



THE NOURISH PROJECT

BUSINESS SERVICE CENTERS:

FROM THEORY TO PRACTICE

September 2018

Report authored by Sunetra Lala and Sereivathana Pak

NOURISH Project

SNV Netherlands Development Organization Cambodia
PO Box 2590
#184 (2nd Floor), Street 217 (Monireth)
Phnom Penh, Cambodia
Tel: +855 23 994 562
Web: www.snvworld.org

Cover photo: Ngy Sophorn, SNV, NOURISH Project

Disclaimer: This document is made possible by the generous support of the American people through the United States Agency for International Development (USAID) under Cooperative Agreement No. AID – 442-A-14-00006. The contents are the responsibility of SNV Netherlands Development Organization Cambodia and do not necessarily reflect the views of USAID or the United States Governments.

Led by Save the Children, NOURISH is implemented in Cambodia with five local and international partners: Operations Enfants du Cambodge, Partners in Compassion, SNV Netherlands Development Organization, The Manoff Group, and Wathnakpheap.

TABLE OF CONTENTS

Business Service Centers:	1
From Theory to Practice	1
Acronyms	4
Executive Summary	5
Introduction	6
BACKGROUND	6
RAPID ASSESSMENT OF POTENTIAL BUSINESS SERVICE CENTER MODELS	6
BUSINESS SERVICE CENTER MODELS	7
Business Service Centers: Progress and Performance	7
Business Service Center – Siem Reap	8
Business Service Center – Pursat	9
Business Service Center – Cambodia Water Association.....	10
Business Service Center – Build Bright University	11
Business Service Center – University of Battambang.....	12
Discussion	13
Conclusion	16
References.....	17

ACRONYMS

BBU	Build Bright University
B2B	Business-to-Business
B2G	Business-to-Government
BSC	Business Service Center
CARD	Council for Agriculture and Rural Development
CDHS	Cambodian Demographic and Health Survey
CLTS	Community Led Total Sanitation
FASMEC	Federation of Associations of Small and Medium Enterprises in Cambodia
JMP	Joint Monitoring Program
MBA	Masters of Business Administration
MFI	Micro Finance Institution
ODF	Open Defecation Free
PDRD	Provincial Department of Rural Development
RGC	Royal Government of Cambodia
SBCC	Social and Behavior Change Communication
UBB	University of Battambang
USAID	United States Government for International Development
WASH	Water, Sanitation and Hygiene

EXECUTIVE SUMMARY

One out of three (32%) children under the age of five in Cambodia are stunted. The prevalence of stunting is 10% higher among children born to mothers from the lowest wealth quintile (42%) (CDHS, 2014). The Royal Government of Cambodia (RGC) has made a commitment to address the nutrition and stunting challenge, and reverse its effect on the Cambodian population by focusing on the most vulnerable and poor food-insecure households. To support the RGC's commitment to improving nutrition, targeted assistance from donors and expertise from local and international organizations is necessary to translate this commitment into practice and to realize an impact on malnutrition. With funding from both United States Agency for International Development (USAID)'s Global Health Initiative and Feed the Future Initiative, NOURISH - led by Save the Children in partnership with five local and international organizations - works to assist the RGC in reducing stunting by focusing on key determinants of chronic malnutrition in Cambodia across different sectors. NOURISH takes a multi-sectorial approach integrating health/nutrition, water, sanitation and hygiene (WASH) and agriculture. NOURISH aims to improve market functioning, so that WASH and agriculture products and services are available for a variety of consumer needs and preferences and are accessible and affordable to significantly more customers in the project-supported geographical areas.

Whilst many Cambodian small and medium enterprises (SMEs) provide agriculture and WASH products and services necessary for rural Cambodian consumers to improve and sustain nutritional status of pregnant women and children under 2, these SMEs do not all operate to their full potential. To address the growth needs of agriculture and WASH SMEs in project-supported areas, NOURISH supported the establishment of Business Service Centers (BSCs) to provide a layer of capacity development and business support for SMEs. In 2015, NOURISH undertook a rapid needs assessment, consulting with a variety of potential partners and stakeholders to help define potential roles, functions and responsibilities of BSCs. Five BSCs following three models were established in 2016 and 2017, with the aim of exploring the most viable model for further development and rollout. Models supported are the expanding small business model, the association model and the university-based model.

