESS HUB AND MARKETPLACE FOR SMALL ENTERPRISES

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Executive Summary

In Peru, Small and Medium Enterprises (SMEs) represent 95% of all enterprises in the country, producing 49% of the Gross Domestic Product (GDP) and after micro-enterprises; they concentrate the largest percentage of jobs generated. Similarly, and reflecting our country and its business network, the Lima Chamber of Commerce (**LCC**) currently attracts more than 8,500 companies, out of which 90% are SMEs companies. Thus, after the transitional government (November 2000 - July 2001) and after more than 10 years of political and economic instability, a new period begins, considered at present by national and international actors as one of macroeconomic stability, greater commercial openness commercial and gradual improvement of the business environment.

After conducting an analysis (2003), the Lima Chamber of Commerce (LCC) found that the offer for business development services nationwide did not sufficiently supply small businesses, in this new scenario the LCC designed "**E-CAMARA.NET: BUSINESS HUB AND MARKETPLACE FOR SE's**", (**BHM**) with a network of Chambers and the implementation of new services gradually developed (including free services) has been implemented in two phases between 2004 and 2010, with the aim of assisting and internationalizing small enterprises, supporting the SME sector, generating business opportunities, helping to generate new jobs, increasing the institution invoicing, and the number of volunteer partners.

Until 2003 there was no integrated **platform** of services and on-line contacts (as BHM – www.e-camara.net) with a "physical mirror" (infrastructure) that provided comprehensive business development services (with accompaniment) in order for companies to do business with each other, exchange experience or to able to negotiate with foreign companies, supported by top class tools (services) and low cost (80% are free).

Clearly, the Lima Chamber of Commerce was strengthened by the effect of the large number of companies (small companies) who were admitted as members, as these were users of new services and we consider them to be the cornerstone of the remarkable growth achieved. We can see that the increase of members has been about 40% in the 7-year period since the BHM program started, our income went up to the 60% range as a result of new program services. Because of the implementation of BHM, we could achieve that small businesses take advantage of the increased volume of business nationally and internationally, under the commercial openness process. In this regard, small business members and non-members to the LCC took advantage of business intentions advantage locally and internationally for over US\$ 63 million in 2010, which far exceeds the annually reported figure before the outset of the project, where business intentions barely reached up to US\$ 1.3 million per year.

Briefly, describe how your project originated. How did the idea come about, what needs were identified and why?

In Peru, Small and Medium Enterprises (SMEs) represent 95% of all enterprises in the country, producing 49% of the Gross Domestic Product (GDP) and after micro-enterprises; they concentrate the largest percentage of jobs generated. Similarly, and reflecting our country and its business network, the Lima Chamber of Commerce (**LCC**) currently attracts more than 8,500 companies, out of which 90% are SMEs companies. Thus, after the transitional government (November 2000 - July 2001) and after more than 10 years of political and economic instability, a new period begins, considered at present by national and international actors as one of macroeconomic stability, greater commercial openness commercial and gradual improvement of the business environment.

The Project Outset: What motivates us?

Facing this new situation, the LCC approaches its partners, through an opinion poll and finds that the need of SMEs in this context was to have the tools and advice necessary to ensure sustainability or international outreach in key sectors of the economy, as evidenced by comparing the companies that were established during 2003 and those that closed in the same year.

After conducting an analysis, we found that the offer for business development services nationwide did not sufficiently supply small businesses in this new scenario, which made us identify the following needs as priority:

1. Training and availability of information to understand and exploit the increased turnover in districts with recent business development in Lima and in several regions nationwide.
2. Preparation, advice and access to contacts to benefit from the opportunities created by the greater commercial openness (Trade agreements, free trade agreements, increased international demand, reduction in tariff levels, access to new quality standards, among others).
3. To promote and present their products massively and at low cost in the national and international markets.
4. Reduction of bureaucratic barriers, institutional support to ensure a supportive business environment and a liaison and mediation with the government.

