



USAID
FROM THE AMERICAN PEOPLE

LAND O'LAKES
VENTURE37



USAID Sri Lanka BIZ+

Enterprise Acceleration

Learnings + Adaptations



This report was made possible with support from the American people delivered through the U.S. Agency for International Development. The contents are the responsibility of Land O'Lakes Venture37 and do not necessarily reflect the opinion of USAID or the U.S. Government.

Table of Contents

Glossary	2
Introduction	3-7
<i>Context</i>	3
<i>Business Partners</i>	4
<i>The Approach</i>	5
<i>About Land O'Lakes Venture37</i>	6-7
Key Learnings	8-23
<i>Key Learnings Introduction</i>	8-9
<i>Selection of Partners</i>	10
<i>Understanding and Adapting</i>	11-12
<i>Capacity Building</i>	13
<i>People</i>	14-16
<i>Indicators, Measurement, Results</i>	17-20
<i>Sustainability</i>	21-23
Closing	24

Glossary



BIZ+: The USAID Sri Lanka BIZ+ program

Coaching: Structured business advice, guidance and managerial skill development

GMP: Good Manufacturing Practices

GPTW: Great Place to Work™

HACCP: Hazard Analysis and Critical Control Point

Partners: Recipients of Investment Grants from BIZ+

SMEs: Small- and medium-sized enterprises

MDT: Management Development Training Program

STTA: Short-term technical assistance

Introduction

Land O'Lakes Venture37 is pleased to showcase both the impact of the 8-year USAID program in Sri Lanka, and the collaboration, learnings and adaptations that made the Sri Lanka BIZ+ program a success. Join us as we explore the elements of what makes a sustainable enterprise-driven development program, using the USAID Sri Lanka BIZ+ program as a case study.

Sri Lanka in Context:

Sri Lanka is an island nation off the coast of India and has a population of over 20 million. Sri Lanka's 26-year ethnic civil war devastated its Northern and Eastern provinces and left the country with stark economic imbalances.

As the country moves past its contentious history, the ability of ethnic Tamils, Sri Lankan Moors and Sinhalese to peacefully integrate both politically and economically is vital to Sri Lanka's journey toward self-reliance.

LABOR FORCE

2011: 7,926,445 ⇒⇒⇒ 2018: 8,566,686

POVERTY RATES

2009: 8.9% ⇒⇒⇒ 2016: 4.1%

Labor Force and Poverty Rate statistics from the Department of Census and Statistics.

About USAID BIZ+: Enterprise-driven Development

65
businesses supported

8,000+
jobs created

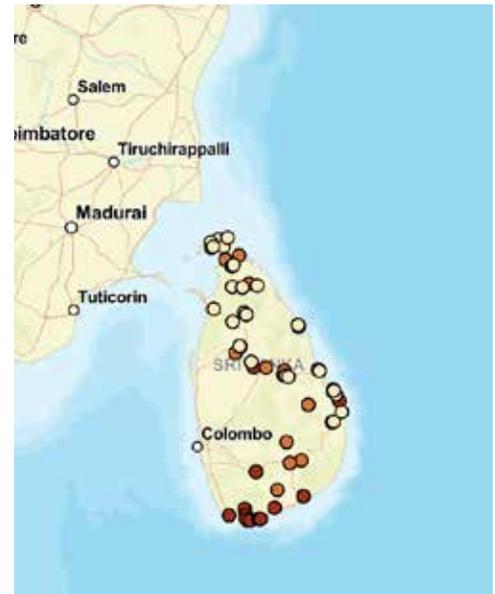
\$22M
private sector investment

In 2011, two years after the civil war ended, the USAID Sri Lanka BIZ+ project, implemented by Land O'Lakes Venture37 (formerly Land O'Lakes International Development), began working with communities most affected by the war. The project introduced and enhanced livelihood and job opportunities across the country to promote economic vitality through support to small- and medium-sized enterprises (SMEs). BIZ+ partnered with SMEs across Sri Lanka and expanded to work with additional businesses and focus on new geographic regions.

The program's facilitative approach included SME co-investment in production technology and equipment, mentorship and coaching, and improvements in operational efficiency and management practices.

BIZ+ Partners & Phases

- Phase I: 2011-2015.** A public-private alliance program that targeted the geographic areas most heavily impacted by the war in the Northern, Eastern and North Central Provinces. Through a competitive selection process, BIZ+ offered SMEs matching grants and much-needed local and regional economic growth.
- Phase II: 2015-2017.** This expansion of BIZ+ spread enterprise development activities into economically lagging Uva Province and adapted lessons learned, resulting in new trainings on two topics: women in management and running a family business.
- Phase III: 2017-2019.** The second expansion included communities and businesses in the Southern Province. The program introduced a structured management development training (MDT) program and refined its business coaching model.