Business Service Centers are business hubs set up to stimulate and sustain the growth of selected SMEs in Pursat, Battambang and Siem Reap to meet the demand for WASH and agriculture products and services. BSCs are intended to provide services to SMEs to help increase their revenues while providing positive impact in the lives of “first 1,000 days” families.

NOURISH has been building the capacity of five BSCs who received focused training on business expansion and new product development. Product marketing is challenging in the provinces and BSCs were also trained in customized sales and coaching on costing, bookkeeping and bidding procedures to enhance sales. Expanding small business model BSCs have also linked with micro-finance institutions (MFIs) to improve the function of their supply chains. There has been a significant increase in the diversity of products sold by the expanding small business and association model BSCs and the SMEs they support allowing them to address a broader range of WASH and nutrition needs of families. The university-based models have been able to diversify their clientele and range of services they offer.

NOURISH has developed a social and behavior change communication (SBCC) campaign, ‘Grow Together’, based on formative research that unites WASH and nutrition behaviors under one single umbrella or brand. The Grow Together campaign connects rural families, health workers, community WASH and health volunteers, leaders, and local businesses to work together for child growth with tailored messages for them, across WASH and health/nutrition. The BSCs have gained tremendously from the campaign promotional materials and have successfully engaged these in their market development and sales strategies. The marketing activities of the sanitation-enterprise based BSCs are also synchronized with the community-led sanitation demand creation activities and NOURISH “first 1,000 days” village fairs for the beneficiaries of Conditional Cash Transfer initiative, and they have benefitted from these demand generation activities for buying and using latrines.

These efforts have led to improved coordination and information flow within the supply chain in the NOURISH-supported provinces, improved efficiencies, and allowed for concerted efforts at sanitation and agriculture market development. By developing a broader understanding of the whole supply chain in the NOURISH-supported areas, the BSCs have facilitated communication of consumer needs up the supply chains; identified geographic areas and market segments with greater demand; innovated products combinations to meet requirements; and encouraged linkages with local government authorities to boost sales. Thus far, the sanitation enterprise-based models and the university-based models have been able to provide the most strategic support to help private businesses to sell more affordable, desirable products to traditionally un-served consumers. And, in turn they have also made profits.

INTRODUCTION

BACKGROUND

In Cambodia, approximately 32% of children are stunted (CDHS, 2014). Cambodia's Council for Agriculture and Rural Development (CARD) estimates that malnutrition costs the country nearly \$260 million in lost gross domestic product annually (Moench-Pfanner, 2016). The prevalence of stunting is 10% higher among children born to mothers from the lowest wealth quintile (42%) (CDHS, 2014). Recent data also suggest that only 30% of children 6-23 months receive a minimum acceptable diet (CDHS, 2014). Stunting is also significantly associated with low sanitation coverage. Cambodia has one of the highest rates of people without access to improved sanitation in Asia; nearly 51% of the rural population in Cambodia still lives without a safe, sanitary toilet. Access to sanitation in rural areas improved from 16% in 2000 to 49% in 2015, and access to improved water supply reached 84.16% in 2017, up from 42% in 2000 (JMP, 2017).

With funding from USAID and Feed the Future initiative, the NOURISH project aims to accelerate stunting reduction by addressing key determinants of chronic malnutrition spanning across health/nutrition, WASH and agriculture sectors in 565 villages in the Pursat, Battambang, and Siem Reap provinces of Cambodia. In pursuit of its goal, NOURISH among many other activities works to improve the quality of related products and services, builds capacity of the private sector actors; and operationalizes instruments for regulating, setting standards and stimulating markets. Pro-poor access to clean water and sanitation has been facilitated with the use of targeted subsidies via a voucher program in NOURISH areas with greater than 75% sanitation coverage.