In order to address these needs of small and medium enterprises, the Lima Chamber of Commerce, collected information from its partners and with support from various institutions in the government sector, international cooperation (EU, IADB, CBI of the Netherlands, among others) and private entities (like PeruCamaras), it designed "**E-CAMARA.NET: BUSINESS HUB AND MARKETPLACE FOR SE's**", (**BHM**) with a network of Chambers and the implementation of new services gradually developed (including free services) has been implemented in two phases between 2004 and 2010, with the aim of assisting and internationalizing small enterprises, supporting the SME sector, generating business opportunities, helping to generate new jobs, increasing the institution invoicing, and the number of volunteer partners.

Describe your project based on the category selected. (Context, innovative character, invested resources, difficulties met.)

Context: In 2000, Peru began its takeoff into a new period (after the abrupt end of the government of Alberto Fujimori, now criminally prosecuted by the Peruvian government), after emerging from a crisis of over two decades with ongoing political, economic and social problems where tax and labor instability and the high rate of corruption directly affected businesses and Peruvian businessmen, the most affected were the micro and small enterprises, that found their best ally in the informal sector, due to lack of support from the government and the institutions created for that purpose.

Thus, when the process of commercial openness started, with the exponential growth of exports and the emergence of **new business opportunities** at national and international level, the small companies began seeking and requesting access roads to them to profit from them, by acknowledging that inexperience and the lack of resources meant disadvantages as compared to larger and more experienced companies.

This is why in 2003, the LCC conducted a survey among its members (90% made up of SMEs), and identified their primary needs facing this new situation. After this first step, we proceeded to group these needs into four groups (see attached diagram), to create a **strategy** that would allow us to meet these requirements, to help small businesses become more competitive and be with them from their formalization to their development.

How can we respond to this large number of companies from different sectors, with high dispersion and unaccustomed to invest in consultancy and information?

Until 2003 there was no integrated **platform** of services and on-line contacts with a “physical mirror” (infrastructure) that provided comprehensive business development services (with accompaniment) in order for companies to do business with each other, exchange experience or to be able to negotiate with foreign companies, supported by top class tools (services) and low cost (80% are free).

Thus, the **LCC** designed a self-sustaining program for the medium and long term and with significant impact on the local economic development, the **“Business Hub and Marketplace for Small Enterprises” (BHM)** supported on a web platform (**www.e-camara.net**) with a network of over 60 chambers nationwide and more than 30 services gradually implementing (Business Hub), supported on the philosophy that there is no better business than to do business among partners, gave a differential and exclusive value to being a member of the LCC, and created a network of preferred businesses and differential advantages compared to the traditional market (non-associated small businesses). Within this “business cycle”, there is no big or small member, all of them are members and do business among them in a preferential and differential fashion (Marketplace). Then, small businesses began to have access to tools (entrepreneurial services) required to compete efficiently within a prime market, selling to large companies and taking real advantage of the opening of international markets. With this initiative, the access costs to these services fell, with the total of free services to small businesses going from 10% to 80%.