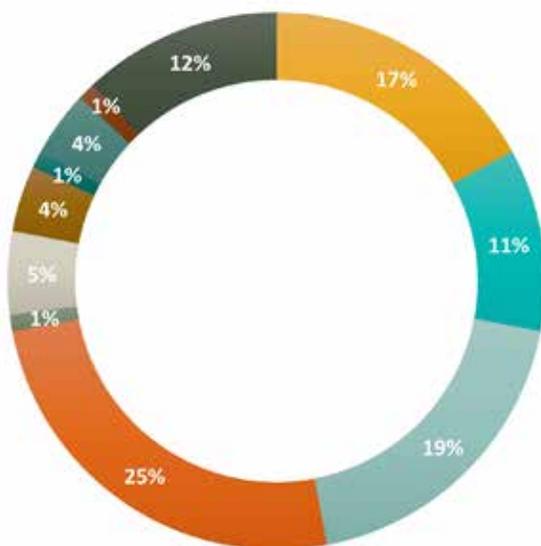


13/16 PHASE 3 PARTNERS PAIRED WITH BUSINESS COACHES

MORE THAN 50 BUSINESS MANAGERS AND OWNERS HAVE BEEN TRAINED THROUGH A YEAR-LONG SME MANAGEMENT TRAINING PROGRAM

80% OF BUSINESSES HAVE IMPROVED THEIR BUSINESS CAPACITY SCORE

BIZ+ has worked across varied industries



- Food Processing
- Manufacturing - Industrial
- Fisheries
- Distribution
- Manufacturing - Small Industry
- Energy
- Construction
- Garments & Textiles
- Tourism
- Dairy
- Vehicle Services

The Approach: Grants combined with business services

BIZ+ awarded investment grants, utilizing a public-private-alliance model. The BIZ+ partner businesses, typically SMEs, operated in many different industries or sectors—all committed to creating jobs and other economic and social benefits. BIZ+ promoted and supported these SMEs to rapidly expand operations. The objectives were to create employment and to significantly expand income earning opportunities for suppliers, agriculture producers and other micro-enterprises across value chains.

The investment partnerships grew the local economy and increased the level of household incomes in the communities where the businesses operate. BIZ+ signed investment grant agreements with the competitively-selected SMEs, detailing what each party would contribute and how the business would improve its production volumes, profitability and management practices. Accordingly, the program delivered a combination of access to capital through matching grants and capacity building services through technical consulting, business coaching and management training.

The evidence from BIZ+ shows that SMEs often require both capital assets and structured guidance across business functions to achieve sustainable growth objectives.

For the investment grants component, a concept note was first reviewed by the evaluation panel that provided a summary business plan among other required documents. Step two determined the viability of the businesses and the business targets. Businesses also submitted a full application with financial projections, and BIZ+ staff completed a business capacity assessment, including site visits.

This grants investment model of enterprise development was combined with an integrated, adaptive approach to coaching that prepared businesses for management challenges, creating a wrap-around approach. BIZ+ was designed as an employment creation project; however, in practice, the quantitative and qualitative results indicate that the program's lasting impact rests on more than the number of jobs and benefiting value chain suppliers. The sustainability of the businesses depend on the ability of owners and managers to reach and adapt to markets, to effectively and efficiently manage production, and to motivate and retain employees and suppliers. Thus, BIZ+ invested in training and advisory services that helped managers and their teams improve business practices, link and sustain markets, implement quality assurance systems, and build positive and safe workplaces for all employees.

In the early phases of the program, BIZ+ primarily utilized assistance from specialized consultants and volunteers. This was supplemented by group training workshops covering topics such as project management, financial planning, and occupational health and safety. However, some first stage partners also received more extended support from a business coach. These businesses quickly realized operational efficiencies and sustained financial gains. Based on these learnings, BIZ+ changed its capacity building approach and introduced a management development training (MDT) program and business coaching. The Phase 3 results indicate that the adoption of business coaching as a capacity building tool was extremely effective. In addition, three district chambers of commerce have worked to expand the use of the BIZ+ MDT as a facilitative approach to continue growing the small- and medium-sized enterprises of Sri Lanka.

A business coach focuses on the specific skills and development goals of a business by breaking them into concrete tasks to be completed within a specified period of time. Using a structured approach, a coach helps and guides a business to identify and prioritize goals, address and resolve operational issues, and to implement strategies to achieve business objectives. An STTA consultant generally analyzes business challenges or opportunities and advises the business on how to solve that immediate and narrowly defined challenge.

About Land O'Lakes Venture37

Land O'Lakes Venture37 is a 501(c)(3) nonprofit helping communities around the world thrive through agriculture. Since 1981, we have implemented over 315 dairy, crops and livestock projects in nearly 80 countries — developing enterprise, creating jobs and linking farmers to markets.

Our long-standing affiliation with Land O'Lakes, Inc.'s diversified agribusinesses sets us apart. This \$15 billion farmer-owned U.S. agribusiness offers us nearly 100 years of expertise in dairy, animal nutrition, crop inputs and technologies. This gives us a unique view of agriculture, market systems and business development.

