



ENTERPRISE UGANDA

Promoting Enterprise Growth and Excellence

PROFILE OF ENTERPRISE UGANDA

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1.0 About Enterprise Uganda

An important element for promoting enterprise development is to have a suitable enabling environment for business creation, survival and growth. The enabling environment refers, among other things, to policy and regulatory issues, to infrastructure, and to financial and business development services.

Enterprise Uganda is an institution designed to support the government in realizing its objective of promoting the development of SMEs to become the main vehicle for expanding production, providing sustainable jobs and enhancing economic growth.

It was established under a framework of the UNDP Enterprise Africa regional initiative. A consortium of local and international donors including UNDP Uganda, Enterprise Africa, UNCTAD, Norway, Sweden and the Government of Uganda is promoting it. Its concept is based on UNCTAD's *Empretec* Programme Model currently operating in 32 countries in Africa, Eastern Europe and Latin America. The *Empretec* model is designed as one-stop programme, which provides an integrated and comprehensive range of business support services for SMEs using a hands-on approach.

2.0 Mission and Vision of Enterprise Uganda

- **Mission:** To develop a new generation of dynamic Ugandan entrepreneurs by actively providing support to Small and Medium Scale Enterprises (SMEs) to enhance their productivity, growth and competitiveness.
- **Vision:** To be a centre of excellence for the creation and nurturing of a globally competitive private sector in Uganda

3.0 The objectives

The objectives of Enterprise Uganda are to:

- create general entrepreneurial awareness, enhance indigenous entrepreneurship skills and develop an effective entrepreneurial and management training capacity in Uganda;
- develop bankable proposals for business expansion, new ventures and to assist sponsors negotiate for financing;
- enhance the operational efficiency and competitiveness of SMEs to assist companies to diversify into new products;
- develop subcontracting linkages between SMEs and large local private companies as well as government procurement agencies and;
- promote and develop productive, stable and equitable linkages between SMEs in Uganda and foreign companies.

4.0 Whom do we work with?

- Business people (entrepreneurs) whose businesses are not getting the desired business results because of internal challenges that they may not know how to handle them;
- Enterprises that have reached the stage of fast business expansion but are not able to cope with the challenges of growth;
- Enterprises that may have benefited from specific grants or credit facilities and are seeking assistance to make effective use of such facilities;
- Promoters of start-up enterprises who have developed great bankable business proposals but are frustrated in getting them implemented;
- Professionals considering starting their own enterprises; and
- Government Agencies and Non-Governmental Organisations (NGOs), Banks, Microfinance Institutions, Corporates, etc.

5.0 What Enterprise Uganda can do for you

We Help People Succeed in Business by providing an integrated and comprehensive range of business development services (BDS) such as entrepreneurship training, advice, information, business planning, marketing, technology, communications and other services to assist both start ups and existing businesses to resolve their problems and prepare plans for growth using a hands-on approach. BDS are often perceived as being useful in complementing credit and micro-finance programmes, and in assisting small enterprises with growth potential to become medium-sized enterprises.

We also undertake **Customised Institutional Capacity building** for Government and Non-Governmental Organisations (NGOs), Banks, Microfinance Institutions, Corporates, etc.

6.0 Our Philosophy

The *empretec* model we use starts by focusing on the entrepreneur as an individual. On the basis of written applications and focused interviews, a given number of participants are taken through a two-week intensive Entrepreneurship Training Workshop (ETW). The workshop modules were designed around the 10 Habits - personal entrepreneurial competencies consistently demonstrated by successful entrepreneurs the world over after a five-year research carried out by two United States Management Consulting firms – Management Systems International (MSI) and McBer & Company for United States Agency for International Development (USAID).

In the selection of target beneficiaries, emphasis is given to existing companies with growth potential. Further, since women form a significant part of the workforce in Uganda, special attention is given to women entrepreneurs who are expected to constitute at least 40% of direct beneficiaries of Enterprise Uganda's services.