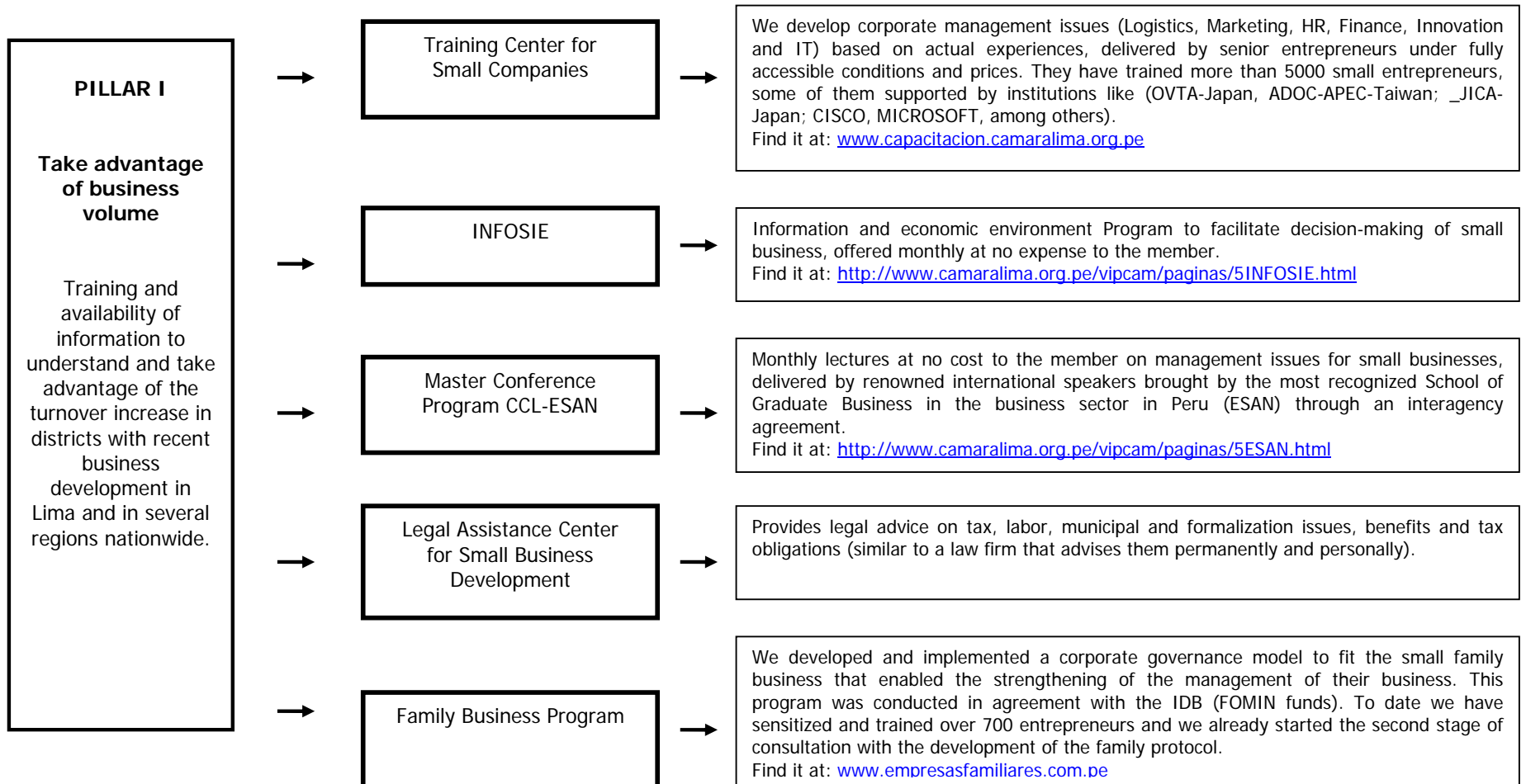
Invested Resources: In order to take forward this idea, a multi-level work group met (multidisciplinary), initially comprised by 12 people (Board, Commercial Area, Member Service Area and Foreign Trade) that worked in teams with the aim of meeting then needs of all 4 groups required. Each working team had 10 members of staff, who gathered information and conducted a Focus Group and meetings with a sample of the small businesses associated with the LCC. At present, this working team has evolved into a Quality Committee, which sees to the continuous improvement of these services. The increase in staff during the first 5 years of implementation of the BHM platform was **50%** and in 2010 it reached a total of **230 employees**, who are currently part of the LCC's BHM.

The implementation of BHM was self-funded for the most services and allowed to leverage financial resources from other institutions. The planned investment for the project was **US\$ 10 million**, which included hardware and software support that would allow virtualization of many of its services and thereby reduce their costs, expand and improve the infrastructure before the start of BHM. At the same time **US\$ 7.9 million** were obtained with support provided by multilateral institutions that saw in BHM an excellent way to support the growth of small companies in Peru (IDB / European Commission / CBI / UNIDO / JICA).

Difficulties Found: Small businesses in Peru are traditionally distrustful and they are used to making their investments tangible (cost-benefit), which is why the LCC had to change its service structure to achieve their integration, through friendly platforms, many of them virtual and, more importantly, **free** to a greater extent.

Other difficulties were related to the mapping, design and efficiency of processes implicit in the line of services that would be implemented, in this regard, we chose to implement a quality management system that is internationally certified (ISO 9000). On the other hand, despite the on-line nature of the project, the infrastructure of the Lima Chamber of Commerce was not the most suitable for the rendering of services such as event organizations, mega-events, business conferences, as well as providing advice to many companies. This is the reason why we had to propose and conduct the expansion and modernization of the headquarters, along with the increase of the geographic scope through three new venues, in Callao (investment **US\$ 0.9 million**), in the textile market of Gamarra (investment **US\$ 0.7 million**), and in the populous district of Los Olivos (investment **US\$ 1.2 million**), which are currently self-funded individually. All this was possible because of the success of the project (BHM) in its first phase.

