

Background

Aside from advocacy, a service portfolio geared at companies is one of the central responsibilities of chambers and associations, i.e. Business Membership Organisations (BMOs). Such corporate services provided by BMOs include information services, training courses, business consulting, business matching, exhibition and trade fair promotion, issuing of foreign trade documents and much more. Members expect BMOs to offer an attractive range of services which they can utilise to increase their business performance and competitiveness.

Advocacy and services require financing. A BMO usually does not manage to provide these via membership fees alone. This applies all the more since advocacy is a public good in which all companies - members and non-members - participate. Services for which a fee can be imposed therefore form an important source of income for BMOs.

Income-generating BMO Services

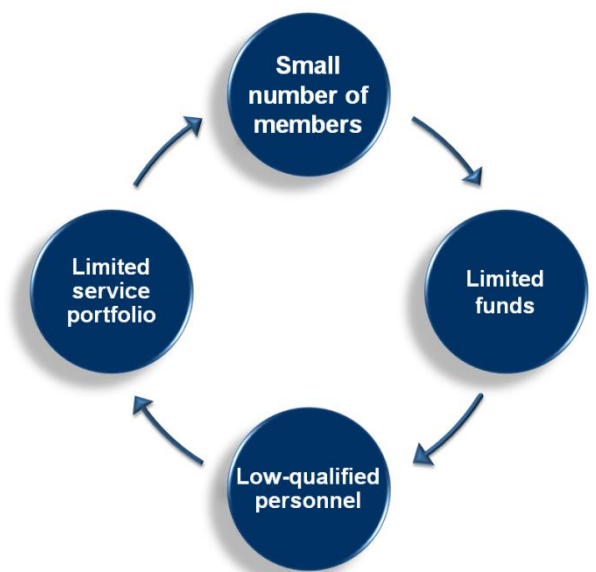
Product Description

Many BMOs, especially in developing countries, are affected by capacity bottlenecks and limited in regard to the range of services they can offer. They are caught in a vicious circle resulting from interlinking deficits that affect their personnel, organisational and financial resources.

Support targeting an improvement of the service portfolio of BMOs constitutes a suitable tool to break this circle and to increase the income of a BMO. There are two ways to achieve this.

Members expect certain BMO services (e.g. exchange of experiences or general information) to be free-of-charge basic services. It makes sense to provide BMOs with support which improves or complements these services or to introduce new basic services. This increases the attractiveness of the BMO for companies. New members can be won and an increase in membership fees becomes easier to enforce. The BMO can achieve a higher income, improve its resources and expand the corporate service portfolio.

The majority of BMO services, however, can also serve as a direct source of income through service fees. While almost all BMOs generate income through membership fees, the potential of service fees is often neglected as a means of realising an income. As a matter of fact, companies, SMEs included, are willing to pay for services tailored to suit their requirements. BMOs have to offer high-quality services, however, and explore the service market as well as discover their own strengths in order to identify and execute successful services. sequa can support BMOs in doing this.



Product Impact

The development of a service portfolio which allows chambers and associations to generate income, is one of the key elements of demand-oriented SME promotion. Especially SMEs in developing countries require information, consulting and training to improve their business opportunities. BMOs, which provide services meeting that demand among SMEs either themselves or as service agents, can thus produce earnings with which to finance their activities. This helps the BMOs on the one hand, since they can improve their reputation among the companies and increase their financial power and performance. The enhanced service portfolio of the BMOs also help SMEs, which, to maintain their business operations, are dependent on services they cannot provide themselves. The result are impacts on the meso-level (BMOs) and the micro-level (SME) in particular.

Product Application Examples

Income-generating services play a central role in numerous projects targeting the promotion of BMOs. The following examples from sequa's project portfolio in this field show how BMOs in different partner countries have managed to generate income through specific services:

- The Association of Small Industries MADITSSIA in Southern India has established a Business Information Centre (BIC). Entrepreneurs receive relevant information for which they pay graduated fees. The BIC not only covers its expenses, but generates a small surplus to finance additional MADITSSIA activities.
- The Federation of Madhya Pradesh Chambers of Commerce and Industry (FMPCCI) in Northern India arranges low-interest loans for MSMEs. The organisation thus generates annual proceeds of around 60,000 EUR.
- The Narayangarh Chamber of Commerce and Industry (NCCI) in Nepal organises an annual trade fair at which regional enterprises can showcase their products. Pavilion fees and entry fees yield some 50,000 EUR. After deduction of all expenses, a surplus of ca. 7,500 EUR remains for the chamber.
- The Association of Ghana Industries (AGI) organises quarterly business lunches which combine a subject-related presentation (e.g. about tax legislation) with the opportunity for informal networking. AGI has managed to not only cover the costs for these get-togethers through fees (ca. 25 Euro per participant) and/or event sponsoring by large companies or public bodies, but also to generate surplus income.
- Similar to many other chambers and some associations, too, the Amman Chamber of Industry in Jordan issues certificates of origin for exporters. This service helps the chambers to generate 40 % of its income.