SMEs make up the vast majority of businesses in Cambodia. SMEs are not only critical for country's economic growth, but also have a role to play in the stunting prevention efforts with sustainability at its core. SMEs already provide agriculture and WASH products and services for the rural poor operating with limited business acumen. To address the shortcomings, NOURISH developed a concept and set up Business Service Centers (BSCs) that provide tailored capacity development and business support for the SMEs.

RAPID ASSESSMENT OF POTENTIAL BUSINESS SERVICE CENTER MODELS

In 2015, NOURISH conducted a rapid assessment of potential BSC models by assessing existing demand for and supply of BSC services; assessing potential effectiveness of the different BSC models; and developing strategies for implementation and recommendations for identifying and scaling up the most effective BSC model(s). Towards this, the study undertook a review of the practices of BSCs in WASH and agriculture in Cambodia and the region to document key lessons learned. In order to assist the project-supported SMEs, the assessment identified three BSC models. Following this, NOURISH set up five BSCs using three models. Each BSC is a business hub set up to stimulate and sustain the

growth of participating SMEs in Pursat, Battambang and Siem Reap provinces by addressing demand for WASH and agriculture products and services. BSCs help SMEs to increase sales and revenues whilst making an impact in the lives of the “first 1,000 days” families by:

- Building a better understanding of the market potential, price setting, products and brand development;
- Aligning with the government and development priorities and opportunities;
- Connecting SMEs with financial institutions on credit options;
- Developing quality standards and oversight mechanisms;
- Networking and linking key stakeholders via mobile & virtual platforms; and
- Providing other business capacity strengthening, i.e., training on business development, business planning, product and services bundling, technical support, leadership, etc.

BUSINESS SERVICE CENTER MODELS

Since 2016, the three BSC models that have been conceptualized under NOURISH are:

The Expanding Small Business (ESB) Model, which builds on the work and value of a successful small business in WASH already collaborating successfully with NOURISH and willing to share its practical learning with others. The model has built-in incentives, e.g., by bundling their own products and services with other SMEs products and services, joint purchases, exchanges, etc. Two such BSCs have been established in Siem Reap and Pursat.

The Association Model, which improves the capacity and reach of existing associations (e.g. provincial Chambers of Commerce, FASMEC, etc.) to provide a sector-independent BSC that delivers business development services to sanitation SMEs. One such BSC has been established through the Cambodia Water Association.

The University-based Model, which offers tailored business learning at local universities to sanitation and agriculture SMEs. In addition, they offer on-site support through field mentorship by experienced faculty members and matchmaking internship programs for near-graduates. Such models have been established at the University of Battambang (public university) and Build Bright University (private university) connecting to existing Master of Business Administration programs in Siem Reap and Battambang, respectively.

BUSINESS SERVICE CENTERS: PROGRESS AND PERFORMANCE

In an effort to develop sustainable local solutions, NOURISH has been working through the five BSCs to support local SMEs to build their business acumen to supply “first 1,000 days” families with just-in-time agriculture and WASH products and services. NOURISH facilitates the BSC operations, determining the effectiveness and efficiency of each model, including:

- Defining BSC’s strategic implementation plan to achieve specific milestone and targets.
- Coaching and building their capacities on business operations and management, selling strategy, sales record and reporting skills.
- Establishing the linkages between the BSCs with financial institutions for small business funding assistance.
- Assisting with Business-to-Government (B2G) and Business-to-Business (B2B) connection.
- Integrating BSCs activities with appropriate community-level activities.

TABLE I: BSCs AT A GLANCE

Business Service Center	Location/Coverage	Date established	Number of NOURISH SMEs serviced
Business Service Center (Expanding Business Model) – Siem Reap	Siem Reap	September 2016	5
Business Service Center (Expanding Business Model) - Pursat	Pursat	December 2016	6
Business Service Center – Cambodia Water Association (BSC-CWA)	Phnom Penh/ all three provinces	December 2016	26
Business Service Center – Build Bright University (BSC-BBU)	Siem Reap	March 2017	20
Business Service Center – University of Battambang (BSC-UBB)	Battambang	March 2017	12

BUSINESS SERVICE CENTER – SIEM REAP

In 2013, with a \$400 loan from a micro finance institution (MFI), a sanitation enterprise in Siem Reap was set up for making and selling latrines. The business grew quickly and by the end of the first year the enterprise hired five workers and purchased a truck, concrete molds and tools. In August 2015, this sanitation enterprise started to cooperate with USAID's NOURISH project. In September 2016, at no cost to the project, NOURISH set up an expanding small business model BSC with this enterprise to build on its business acumen and willingness to share its success with others.