Land O'Lakes Venture37 has had an ongoing presence in the country of Sri Lanka for 12 years, with both USDA and USAID projects to build up capacity of the private sector and dairy value chains in the country, improving incomes for farmers and workers.



The Impact &

8,000+
jobs created

11,373
households benefitted

5,257
individuals benefitting
from technical assistance

\$22M
private investment
leveraged

Our History in Sri Lanka

2007-2009

JAFFNA DAIRY DEVELOPMENT PROJECT

With USDA and the Humpty Dumpty Institute, we helped revive the dairy sector in areas devastated by the civil war.



2009-2012

FACILITATING ECONOMIC GROWTH

With USAID funding, we mobilized volunteer experts to provide technical and management training to cooperatives, associations, and other agribusinesses.

2009-2012

DAIRY ENHANCEMENT IN EASTERN PROVINCE (DEEP)

The USAID DEEP project improved productivity, market connectivity, and household incomes. We facilitated a public-private partnership that invested in a dairy processing facility and linked nearly 4,200 farmers, 44% of whom are women, to the value chain.

Results of BLZ+

Annual sales revenue of SME business partners increased **\$70M**

81% improved capacity score

1064 improved practices/new technologies

\$12M household income generated



Enterprise Development: *Key Learnings*

In the next section, we delve into the key learnings from Implementing BIZ+. You will not only read about the broad impact of the USAID Sri Lanka BIZ+ project, but also about how our technical approach was implemented, the key lessons learned from each phase of the project, success stories, adaptations and unintended results from the life of the project. We focused our learnings on the following key areas:

Selection of Partners

Understanding and Adapting
People

Capacity Building

Indicators, Results, Measurement

Sustainability

Selection of Partners:

Unintended consequence—there is value even in the application process.

BIZ+ received more than 500 concept notes, but only 65 businesses were awarded investment partnerships. Though only a relatively small number of applications were funded, the BIZ+ application process and requirements created benefits for many businesses—even if the application was unsuccessful. The process required applicants to develop a concise business plan, meet with environmental authorities, check the land registry, and prepare formal financial statements and projections. Many rural SMEs in Sri Lanka were not aware of certain regulations or had taken an informal approach to managing their businesses, even as sales and the scale of operations grew. By applying to BIZ+, a business was better positioned to use the same documents to apply to a bank or other financial institution in the future.

Adapt the application and vetting process.

In Phase I of BIZ+, the program worked only in the post-conflict areas in the North and East of Sri Lanka. Businesses in these regions had limited capability to prepare concept notes and business plans, and the level of professionalism lagged behind businesses in other areas of the country. Accordingly, BIZ+ initially had a rolling application process which allowed the enterprise development officers to work with a business to prepare a complete application. Moreover, BIZ+ would explain deficiencies in a concept note and give the business time to correct and resubmit its concept note. In later phases of the program, though the selection criteria did not change, there was not enough time to use a rolling application process. Therefore, BIZ+ published request for applications (RFA) with submission deadlines and presented a one-time competition among all applicants. In the final phase, BIZ+ required the top-scoring and short-listed businesses to pitch their business plan to a panel. This presentation by the business owners helped BIZ+ see the leaders of the business in action, evaluate the owner's commitment to the expansion plan and hear firsthand about the market opportunity and potential risks.

Spend time at the business facility early.

BIZ+ undertook site visits of potential partners during the evaluation stage; however, it was only practical to visit the top-scoring, short-listed applicants. Unfortunately, this meant that a lot of value was placed on the written concept note and quality of supporting documents that a business submitted. After the applications were reviewed, site visits were a very important preliminary step. The more time that members of the evaluation panel spent at a business and its factories, the better the selection decisions. A day-long observation of the business in operation revealed important details about how the business functions and about the capabilities of the business partner. One could observe the working environment, production process and inefficiencies, the workplace culture, and the level of involvement of the owners (and possibly the owner's spouse or family). These observations were valuable in the selection process and for the preparation for an award of an investment grant.

Understanding & Adapting:

Be flexible in approach—use the most effective mechanism and agreement type for the particular investment partnership.

For the early phases of the program, BIZ+ exclusively used partnership grant agreements which required the program to procure or oversee the purchasing of industrial equipment that was then transferred to the partner business to use. Typically, the partner would invest a similar amount of money to purchase other machinery and equipment and improve buildings or other infrastructure. BIZ+ was most successful at implementing this approach when the program engaged technical engineers and other experts, and closely involved management of the partner businesses to define specifications and identify potential suppliers. Nevertheless, it was very challenging for BIZ+ to procure industrial machines and equipment that needed to fit into production lines and serve the very specific needs of a commercial business. The program staff could never be experts in all the varying industries in which partners operate and, on occasion, competitive procurements did not yield equipment that satisfied the business partner.

Taking lessons learned from Land O'Lakes Venture37's former Feed the Future Kenya Innovation Engine project, BIZ+ began using performance-based agreements in the final phase of the program. These milestone-based agreements were used to encourage SMEs to invest to address gaps in the market system or to address critical marketing, operations or business management challenges identified by BIZ+ during due diligence and operational assessments. The program used performance-based agreements with a number of businesses, which in all cases appeared to be successful.