BUSINESS HUB AND MARKETPLACE FOR SE's (BHM)



BUSINESS HUB AND MARKETPLACE FOR SE's

PILLAR II

Commercial Window

To promote and present the products of small enterprises massively in the national and international market.

Business Directory

It is a repertoire that contains all companies associated with the LCC, indicating the goods and services that they offer, and how to contact them. Since its first edition in 2004 it has been the most important contact means for small businesses in the national and international level, on its three versions (printed, cd, online), small business members of the LCC are admitted in this directory for free and once a year it is updated and available to the entire business community.

Find it at: www.camaralima.org.pe/CCLDirectorioEmpresarial

Publications for Small Companies

These are sector guides, promotion catalogs and Special Reports. All these publications are completely self-funded and all small companies enter at no cost.

Strategic Alliance Program

Through this program small businesses are invited to make the presentation of their products to the rest of the members with the only condition to offer a differential or promotional price than the rest of the market (non-members). The LCC will introduce each of these companies as a strategic partner to the other members through letters and advertisements in various media.

Presence Fairs

The best way to close the circle and bring together small businesses with their customers was accomplished through trade fairs. Various fairs are held annually through which we put suppliers and buyers together.

Find it at:

Tecnosalud www.tecnosalud.com.pe

Fibella www.fibella.com.pe

Turismo www.feriaderegiones.com

Speed Fashion

Marketplace (online)

At present we are the largest purchase-sale platform in the country, as all our member companies directly enter the big commercial market, which offers benefits, promotions and exclusive offers for the business members, different from the market accessed by non-members.

Find it at: www.empresabio.com/es/

BUSINESS HUB AND MARKETPLACE FOR SE's (BHM)

PILLAR III

International Trade

Preparation, advice and access to contacts to benefit from the opportunities created by the greater openness to trade (trade agreements, free trade, increased international demand, reduction in tariff levels, dissemination of trade barriers, access to new standards quality, etc.).

Export to Europe Program for small companies (CBI Holland)

We provide personalized services that include training and technical assistance to develop sustainable successful exports in the European market.
Find it at: www.exportaeuropa.com.pe

AI Invest IV Program for Internationalization (European Union)

To support the process of internationalization of small Peruvian companies through a set of tools that strengthen its presence in European markets.
Find it at: www.ai-invest4.eu; www.alinvest4can.org

International Business Rounds

To find suitable partners for foreign companies contacting potential business partners, as importers, distributors, agents, exporters and producers of various economic sectors
Find it at: <http://www.camaralima.org.pe/vipcam/paginas/RUEDADENEGOCIOS.html>

Foreign Trade International Summit

To provide new information on foreign trade issues or information that allows them to create or consolidate business at local and international levels.
Find it at: <http://www.camaralima.org.pe/vipcam/paginas/HTML-2-VCUMBRE-OFF-ON.html>

FAT Project for business in the Andean region

To provide contact information, training and help in harmonizing regulatory sectors of industrialized foods and beverages, leather / footwear and textiles and clothing, as well as proposals for monitoring procedures and rapid alert system for food and beverages.

International Promotion for Market Guides

To market intelligence tool that seeks to offer the Peruvian exporter and potential exporter, high value information to enable them to make effective and efficient internationalization decisions of their goods and services.

Foreign Trade Certifications

To provide certifications of origin in order to permit the exportations using reduced taxes and other preferences to other countries.

PACIS and RELAIS Programs for small IT companies

To prepare IT companies (software developers) for export to other countries using international quality standards.

BUSINESS HUB AND MARKETPLACE FOR SE's (BHM)

PILLAR IV

Business Environment

Reduction of bureaucratic barriers, institutional support to ensure an adequate business environment and liaison and mediation with the executive and legislative branches.

Trade Union support to small businesses

Through various positions for small business and against the continuing bureaucratic barriers that affect them.
Find them at: <http://www.camaralima.org.pe/vipcam/paginas/ImpactoMediatico.html>

Institute of Economic and Business Development

It provides the basis for the opinion of small businesses through the LCC to bring about improvements for the small business on tax, labor and corporate issues.

