



# Promotion of Embedded Solutions to MSE Constraints

Action for Enterprise

# Objective

- Share experiences from AFE program  
“Promotion of Embedded Solutions to MSEs  
in the Ghana Craft Export Value Chain”
- Share experiences among participants on  
promotion of embedded solutions within value  
chains

# Definition

*Embedded Solutions* are solutions or services that are provided by one firm to another on a non-fee basis as part of their commercial transactions/relationship

# Embedded Solutions (provided by export companies to MSE producers) in the Ghanaian Craft Export Value Chain

**Export Marketing**

- 01) Advertising
- 02) Shipping and export processing
- 03) Product finishing
- 04) Provision of market information

**Product Development**

New product designs introduced with support from:

- 05) international importers
- 06) export companies
- 07) international design consultants

**Quality Management**

- 08) Quality training
- 09) Quality monitoring
- 10) Quality control

**Micro and Small Enterprises**

**Finance**

- 11) Pre-financing production
- 12) Facilitation of linkages to financial services

**Input Supply**

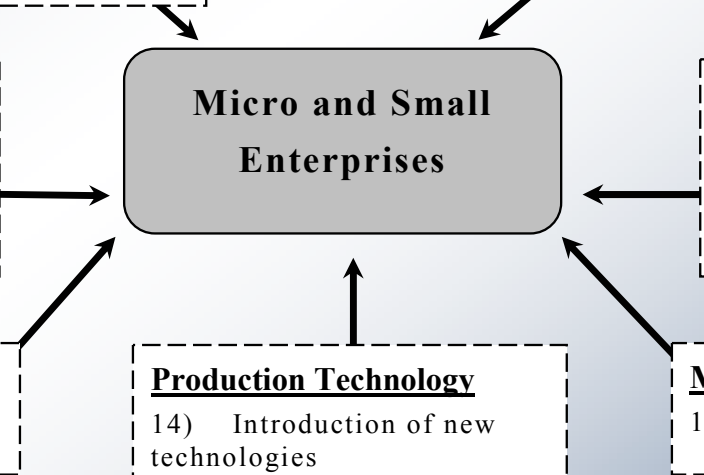