For example, a milestones-based investment grant was awarded to Sheroni Printers, which achieved dramatic improvements in operations, financial administration and marketing. Encouraged by the performance incentives, Sheroni Printers improved business governance and workplace safety, upgraded its record-keeping system, implemented accounting software, and introduced transparent and fair employment policies and practices. Most importantly, the company developed and implemented a marketing strategy. The results were noticeable. By the end of 2018, Sheroni Printers increased its gross profit by about \$6,000 compared to the previous quarter. The company also created new employment opportunities, thus achieving the objectives of the BIZ+ investment partnership.



Understanding and Adapting:

Enterprise acceleration—it takes time.

From the beginning of the BIZ+ program, USAID was a dedicated partner and collaborator with Venture37. USAID Sri Lanka understood that enterprise development cannot happen overnight—the activity required strong management, time to build business capacity, and patience for businesses to work within market systems. This working relationship with USAID—led by people who understood the program goals and the PPA mechanism and who provided flexibility to learn and adapt—helped make the program a success. BIZ+ was able to respond quickly when things were not working and accept that even with the best resources, some businesses still may not be able to succeed within planned timelines.

The BIZ+ program was first awarded in 2011, and within the first two years worked closely with USAID to adapt to new budget parameters, change geographic regions for implementation, and adjust other elements of the program scope. USAID and BIZ+ agreed to eliminate an enabling environment and policy component, which other donors were also addressing. BIZ+ decided to focus resources on helping enterprises in more areas of the country and to rapidly drive economic growth in the rural communities where the businesses operated. With a commitment to collaboration, learning and adaptation, BIZ+ was a successful and ultimately sustainable enterprise development program that created hope, opportunity and jobs for thousands of Sri Lankans.

Case Study: Performance and Milestone-Based Agreement with Wattakgoda Producers creates flexibility in times of crisis

Although their initial applications were for a cost-sharing grant to invest in buildings and machinery, a milestone-based approach for two cinnamon producers, Saviru Spices and Wattakgoda Producers, helped them to invest in meeting GMP and HACCP requirements, gain ISO9000 systems certification, improve cinnamon processing practices, improve packaging and train their cinnamon suppliers to improve hygiene practices. Overall, the milestones grant helped focus their investments on the areas needed to help them access better markets and grow their businesses sustainably.

Several months after we entered into a milestones-based agreement with Wattakgoda, their main production facility burned down. If we had entered into a traditional procurement-based grant, any equipment bought would have been lost in the fire. Instead, we were able to adapt the milestone-based agreement to help Wattakgoda rebuild itself—one of their deliverables was to show that they were officially re-opening the business and continuing with their GMP and HACCP requirements in the new premises.

Capacity Building:

Improving market access.

As with any project that works with businesses in a market-driven society, there will be fluctuations within districts and nationwide that will affect business performance and markets. For example, the oversupply of black peppercorns from Vietnam caused the price of black pepper grown and processed in Sri Lanka by BIZ+ partners to fall so dramatically that the cost of the finished product in inventory was higher than the price to consumers.

Ecowave, a BIZ+ partner and a social enterprise in the spice industry, quickly adjusted its product mix to market white peppercorns and spice mixes while storing black pepper until prices stabilized. In another instance, extended drought conditions heavily impacted coconut growers and oil producers in Sri Lanka. For nearly one year after the drought, the size of coconuts on trees were very small. Yharl Enterprise, a coconut oil manufacturer and BIZ+ partner, was forced to stop production of oil; they instead concentrated on de-husking and fiber processing services and consolidating coconuts to larger processors.

Both cases illustrate the effect of market shifts, particularly with globally-traded products. Through its capacity building activities, BIZ+ helped small businesses be ready to adapt to market forces caused by either international trends or weather-related supply shortages.

One important avenue to open access to new or diversified markets was facilitating improvements and certifications in Good Manufacturing Practices (GMP) and HACCP, as well as ISO quality, food safety, and environmental management standards. Work to achieve internationally recognized certifications prompted major changes and discipline in businesses such as Ecowave and Yharl, which both operate in rural and economically lagging regions. This also improved the companies' competitiveness and access to markets beyond Sri Lanka's borders.

People:

A business-focused project needs business-trained staff:

An enterprise acceleration project is about capacity building, not simply supplying grants or equipment. BIZ+ managed a portfolio of up to 35 active partnerships at any one time. The BIZ+ program had a team of five enterprise development officers who served as the point of contact for partner businesses, while grants and monitoring and evaluation specialists offered functional support. While the enterprise development officers were strong professionals with years of experience implementing development projects, the team lacked business management experience. As a result, they had limited ability to support the enterprise's management challenges and build capacity in marketing, operations, or finance—all key functions of a commercial business. BIZ+ learned that hiring officers and other program staff who possessed practical business, industry and managerial skills and experience, situated BIZ+ as a valued business advisor while meeting other monitoring objectives for the program. When necessary, a program should invest time and resources to help its team develop and gain skills that also meet the program needs by offering a structured training program for staff who engage with clients.