Forum and events

It is the best way to draw attention to the government and business in general on issues that directly affect our businesses; these forums are a great way to have the two positions of both government and entrepreneurship (small business).
Small Business Forum (Expopyme)
Tax Forum
Economic Forum (Quo Vadis)
Services Forum
Health Forum
Education Forum
Innovation Forum, among others.

What have been the results and influence of this project? (Shorta and long impact. measurable data. benefits)

Clearly, the **Lima Chamber of Commerce** was strengthened by the effect of the large number of companies (small companies) who were admitted as members, as these were users of new services and we consider them to be the cornerstone of the remarkable growth achieved. We can see that the

INDICATORS – For the Chamber	2003	2005	2010	
Increase in number of members	4585	5100	8171	See Appendix
Revenue growth (S/.)	14 789,670	16 864,636	37 471,800	See Appendix
Net Surplus (S/.)	603,117	866,724	3 006,830	See Appendix
Income earned from Services (S/.)	7 419,023	9 066,764	26 220,813	See Appendix
Income earned from Services %	50.16%	53.76%	69.97%	See Appendix
Net Assets (Property and equipment)	9 765,585	9 580,418	19 153,820	See Appendix
Members paying every six months (six installments)	134	250	771	
Members paying annually (12 installments)	412	967	2267	
Satisfaction Survey Results – Member Satisfaction Index	-	60%	77%	See Appendix

increase of members has been about 40% in the 7-year period since the **BHM** program started, our income went up to the 60% range as a result of new program services.

It is also important to note the renewal of fixed assets (property, equipment, machinery), which in the past 5 years has increased by 65% as a result of the need to expand the infrastructure to render good services to this new group of members.

Finally we are delighted to see the high level of satisfaction received from our members in the survey (satisfaction rate = 77%), this compels us to carry on with the second phase

of the **BHM** program.

Country: Considering that 6'000,000 small and micro enterprises, 55% are informal, we conclude that the 100,000 micro and small enterprises formalized a landmark in our history and we are pleased indeed to be recognized as part of this great leap and accompanying representing small businesses.

An important improvement in our position in the Doing Business of 2010 we find: Registering Property (rank 28); Protecting Investors (rank 20) and Closing a Business (rank 99).

INDICATOR – For the country	2003	2005	2010	
Formalizad SEs	235	7,274	100,005	See appendix
Exporters - SEs	5,102	6,041	7,473	See appendix
Importers - SEs	18,957	15,952	25,565	See appendix

SEs: Because of the implementation of BHM, we could achieve that small businesses take advantage of the increased volume of business nationally and internationally, under the commercial openness process. In this regard, small business members and non-members to the LCC took advantage of business intentions advantage locally and internationally for over US\$ 63 million in 2010, which far exceeds the annually reported figure before the outset of the project, where business intentions barely reached up to US\$ 1.3 million per year.

Additionally, thanks to BHM, small companies increased their access to more business contacts, totaling 59.800 towards the last year of implementation and surpassing the 5000 contacts generated before the start of BHM.

Indicators for Small Companies:	2003	2005	2010
Number of small businesses internationalized	37	140	316
Number of small businesses that attended international fairs and missions	11	40	551
US\$ millions in international business intentions for small BHM businesses	1.2	3	59
Number of small businesses trained and with management tools through BHM	2277	2279	5470
Number of new small businesses ready to export (TI) thanks to BHM	3	90	1030
Number of international business conferences held in BHM	2	3	16
Number of small companies participating in business meetings of BHM	103	150	1026
Number of small businesses members that exhibited at local BHM fairs	65	145	214
Number of business contacts at local BHM fairs	5000	19600	59800
US\$ millions in domestic business intentions for small BHM businesses	0.1	2.1	4
Number of small businesses within BHM Marketplace	250	517	1629
Number of small companies benefited and promoted with BHM	3210	3570	5720

In the LCC, we managed to improve the small number of trained companies (5,470 in 2010), which has strengthened them in the local market; on the other hand, as part of their internationalization, participation of small businesses in international fairs and missions has been encouraged (551 in 2010 from 11 in 2003), attracting business partners to do business with Peruvian companies in 16 business conferences per year, as well as increasing the number of member companies interested in doing business with each other (1629 in the Marketplace at the end of 2010).