For existing companies, the Post-Training process starts with a complementary Business Health-check (BHC) or diagnostic study being conducted for each company. This tool is designed to 'X-ray' the operations of the company in critical areas such as business concept, production/operation process, financial management, staffing and marketing, to determine areas of Strengths, Weaknesses, Opportunities and Threats. On the basis of a Status Report on the "health" of the company, a range of business

solutions are provided based on each firm's unique circumstances to nurture beneficiary companies into globally competitive enterprises.

For start-ups, the Post-Training process begins with a Business Opportunity Identification exercise intended to assist trainees who do not have an existing business to identify and analyse a variety of business opportunities and interests. Each entrepreneur is taken through a process of Idea Generation, Idea Screening and Testing, Business Profiling and Idea Selection. At the end of this exercise, the entrepreneur will be able to decide on the specific business venture to develop.

7.0 Advisory Board

- Private Sector Foundation, apex advocacy private sector association
- Uganda Small Scale Industries Association;
- Bank of Uganda, the central/reserve Bank of Uganda;
- Uganda Investment Authority, one-stop investment advisory centre;
- Uganda Women Entrepreneurs Association;
- Ministry of Finance, Planning and Economic Development;
- Uganda Export Promotion Board;
- United Nations Development Programme;
- Uganda Manufacturers Association;
- Development Finance Company of Uganda Ltd, representing commercial banks;
- Ministry of Tourism, Trade and Industry;
- Senior Presidential Advisor on African Growth and Opportunity Act (AGOA)

8.0 Legal status

- Enterprise Uganda is now registered as a not-for-profit **Enterprise Uganda Foundation Limited** with a Public/Private sector national character. The initial promoters include the UNDP, Government of Uganda represented by the Ministry of Finance and Bank of Uganda, The East African Development Bank and Barclays Bank (U) Ltd.

9.0 Achievements to Date (Results from Sept 2001 to June 2006)

9.1 Experience in SME Development

Since 2001, 828 clients have benefited from Enterprise Uganda services. 20 Entrepreneurship Training Workshops (ETWs) have been conducted for 584 entrepreneurs while 18 management skills courses have been conducted for 270 participants. Over 235 client SMES have accessed business diagnostic studies and benefited from business counselling services. As a result of these and other business support services, some of Enterprise Uganda clients are industry leaders in their respective sectors. One of them a Clinical laboratory has achieved ISO 15189:2003 accreditation for Medical Laboratories to position itself as a market leader in the country and is probably the first laboratory to achieve this accreditation in East Africa.

Needless to say, most of the clients are from agri-business, manufacturing, health services, medical services, education services, building and construction, financial services, information technology and tourism sectors. These are the main growth sectors of Uganda. The following are some of the impact statistics from our 4 years of existence:

(i) Improved Business Attitude

Attitude is a major factor in getting MSMEs to establish durable business entities. Statistics indicate that 83% of EUG's clients reported favourable changes in professional behaviour. 70% reported to have implemented their business plans. In addition, 63% reported improvements in management style. On the other hand, 90% noted improvement in quality of products and services. Indeed, some of our clients are now ISO certified and export various services and products. In addition, a number have entered into formal long-term business relationships with multi-national firms as suppliers or distributors in the product delivery value chains. Getting MSMEs to strike long-term deals with trans-national corporations is a demonstrable stamp of confidence in those MSMEs by conservative and highly demanding multinationals;

(ii) Improved Business Performance and Expansion

In aggregate terms, EUG clients have recorded expansion in sales by twofold or US\$10.5 million. Furthermore, new investment is approximately US\$ 7.1 million, comprising US\$ 5.2m in commercial credit. 30% of the loan beneficiary MSMEs were start-up entities which would typically be shunned by banks. The balance of the new investment, US\$ 1.9 million, was from either reinvested profits or new equity.

(iii) New High-Quality Jobs Created

The enterprise supported by Enterprise Uganda created 1640 new jobs. Apart from owner business managers who started their own enterprises as a result of BDS EUG provided, there many instances where otherwise jobless graduates have found professional employment opportunities from growing MSMEs.