Enterprise development needs long-term, structured capacity building over the life of the program: Business coaching works!

BIZ+ delivered capacity building and business development services support while simultaneously implementing investment grants. The aim was to build the capacity of each grantee business so that as the business operations expanded, the management practices, work processes, and other technical knowledge is up-to-date with the goal of maximizing revenues and profit. Over the life of the program, BIZ+ mobilized more than 5,800 days of work by consultants and volunteers, who provided advice and guidance to develop the enterprise or analyze technical matters. In addition, BIZ+ facilitated nearly 250 specific training events at partner businesses, workshops or learning events. These training events benefitted more than 5,000 individuals.

Over the duration of the program, BIZ+ moved from implementing a series of technical assistance consultancies to address business issues (e.g. factory workflow) or opportunities (e.g. market strategy development) and ad hoc topical group training sessions (e.g. project management) to a more comprehensive capacity building strategy. This strategy matched partner businesses with coaches who have practical business experience, manufacturing skills or specific industry experience. The coach visited the factory to assess existing machinery capacities, equipment and operational efficiencies and worked closely with each business to understand their operations, gain trust, provide technical training and implement new management practices. Such a strategy is essential to support and accelerate the SME's business expansion plans.

This wrap-around approach was multifaceted—it was not simply an investment grant or only a coaching activity. It was collaborative, cohesive and designed to help each business expand and prepare owners and management to lead the business in its new capacity.

The combination of the structured, 12-module management training program and business coaching support proved effective—they generated strong and traceable results for the businesses. The MDT training course developed by BIZ+ introduced good management practices to owners and managers of SMEs using a structured, but very practical, curriculum that was cumulative over a one-year period. The forum enabled the participants to discuss and share experiences with other business owners. The business coaching services, in turn, reinforced the learnings from the trainings, and the coaches guided the business owners and managers on how to apply the ideas and practical tools gained during the course.

People:

Volunteerism can be an important component to enterprise development, if structured and sourced thoughtfully.

BIZ+ utilized international and host country specialist volunteers to help build the capacity of partner businesses. Over the life of the program, BIZ+ mobilized 35 international volunteers and seven Sri Lankan pro bono advisors and delivered 1,875 days of volunteer service. For example, advisors included a program management expert, who trained hundreds of employees at partner businesses on managing human resources, assessing skills of the workforce and how to be a better manager. Another advisor was a chef and a restaurant and hospitality industry expert who helped a hotel partner to recruit a chef and provided training in the areas of restaurant management, customer service and hospitality.

In addition, BIZ+ utilized five assignments under the Talent Acceleration Program (TAP), fully funded with the support of Land O'Lakes, Inc. (U.S. affiliate), to mobilize business and supply chain advisors. The young professionals from TAP joined BIZ+ for four to six months and worked directly with partner businesses. One TAP associate helped food processing businesses to establish a quality testing laboratory and led quality improvement initiatives.

The key learning from the BIZ+ experience is that longer-term assignments (two months and greater) were successful because the volunteers had more time to learn about local business practices and to build trust with the business managers and employees.

Over the life of the project, BIZ+ has:

**Mobilized
35
int'l
volunteers**

**1,875
days of
volunteer
service**





Indicators, Measurement, Results:

Top-level indicators should show breadth of impact.

The main performance indicator for BIZ+ was the number of jobs and income earning opportunities created. However, through our learnings on BIZ+, the number of employment opportunities is perhaps not the most effective chief indicator for enterprise development projects. This learning was especially evident in the later phases of the BIZ+ program, when it was being implemented in regions of the country that were not directly affected by the war and did not have the same labor shortages as the war-affected areas.

From an economic perspective, it's rational and smart for a business to wait to add employees until market demand requires more output, which may happen late during the implementation period. Enterprise acceleration activities, thus, should require business and operational oriented targets such as sales and customer base growth, measurements that prove the adoption of improved management and production practices, and other financial health and performance variables such as debt and liquidity ratios.

Utilize monitoring and reporting systems that are business friendly.

There are two simple learnings and requirements: (1) Support business in reporting and (2) Utilize standard business management information, systems and reports. The expectation should be that commercial businesses will find typical donor reporting requirements as difficult and unusual and will therefore ignore or be slow to respond to reporting requirements.

However, training and capacity building activities for business partners that improve accounting and financial reporting (for donors or Government) can and should be implemented as part of an enterprise acceleration project. Business partners should utilize monitoring and reporting systems that are business-friendly and/or draw data from established systems for employees (employment numbers and demographics and changes), sales (to customers/ stakeholders) and input purchases (from farmers). An enterprise acceleration project should support both businesses and subcontractors in their reporting. To be successful, project technical staff also must understand how the business operates, who its customers and stakeholders are, what data is available, and what system could be put into place to help the business and get the project the needed information to best monitor and evaluate results.