- 13) Raw material supply

**Production Technology**

- 14) Introduction of new technologies

**Management Advice**

- 15) Subcontractor development

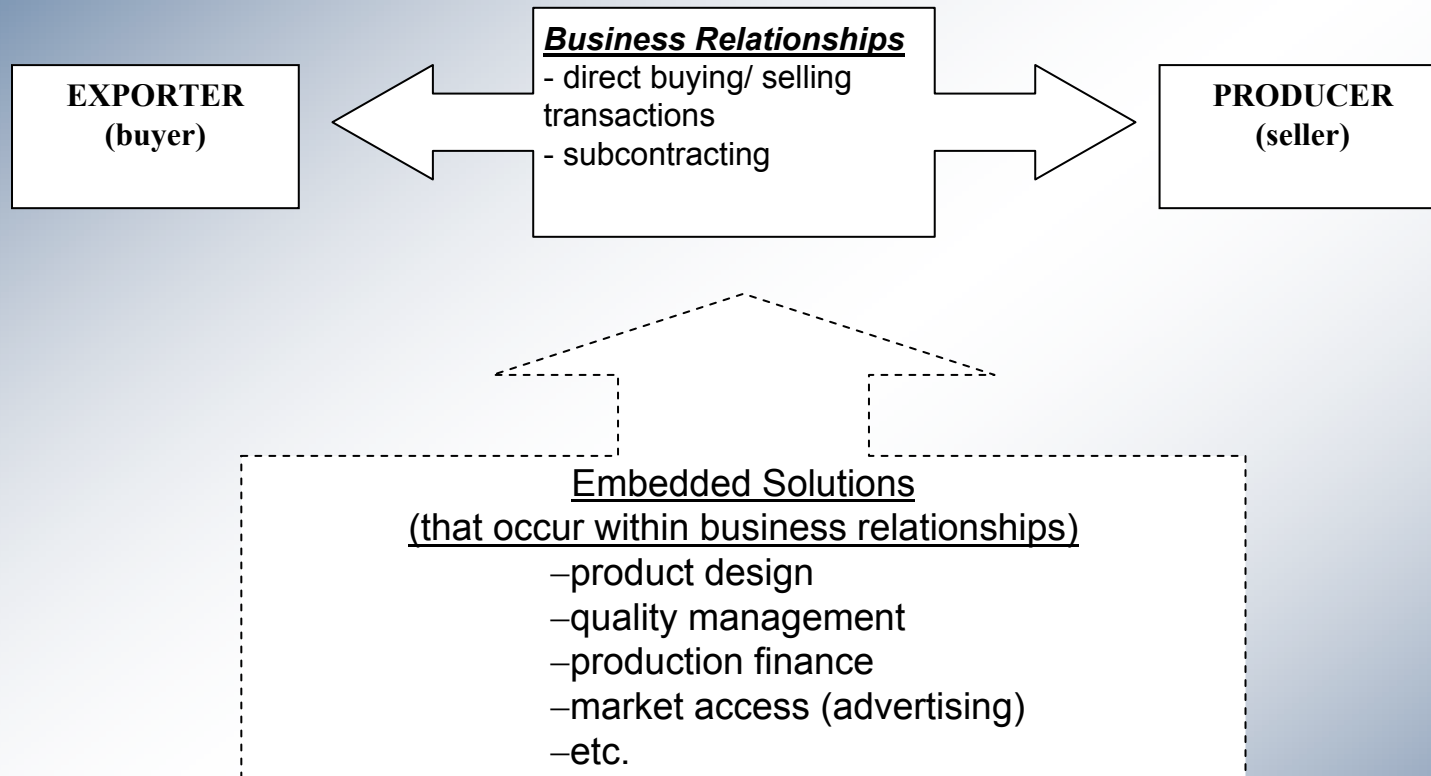


## Importance of Promoting Increased Transactions

- Export companies provide producers with embedded support and solutions to ensure that they receive good quality products in a timely manner.
- They strive to meet the demands of the international market.
- If successful, they generate new orders and then pass those orders down to producers.

## Importance of Promoting Increased Transactions

- Without these orders there is little incentive for them to provide embedded solutions.
- It is therefore critical that development organizations also focus on promoting increased **transactions** between export companies and their international clients.



# The Ghanaian Craft Export Value Chain

**Products: Baskets / Wood Carvings / Ceramics**

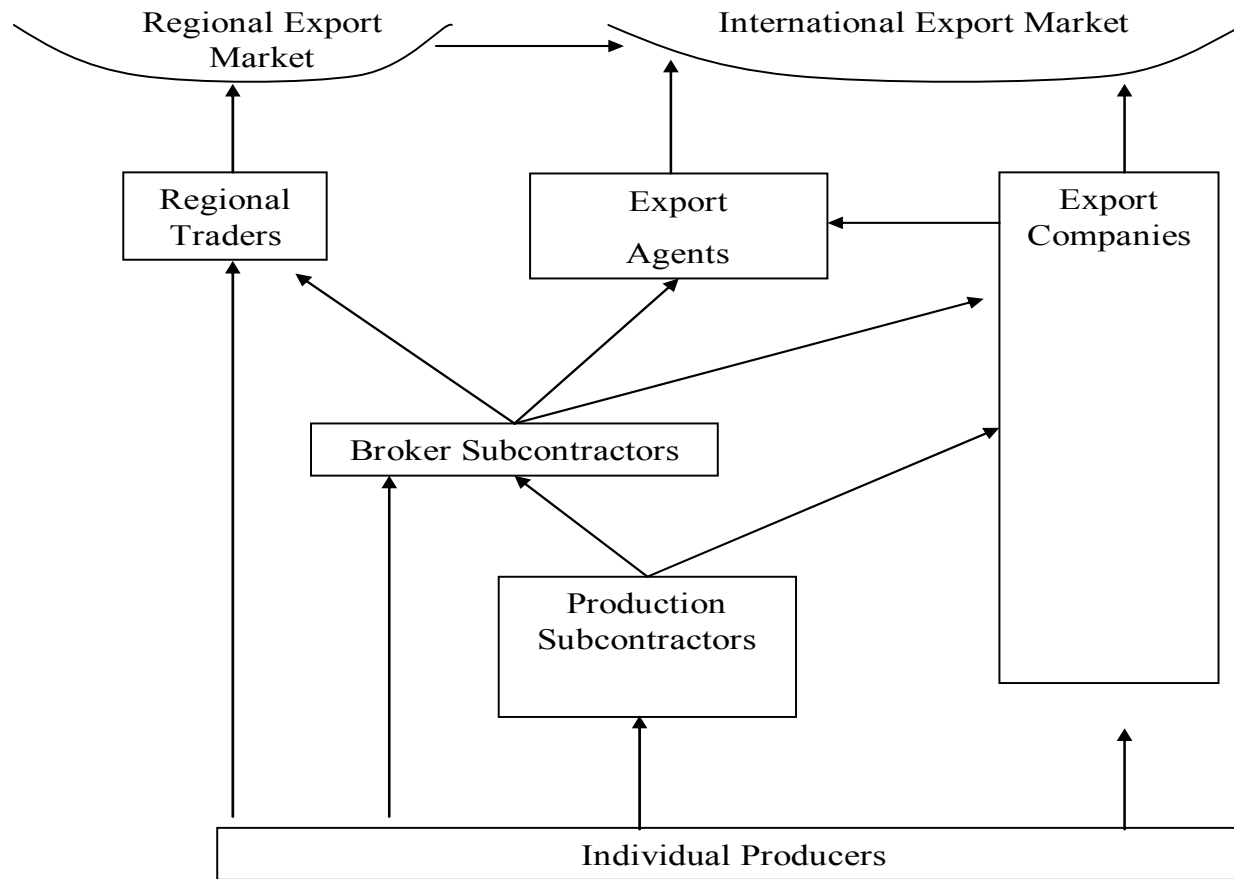
**Exports 2002: \$11.3 million**

- 2 Export Agents (average sales: \$2 million)
- 8 large Export Companies (average sales: \$200,000)
- 25 small Export Companies
- 70 Production Subcontractors
- 15,000 Individual Producers