9.2 Broadening of Tax Base

In Uganda although company registrar indicates that there are approximately 800,000 legal business entities, only a paltry 200 of these account for 60% of the domestic tax revenues. Of these large tax payers, only 6 are owned by indigenous Ugandans. It is however reassuring to note that over the past four years of its existence, some of the beneficiary MSMEs have seen their tax contributions rise exponentially. The leading ones pay between US\$150,000 and US\$200,000 per annum, up from a base of under US\$30,000 per annum. And because these taxes are derived from robust growth in profits, the contribution of MSMEs towards domestic taxes can only expand and not decrease.

9.3 Mainstreaming of Rural Communities into Economic Activity

Through innovative and well structured business linkages premised on supplier chains, EUG has structured commercial deals involving world-class corporates and rural communities. Whereas corporates are known to consider arms-length opportunities that attract supply of raw materials from domestic firms, it is a rarity to see these relationships deepen to a degree of inter-firm long-term partnerships as is the case in other developed and developing countries. The reasons for shallow relationship between trans-nationals in Sub-Saharan Africa are known. EUG used that knowledge and preparedness of trans-nationals, in principle, to strike those deals where it makes business sense to structure linkages that have seen agro-based rural communities triple their incomes without necessarily altering their natural endowments.

9.4 Institutional Capacity Building Programs

Over the past 4 years, EUG has provided tailor-made enterprise development solutions to the following major stakeholders:

i. Development of Business Planning Courses for African Women Entrepreneurs, 2006(Current)

The International Finance Corporation of the World Bank Group (IFC) Gender Entrepreneurship Markets (GEM) has selected Enterprise Uganda to develop, test and finalize a set of business planning course modules that can be localized and translated for different markets in Africa. This curriculum is intended to prepare women-owned micro, small and medium enterprises to complete business plans and to access loans from banks (and other formal financial institutions).

Launched by IFC in December 2004, GEM is a crosscutting initiative that works to leverage the untapped potential of women in emerging markets and to mainstream gender issues in IFC operations.

ii. Development of Business Planning Courses for Growth Oriented Women Enterprises (GOWEs), 2006(Current)

The African Development Bank (AfDB) has set up the Growth Oriented Women Enterprises (GOWE) Development program to fast track the growth of women owned and operated small and medium sized enterprises (SMEs). The project will be piloted in Kenya.

The International Finance Corporation of the World Bank Group (IFC) has selected Enterprise Uganda to develop, test and finalize a set of business planning course modules in English that can be localized and translated for different markets in Africa for training GOWEs how to successfully apply for loans from participating local banks, and other financiers including venture, equity and factoring or leasing suppliers.

iii. Capacity building for Small and Medium scale Enterprises (SME) clients of the East African Development Bank (EADB), 2006(Current)

Under a Technical Assistance grant from the Nordic Development Fund (NDF), the EADB selected Enterprise Uganda to provide training to its clients in Financial Management and Marketing; Short-term management consultancies to support the Bank's existing SME projects that lack adequate capacities; and providing shared management capacity within localized geographical areas.

The EADB is responsible for administering the Nordic Development Fund (NDF)'s Technical Assistance Grant to SMEs within the member states of EADB (Kenya, Uganda and Tanzania).

iv. Capacity Building on Micro, Small and Medium Enterprise (MSME) Development for Angola Enterprise Programme (AEP), 2005

Enterprise Uganda was requested by UNDP/Angola Enterprise Program to undertake a consultancy assignment in respect of the provision of technical assistance to install the *Empretec* programme model in Angola. A capacity building workshop in MSME Development for 12 Managers and Trainers from Benguela and Luanda BDS centers took place from 23 - 29 May 2005 at Enterprise Uganda Head office in Kampala, Uganda.

v. Institutionalization of Business Skills Training for Health Practitioners (2005)

Through collaborative partnerships with Abt Associates Inc., Enterprise Uganda upgraded an existing Business Handbook for Health Practitioners, produced a trainers' manual and conducted a training of trainers course for a cross-section of doctors, midwives, hospital administrators and Business Skills Trainers affiliated to Uganda Medical Practitioners Association and Uganda Private Midwives Association. The assignment was funded by USAID.

vi. Preparation of Strategic Plans for 11 Private Sector Development Companies (2004-2005)

Under a sub-contract with SNV Uganda, EUg has trained and facilitated 11 Private Sector Development Companies to prepare 3-year strategic plans as they transform from projects previously funded by UNDP to autonomous

institutions promoted by the Local Governments and the private sector in the various regions of Uganda.