Indicators, Measurement, Results:

Business reporting—gaining trust and encouraging transparency takes time.

Encouraging partner businesses to report financial and business information to the program proved to be a significant challenge for BIZ+. The information was necessary to capture and compile data for analysis of impact and reporting to USAID. But many SMEs in Sri Lanka are family-run, and owners often limited the access to financial and business data, even to those within the organization, and were often slow or unwilling to share information with BIZ+. The core issue, it appeared, was that businesses had a concern about financial information that could impact the company's tax reporting. BIZ+ responded to the challenge in a few ways: (1) building trusting relationships between the program staff and the business owners, (2) requiring periodic reports from the business that were standard business statements and management information in line with good business practices instead of typical donor reports, and (3) offering training in tax planning.

The thinking was that if a business understands management reports and how to use information for decision-making, then the business owners would be more willing to share data with the program.

The best indicator of success for BIZ+ is that partner businesses have changed for the better.

To analyze change in management practices, governance and maturity of an enterprise, BIZ+ conducted an objective, standardized business capacity assessment of its partners. Over 80% of BIZ+ business partners improved in their scoring of business capacity compared to a baseline. The businesses scored highest on Business Operations and Viability (3.48 on a scale of 1 to 4), which is a strong indicator that the enterprises are on a sustainable path of business growth. Moreover, establishing industry specific key performance indicators (KPIs) is important in enterprise development for the businesses to see their own growth and potential growth.

For example, small-scale apparel sector partners DT Enterprises and Dickwella Hiru Fashion each rapidly increased productivity as a result of the partnership with BIZ+. DT Enterprises' production efficiency was consistently below 57%, and similarly Hiru Fashion's production efficiency was below 65%. An analysis conducted by BIZ+ indicated that DT Enterprises now exceeds 60% efficiency, while Hiru Fashion now produces garments with 75% efficiency.



Creating employment opportunities open to women does not guarantee women will want the job.

Only 36% of Sri Lankan women participate in the workforce[1]. Accordingly, the fact that jobs are available at businesses does not automatically mean that women will rush to apply or accept an offer. Cultural considerations, family roles and community perceptions are all external factors that compete with a seemingly straight-forward, available job opportunity. Home-based employment presents a win-win strategy for employers and workers alike. It offers a way for rural Sri Lankans to remain gainfully employed and improve their quality of life, while being able to spend more time with their families and in the community. It also creates significant benefits for businesses, which can maximize efficiencies and expand their operations thanks to these independent workers.

For example, an employee at BIZ+ partner CPI Footwear set up a workspace at their house and secured a contract from CPI to produce 250 pairs of fabric toddler shoes per week. This work provided an income for three others in the household as well as for two neighbors. It also provided CPI with a specialty product that could be produced in small lots and marketed to consumers while also filling out CPI's product portfolio. In addition, in many rural and remote areas, commercial child care is simply not available. By working closely with CPI, we were able to better adapt to accommodate women by allowing flexible scheduling and home-based production opportunities.

Similarly, the tourism and hospitality industry in Sri Lanka is constantly working to find and keep employees. The industry seeks employees for a multitude of roles and has vacancies island-wide. Still it's paramount for the hotel or industry to prove that the job is safe and respectable. BIZ+ partner River View Palm Hotel, which developed a hotel property in a challenging tourism area in eastern Sri Lanka, succeeded by creating a welcoming environment from the start and also successfully integrated and promoted women into key management positions. The company provides all new staff members a combination of classroom and on-the-job training, with specialized skill modules according to their job duties.

[1] Female labor workforce statistics from World Bank (2017)



Indicators, Measurement, Results:

Case Study - Inclusion in action: Wheel Masters and its secret to success—inclusion.

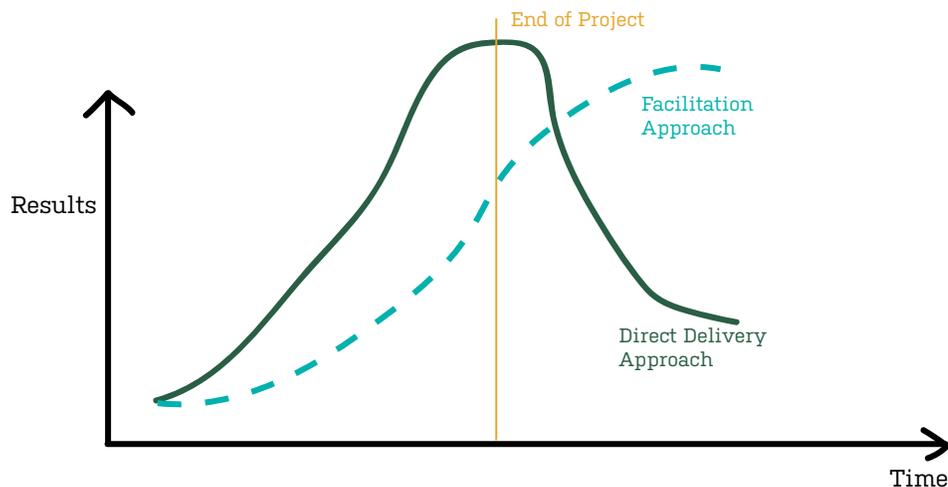
At age 19, during Sri Lanka's 26-year civil war that ended in 2009, Amal Piyathilake, owner and president, took over his father's gas station and turned it into Wheel Masters.