The main purpose of the expanding small business model BSC is to stimulate growth of small local sanitation businesses by helping them to increase sales and profit. Through NOURISH, the BSC has received training on latrine component production and business management. This BSC has been trained on handling construction materials, record keeping, sales tracking, and recognizing trends. The BSC participated in meetings with the local Government, namely the Provincial Department of Rural Development (PDRD) and MFIs and learnt from continuous coaching and support from the project.

Since October 2016, the project has benefitted the SME directly as well as the SMEs it supports. The SME BSC business owner notes an increase in the BSC's business management and entrepreneurship skills, improved sales plans and marketing strategies and new product development. NOURISH's support has been instrumental to enable the BSC access additional financing from financial institutions for business expansion and rolling out new products. The business owner and BSC lead said, *"Through NOURISH, I have learned a lot about how to run a business. I have met knowledgeable people that have helped me grow and expand my business."* By August 2018, the number of people employed by the SME had grown to 25 (from 2 in 2016), including sales agents and its clientele had expanded beyond the village. This BSC's assets have reached about US\$ 120,000 in 2018, with an average revenue of US\$15,000 per month. Through a process of competitive bidding, the BSC is now supplying sanitation products to four other non-government organizations.

With support from the project the SME-BSC has built relations with five smaller local businesses/SMEs in Siem Reap to share its experiences and success. In this way other SMEs have been introduced to new products and wider markets. The BSC, in turn, holds monthly meetings with these businesses) to discuss market potential and strategies to align with Government development priorities. The BSC assists its members to prepare business plans, comply with Government regulations and connect to credit options. It also advises them on product diversification and bundling. Drawing from its own experiences, the SME-led BSC has been assisting local SMEs with technical training on sanitation technology options and sales and marketing techniques to augment sales. Additionally, the BSC has provided technical training on product bundling, including water filters with latrines, and diversification

to five SMEs in Siem Reap. The BSC also coached 12 sanitation SMEs in Pursat and Battambang on marketing and sales and human resource management for enterprise development. As a result of NOURISH's trainings and sanitation marketing materials, the BSC is now confident to communicate in public about the importance of sanitation and its impact on stunting. The BSC helps people to plan their latrine purchase, and local customers now promote the BSC's services by word of mouth. Over time, the BSC has established close relationships with local government representatives who also recognize the importance of sanitation.

The BSC and its members have gained tremendously from the NOURISH social and behavior change communication (SBCC) campaign, Grow Together, which is based on formative research that unites WASH, nutrition and agriculture behaviors under a single brand. The Grow Together campaign connects rural families, health workers, community WASH and health volunteers, leaders, and local businesses to work together for child growth with tailored messages for them, across WASH and health/nutrition. The BSC and its members have gained from the Grow Together promotional materials and have successfully used them in market development and sales strategies. For WASH, the campaign promotes drinking clean water (using water filters and boiling water), construction of improved latrines (through Community Led Total Sanitation – CLTS - campaigns and supply chain support), washing hands with soap at critical times, as well as separating animals from small children and properly disposing of infant feces. The BSC has also continued its efforts to sustain results through the promotion of sanitation marketing, ensuring availability of affordable sanitation options and strengthening hygiene promotion. The marketing activities of BSC members were also synchronized with the community-led sanitation demand creation and NOURISH “first 1,000 days” village fairs, to benefit from demand generation activities for buying and using latrines.