vii. Establishment of the Expand Your Business Program in Uganda (2003-todate)

EUG successfully piloted a new ILO program called Expand Your Business. The program is now established as a market-driven solution for enterprises and other institutions undergoing growth. Apart from designing and implementing a delivery mechanism for the program, EUG also conducted a training of counsellors course for the EYB trainers.

viii. Training Village Savings and Credit Institutions affiliated to Regional Private Sector Development Companies (2004)

With funding from DFID of UK, EUG conducted an enterprise development and business planning workshop for the directors and managers of 11 Village Savings and Credit Institutions spread across Uganda in entrepreneurship skills. It was funded by DFID.

ix. Helping District Agricultural Training and Information Centres to transform into commercially-oriented and viable institutions (2002)

The District Agricultural, Training and Information Centres (formerly District Farm Institutes) have recently undergone transformation from highly subsidized and supply-driven public entities, to semi autonomous and demand-driven public institutions. Part of this change is the result of the training on enterprise development and business planning skills delivered by Enterprise under a DANIDA contract.

x. Developed the capacity of community based financial and training institutions in 3 districts to deliver training services - particularly in micro finance -in a business-like manner. Enterprise Uganda undertook the work in collaboration with the Microfinance Competency Centre and with funding from Bank of Uganda.

10.0 Empretec's philosophy

Empretec is an integrated capacity building programme of UNCTAD that promotes the creation of sustainable support structures that help promising entrepreneurs build innovative and internationally competitive SMEs, thereby contributing to the development of the private sector. The basic strategy is to identify, screen and select high growth-oriented companies or “winners” and provide them with a comprehensive range of business development services to enhance their operational efficiency and competitiveness. **Empretec** is the Spanish acronym for “*emprendedores*” (entrepreneurs) and “*tecnología*” (technology). The principles underlying the *Empretec* model are:

(i) Clear focus

The model targets a specific segment of the SME market rather than being all things to everybody. This provides a basis for defining the specific support needs of the particular target group in order to address those needs effectively.

(ii) Selectivity

The most critical element in the model is systematic process for identifying, screening and selecting high-growth enterprises who have the best chance of succeeding and thereby making maximum use of programme support and limited resources.

(iii) One-stop Enterprise Support Programme

The rationale behind the *Empretec* Model is to provide a service mix that is comprehensive enough to respond to the varied needs of an enterprise. It is also intended to promote a close relationship between the staff of the business support centre and its clients and to make the services offered relevant to the specific growth requirements of the clients. The hands-on approach to service delivery forms the basis of a long-term relationship between the client and the service provider and also enhances the ability to charge significant levels of fees for the services provided, albeit on an incremental scale.

In pursuit of its mission, the Institution provides services at two levels, namely:-

(a) Individual Level:

The programme starts by focusing on the **entrepreneur as an individual**. On the basis of written applications and focused interviews, a given number of participants enter the programme through a two-week entrepreneurship training workshop (ETW) which encourages the individuals to focus on their role as entrepreneurs and challenges them to critically examine their personal strengths and weaknesses.

(b) Enterprise Level:

The ETW is a powerful tool to demonstrate to the entrepreneurs the difference between merely running a business and building a growth-oriented enterprise. However, it is not enough. The two-week experience leaves the participants keyed up and highly

motivated, ready to "innovate" and to bring about change in business, and with a more objective and critical perception of their personal and business performance.

Equipped with new understanding of concepts such as Innovation, Quality, and Networking, the entrepreneurs are in a better position to examine the different processes in their businesses and consider areas for improvement. But they are not always able to correctly identify and diagnose potential problems or know where to turn for help. This is where additional business support services and individual follow-ups come handy.

At the enterprise level, post-entrepreneurship training follow-up services which focus on delivering business solutions are given.

11.0 Enterprise Uganda Services and Products

The institution offers a comprehensive range of services and products under one roof, and these include;

a) Entrepreneurship Training Workshop (ETW)

The workshop gives an opportunity for the participants to become familiar with the behavioural competencies of successful entrepreneurs, strengthen and enhance those behaviours in themselves and, finally be able to apply the behaviours on return to their own businesses.