Can you idea be applied in other parts of the world? (Please explain how and why)

The BMH goes through borders

The advantage of this program is that it is completely modular, this means you can devise a strategy according to circumstances and needs of the country or region, starting with a survey or poll (ID needs) to tell us that services should be included in the "Model Business Hub". Currently, the program AL Invest IV (European Commission) after a benchmark study conducted by SEQUA - Germany, have identified the Lima Chamber of Commerce as the voluntary membership organization with the best ability to care for their partners.

We are developing a program in order to exchange experiences and knowledge to replicate the project BHM gradually in associations and chambers of Bolivia, Colombia, Ecuador and Peru. This is only the tip of the iceberg, as the **Phase II** of the BHM project entitled "CAMERAS WITHOUT BORDERS" will seek to build a network Cameral supported online services to enable partners to any chamber in the world belonging to the network access to this bag benefits and services, and even partners may use BHM services when traveling to any country of Cameral network. For this we have made progress in the designing of a "membership card" to initiate partnerships with other chambers to make viable "CAMERAS WITHOUT BORDERS".

Why do you feel your project should be selected as a finalist and presented at the 7th World Chambers Congress?

Because the project:

1. Impact on local economic development, complementing the services provided by local governments (municipalities) and the national government, through its ministries and other agencies.
2. Contributed to the internationalization of small companies, also promoting business contacts locally.
3. Promoted the generation of adequate employment, the training of young businessmen and entrepreneurs, which has been consolidated with the recent implementation of the Institute of the Lima Chamber of Commerce (ICAM - http://www.camaralima.org.pe/vipcam/paginas/html_icam_2011_1.html).
4. Improved representation of small business union, defending their interests at nationally and internationally level.
5. Increased use of IT, usually inaccessible to small businesses.
6. It was designed on the needs identified and validated, with a clearly defined baseline.
7. Their results showed the growth of the institution and its affiliates.
8. Optimized relations CCL partners and their stakeholders: governments, international institutions, agencies, countries cooperation - bilateral, regional network of cameras, Asia, U.S. and the EU.
9. It has a high likelihood of replicability of the project at regional level and even in other areas.
10. Has promoted the exchange of experiences with other guilds and associations.
11. A proposal for extension and continuing through "CAMERAS WITHOUT BORDERS."
12. Consider the small enterprise as the foundation of our economy and is an obligation of the House support to be more competitive.

You may enclose a letter(s) of support which can attest to any measurable results and achievements of the project. The letters may be endorsed by a accompany, a chamber of commerce, an ICC national committee or a government agency

You can consider:

Dear Sir/Madam,

Thanks for your mail. We wish to thank you for the excellent arrangements made by you for Business meetings held on 27th August 2010 at the chamber premises. We had meetings with several prospective customers on that day. We are in touch with them by mail and hope to have a good business relationship with one of them. We will definitely inform you as soon as we have a good customer and start working with them. We once again thank you for the wonderful arrangements made by you for the meeting. Thanks & Regards,

D.HARI RAJAN, Axon Drugs Pvt. Ltd., Tel: +91-44-4217 1424/1425, Fax: +91-44-4350 0673, www.axondrugs.com

De: mariaelena.duartevilches@fitagency.

Estimada Grazia y Carlos,

En nombre de toda la delegación flamenca que estuvo presente en Lima, Perú, quiero dar mis más profundos agradecimientos por todo el servicio brindado a los empresarios, siendo de mucha utilidad y de hecho fue muy bien acogido por todos ellos. Por otro lado envío encuesta solicitada y aprovecho de pedirles la factura, si la pueden enviar vía digital. Esperando que se encuentren muy bien y también esperando poder contar con usted en un futuro próximo. Saluda atte.

Alexis Bossuyt, Consejero Económico y Comercial, **Flanders Investment & Trade-** Santiago, Tel: 56-2-3343565, Fax: 56-2 3343564, Santiago@fitagency.com

Please see the files included in this link: <http://www.camaralima.org.pe/vipcam/paginas/Documentos.html>

Please see appendix in: <http://www.camaralima.org.pe/vipcam/paginas/Anexos.html>