In the final years of the war, more women than men were available to work. This is when Amal hired Indra. Though many traditionalists in Sri Lanka see women's place as in the home, Amal doesn't give Indra's gender much thought. "She's the one who encouraged me to expand the business to where we are today. She's reliable. She's passionate. She's a faster learner," he explains.

With investments from BIZ+, Indra and Amal added 120 jobs. Wheel Masters, which now has four shops in Sri Lanka, has set the gold standard for the industry.

And Indra is no longer the lone female auto repair shop manager in the country. All four Wheel Masters shops have female managers, a rarity in the automotive industry.

BIZ+'s approach to enterprise acceleration was to engage as partners with SMEs and facilitate growth through investment and capacity building services. Because of this wrap-around, facilitative approach, the impact and financial payback for the commercial business was often delayed and recognized at the end of the partnerships with the program (teal dotted line in example graphic). In contrast, most of the impact of a common enterprise development project is seen early during life of development project but then dwindles when project concludes (green solid line in example graphic).

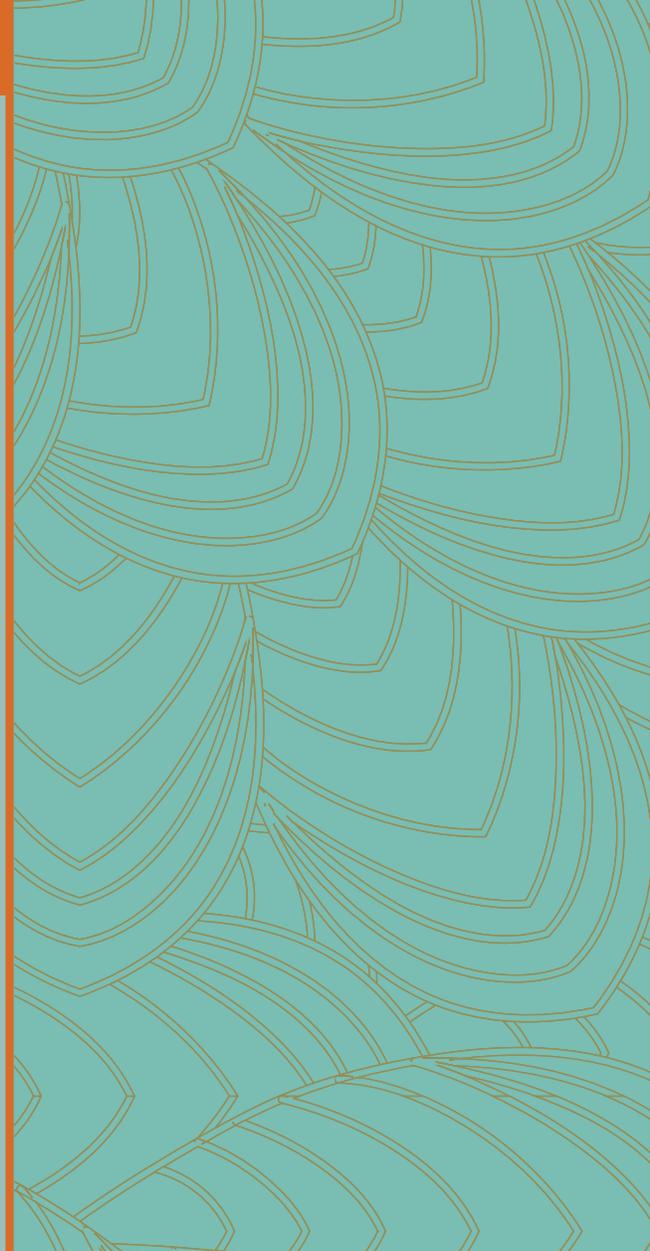


Sustainability:

Case Study: Making Sri Lanka a "Great Place to Work"

BIZ+ worked with the Great Place to Work (GPTW®) Institute, an international organization that helps businesses improve workplace culture and employee engagement, and awards recognition based on employee surveys and reviews of practices. By collaborating with BIZ+, GPTW improved their relevance to SMEs particularly in more rural areas of Sri Lanka and developed the capacity to conduct trainings and assessments in local languages other than English. GPTW delivered learning and capacity building sessions for BIZ+ partners; enterprises attended conferences and management training sessions. In addition, BIZ+ exposed medium-scale business partners to the GPTW methodology, which enabled the businesses to improve workplace culture. GPTW helped these businesses identify and address issues such as employee retention and to bridge the gap between employees' expectations and workplace realities. GPTW is positioned to Sri Lankan SMEs as they respond to the countrywide problems of high turnover and the lack of workers to fill employment vacancies.