# Value Chain Map (summary)

## Craft Export Value Chain Map



# Promotion of Embedded Quality Management Solutions

## Stage 1

- Assessment of production process
- Defining quality standards

# Defining quality standards



# Basket weaver group



# Promotion of Quality Management Solutions

## Stage 2

For Export Companies:

- Introduction of quality control checklists
- Development of quality management manuals
- Training of Trainers (TOT) workshop

## For Producers:

- Pilot workshops for producers
- Radio campaign/market announcements

# Weavers workshop



# Promotion of Quality Management Solutions



## Results

- March – October 2003: No customer complaints
- Export companies regained lost customers
- Led to container-load orders
- Improved relationships with producers
- Reduced need to order excess baskets





# Report on Bolga Straw Baskets



**Table 3: Report on Bolga Straw Baskets Purchased by SPB Uni-Commerz between December 2002 and October 2003.**

Month	Quantity Received	Quantity Bought	Quantity Rejected	Percentage Rejected
December 2002	1452 sets	955 sets	497 sets	34.2%
January 2003	1740 sets	1213 sets	527 sets	30.3%
March 2003	1472 sets	1102 sets	370 sets	25.1%
April 2003	322 sets	319 sets	3 sets	0.1%
May 2003	626 sets	577 sets	49 sets	7.8%
June 2003	117 sets	97 sets	20 sets	17.1%
July	97 sets	84 sets	13 sets	13.4%
August	3282 pcs	57 pcs	3225 pcs	1.74%
September	1488 pcs	2 pcs	1486 pcs	0.13%
October	3012 pcs	-	3012 pcs	0%

# Promotion of Quality Management Solutions

## The nature of embedded solutions provided by exporters

- Training to producers on quality mgt.
- Monitoring during production
- Intensified briefing when giving out orders
- Detailed feedback during deliveries

# Promotion of Other Embedded Solutions



## Product design/ development

- 4 weeks design internships of art students in 7 companies
- Interns had gone through special training at university
- Costs per internship: 100 US\$
- All companies got some new designs out of the internships (these were then introduced to MSE producers)
- 2 companies got orders for new designs within 4 weeks
- Samples were sent to buyers and trade fairs

# Promotion of Other Embedded Solutions

## Market Access

- Promoted participation in Sources Trade Fair NYC May 2003
- 10 export companies (representing over 4000 MSE suppliers)
- Project cost share: Transport of one container of display items
- Training seminar on characteristics of the US market

## Market Access

- 6-week Information Communication Technology (ICT) training
- Focus on digital imaging, e-mail and website development
- Significant change in the use of modern technologies that export companies use to communicate with international buyers
- Immediate investments in computers and cameras

# Lessons Learned



- Many embedded solutions, while initiated and driven by the export companies, are often carried out by intermediaries who operate between the export company and the producers. Projects promoting embedded solutions must consider the role of these intermediaries.

- Facilitation activities showed the importance of targeting specific craft export products (versus craft products in general) in promoting embedded solutions and value chain development.



- Exporters can be encouraged to invest more in the provision of embedded solutions and services if the benefits of doing so can be demonstrated clearly.

- There were many opportunities for "win-win" commercial relationships. These opportunities served as an impetus for the exporters to improve and expand their support to producers, and for producers to organize and manage their production more efficiently.

- Export companies can play a major role introducing organizational models to producers that facilitate the delivery of technical assistance and other embedded solutions

- Using mass media such as rural radio stations to provide MSEs with information about market constraints and the need for embedded solutions in quality management resulted in producers adopting a more collaborative (versus adversarial) relationship with the export companies.

- Subcontracting certain facilitation activities to local firms (through a tendering process) can be an effective means of building the capacity of local firms.

- Promoting embedded solutions resulted in greater impact and outreach than it would have had the project provided direct support to MSE producers.

- Promoting technical assistance and training to MSEs through commercial intermediaries that have a vested interest in continuing to provide the support ensured that the solutions would continue to MSEs beyond the life of the project.



Thank-you very much

For more information contact:

Action for Enterprise

website: [www.actionforenterprise.org](http://www.actionforenterprise.org)