The workshop not only has an impact on the individual, but also creates trust and stimulates strong bondages amongst entrepreneurs, who as a result begin to organize themselves for mutual support, exchange of information and experience and the collective formulation of SME concerns as a sector.

b) Expand Your Business (EYB) Package

This is an integrated business support package for small to medium scale enterprises with clear growth objectives in mind. This package helps those businesses with growth ambitions to realise them. EYB was developed by the International Labour Organisation (ILO) with financial support from the Swedish International Development Agency (SIDA). The EYB is an integrated package which has training and non-training components. The training component consists of four core modules which are; Strategic Management, Marketing, Human Resource and Financial Management. The non-training component includes; individual counselling, business support groups, and then linkages to finance business and marketing agencies.

c) Business Health Check

For existing companies, the Post-Training process starts with a complementary Business Health-check (BHC) or diagnostic study being conducted for each company.

This activity is designed to 'x-ray' the operations of the company in critical areas such as business concept, production/operation process, financial management, staffing and marketing, to determine areas of strengths, weaknesses, opportunities and threats. The purpose of this exercise is to provide a Status Report on the "health" of the company. It

is also a gateway to a range of Enterprise Uganda's post-entrepreneurship training services.

d) *Business Opportunity Identification*

For start-ups, the Post-Training process begins with a Business Opportunity Identification exercise intended to assist trainees from the 10-day Entrepreneurship Workshop who do not have an existing business to identify and analyse a variety of business opportunities and interests. Each entrepreneur is taken through a process of Idea Generation, Idea Screening and Testing, Business Profiling and Idea Selection. At the end of this exercise, the entrepreneur will be able to decide on the specific business venture to develop.

e) *Business Counselling and Advisory services.*

Under the Counselling/Advisory Service, Enterprise Uganda assigns a Counsellor to each company that has gone through the Business Health check exercise. The Counsellor will provide on-site counselling support to the client to probe into the root causes of the specific problems identified during the Health Check exercise.

The counselling and advisory services are designed to help the counsellor to understand the client's business and subsequently offer informed advice to resolve identified challenges and/or exploit discernible opportunities.

f) *Preparation of Business Plans*

Business Plan preparation process is to assist the entrepreneur to prepare a planning document that should, inter alia, be a useful management tool as well as resource mobilisation instrument from third parties including venture capitalists and bankers.

g) *Credit facilitation*

Credit facilitation is offered to assist clients identify and evaluate available sources of financing and to negotiate attendant terms.

h) *Specialised Consultancy and Extension Services*

These include tailor-made technical support, involving on-site placement of industry experts to provide specialised consultancy services and to transfer expertise to the beneficiary company.

i) *Client Accounting and Book-keeping Services*

Under this scheme groups of client companies are assigned to reputable accounting firms which then provide technical assistance in book-keeping and financial management as well as prepare audited financial statements on a regular basis for each company. This facility is meant to assist the beneficiaries improve their book-keeping and financial management functions. The expected impact of this service is increased credibility of financial statements for use by management and external parties including bankers, investors, suppliers and tax authorities.

j) Management Skills Development

This training enables entrepreneurs appreciate the application of functional management concepts to improve the effectiveness and efficiency of their business operations. An array of products have been developed in the areas of Strategic Management, Human Resource Management, Effective Delegation, Customer Care, Time Management, Financial Management, Marketing, Costing & Pricing, Public Presentation, Business Report Writing Skills, etc.

k) Sub-Contracting Linkages

This is designed to assist clients to identify sub-contracting opportunities from large local and resident affiliates of multinational companies and government procurement agencies.

l) Foreign Linkage Development

Under this client companies are assisted to define their requirements for foreign linkages. They are then given technical support to prepare investment profiles with which to source beneficial linkages with foreign companies in the form of joint ventures, licensing and franchise arrangements or technology transfer agreements. Additionally, in collaboration with other private and public sector agencies foreign companies are assisted to identify suitable local partners to undertake innovative technology-based manufacturing and service ventures.

m) Customized Institutional and Corporate Capacity Building Programs