Four BIZ+ partners (Randeepa Agrarian, Lakmee Exports, Hiru Fashion, and Miami Exports) were certified as "Great Place to Work" in 2019, with Miami Exports being recognized as one of the top 10 workplaces for women in Sri Lanka.



Case Study: Capacity Building

G-Rose Personal Care Products participated in BIZ+ capacity building in three areas: (1) owners and key staff from the partner business actively joined the Management Development Training program, (2) the company worked with operational engineers and quality system advisors to design the factory layout and processes for hygienic processes and good manufacturing practices, and (3) a business coach guided the program to improve financial record-keeping, initiate analysis, and ultimately access capital from a commercial bank.

A photograph of a man with a beard and mustache, wearing a light-colored shirt, smiling and looking down. He is in an outdoor setting with green plants and trees in the background under a clear blue sky.

SUCCESS STORY: NORTH LANKA FOODS

What can we learn from this BIZ+ enterprise acceleration example?

BIZ+ and North Lanka Family Foods, a subsidiary of a well-known Sri Lankan packaged food and spice company, co-invested \$1 million in a venture that opened a food processing factory in center of the most conflict-affected areas in Sri Lanka. The factory has three separate business units for edible oils, vegetable and dairy products. Since the end of the 30-year conflict, the factory is the first large-scale food processing center to be established in the region. North Lanka is connected to 200 farmers through an extension outreach program, creating on- and off-farm employment opportunities in local communities. Produce collected from the region is transported to the factory and converted daily into high quality products for markets in Sri Lanka and around the world. The company invested time and expertise to build its supply chain, helping farmers diversify crops, and ensuring that the network of farmers has direct access to a market. This strategy is working for the company and is making positive, systemic impact in rural communities—many of which were the most war-affected.

The partnership with North Lanka Family Foods has been successful because the company demonstrates a strong commitment to farmer producers, ensures food quality and safety, and focuses on the market and customers to deliver a sustainable business model. The company proved that embedded services are key to linking growers and SMEs to high value-added markets. This is the kind enterprise that can create a big impact in post-conflict regions.

Sustainability:

A sustainable exit strategy is key.

The BIZ+ model is sustainable for several reasons. First and foremost, one important aspect of the BIZ+ model has been its risk-sharing approach. In simple terms, USAID funds were combined with business resources to achieve results. In this scenario, both parties have an interest in ensuring the business investment succeeds and continues to grow; in most cases, the recipient businesses have an even greater, vested interest in doing such.

Starting from the selection process, BIZ+ has required a minimum 1:1 sharing of all investment costs. At the conclusion of the program, the portfolio of investments exceeded this minimum requirement by securing \$2 for every \$1 invested. Of approximately \$11 million in investment grant funds awarded to 65 businesses, recipient businesses contributed over \$22 million private capital, with an average investment by each business of \$335,000. The significant investments made by each business owner made it unlikely they would let their businesses fail, given that the assets invested often represent a significant if not total share of their livelihoods. Once their business begins to show significant growth, the business is in a much better position to access future financing in the form of bank loans and outside investment.

There are other aspects of the BIZ+ model which lead to sustainability. These include a rigorous screening and due diligence process, a collaborative business expansion planning process, as well as a robust capacity building approach.

Based on a common objective to strengthen small businesses, create employment opportunities, and facilitate industrial and economic growth in rural and secondary cities of Sri Lanka, three district chambers of commerce and BIZ+ collaborated to sustain and expand the use of the BIZ+ management development training program and the methodology that originated in Phase 3. The chambers implemented the course in their districts with about 60 businesses. BIZ+ introduced the training course and supported staff and management of the chambers to learn how to organize and deliver the curriculum developed by BIZ+. The chambers promoted the course and selected the businesses to participate. BIZ+ provided the curricula, introduced qualified trainers and participated in the first learning sessions. As an outcome, there are additional groups of businesses and managers beyond the BIZ+ program of trained and motivated business professionals who will become valuable chamber members. Similarly, BIZ+ introduced its partners to important support organizations such as industry associations, technical institutes, and enterprise support organizations. These organizations include Employers Federation, Industrial Technology Institute, Productivity Secretariat, Plastics and Rubber Institute, Cinnamon Training Academy, Great Place to Work, and the Sri Lanka Institute of Textile and Apparel among others. This exposure ensures that the business owners at least know where they can go for help to solve technical issues or access training services in the future.



"USAID's assistance to the SME sector is not about financial investment alone. It is about investing in people and the private sector to lift lives and transform economies.

USAID has assisted SMEs across the country to invest in its community, create jobs, develop skills, generate regional economic growth and, most importantly, give hope to thousands of Sri Lankans for a better tomorrow."

Reed Aeschliman, **USAID Mission Director,**
at the MDT closing event, December 2018



USAID
FROM THE AMERICAN PEOPLE

LAND O'LAKES
VENTURE 37



www.landolakesventure37.org