The expanding small business model BSC has helped its WASH SMEs to diversify their product portfolio. To take advantage of pooled procurement, the BSC has purchased an interlocking brick-making machine that helps members diversify their products and save money. This machine allows the BSC members to sell cheaper latrines and superstructures, which means more rural dwellers are able to afford them. The BSC has also further expanded its scope of business to provisioning of a variety of water filters, including the locally made Hydrologic/Rabbit filter, through the on-going coaching on bundling of WASH products and services provided by the project. The BSC has introduced four new products since 2016 - concrete columns, interlocking bricks, toilet shelters and water filters, in addition to latrines.

BUSINESS SERVICE CENTER – PURSAT

NOURISH identified a sanitation enterprise based in Pursat to become an expanding small business model BSC to provide support to six SMEs in Pursat. In 2016, the enterprise was making and selling latrines to villagers through WaterShed, a social enterprise working in Pursat. The business was small and sold less than 20 latrines per month in an average. NOURISH started supporting the sanitation enterprise in Pursat in late 2015 and later enlarged its role to an expanding small business model BSC in the effort to provide needed services to other similar small WASH businesses to grow and sustain their own businesses in the long run.

NOURISH's support has comprised capacity building, business development and access to finance to the BSC. NOURISH has also its sanitation marketing and business development needs. The BSC in Pursat has received focused trainings on sales and marketing techniques, including on recruiting sales teams to augment sales, financial recording, and business planning for expansion of products and services. The BSC has also been linked with MFIs to improve their supply chain functioning. The head of the Pursat SME BSC said, *“The support provided to me has helped me expand my business and supported me to network with villagers and local authorities, provided me with new business ideas and confidence to expand my business.”* In turn, the expanding small business model BSC has coached its member SMEs on the same.

This BSC and its members have also gained enormously from the Grow Together campaign (described above), by using its promotional materials in its sales strategies. To further boost sales, the BSC and its members have synchronized marketing activities with the community-led sanitation demand creation activities and village fairs in target villages in Pursat. The BSC and its SMEs further expanded their business scope to provide different types of water filters through the mentoring on bundling of WASH products and services. Towards this, the BSC was introduced to three water filter suppliers in Phnom Penh through the Cambodia Water Association BSC (described below). The BSC now offers a total of six product types to the market - latrines, toilet shelters, water tanks, solar panels, mosquito repellent and a variety of water filters, including the locally produced Hydrologic/ Rabbit water filter.

The SME in Pursat has benefitted from this support, becoming a more successful sanitation business in its own right and also now acting as a mentor to other SMEs as a BSC. Since its inception, BSC Pursat has been building the capacity of six other SMEs in Pursat on sanitation product bundling and bidding procedures for boosting sales. In addition, it has also provided technical assistance to SMEs in concrete ring production technology and supported sales activities of the same in different communes in Pursat. The BSC has been assisting local SMEs with preparing business plans, sales and marketing strategies and complying with government regulations.

In August 2018, the SME recruited 17 sales agents on a commission basis to augment its latrine sales. Its sanitation business has expanded as sales have grown significantly, mainly through competitive bidding processes and the demand captured by sales agents. BSC's average sales volume (per month) has increased by 85% compared to 2016.

BUSINESS SERVICE CENTER – CAMBODIA WATER ASSOCIATION

The Cambodian Water Supply Association (CWA) is an independent, non-profit and non-political organization which brings together all private water suppliers in Cambodia. CWA was established in 2011 by a group of Cambodian private water operators. The CWA has been serving as a BSC since December 2016 under the NOURISH project as an association model. Its main purpose is to improve the capacity and reach of existing members (water supply operator SMEs) of the CWA as well as to offer additional business support services to the sanitation SMEs participating in NOURISH activities.

In its capacity as an association model BSC, CWA worked to develop a business plan that comprises a detailed business strategy and an implementation plan to function as a BSC. The CWA BSC has received coaching on business development and new services development, including concerning new WASH products and services.

The CWA BSC's services comprise capacity building, business and investment advisory services to 26 sanitation SMEs across the three target NOURISH provinces and the sanitation enterprise-based BSCs. In order to foster cross-fertilization of learning between all BSCs, the CWA BSC has also shared its business experience with the two expanding small business model BSCs. The CWA BSC has provided coaching to the Pursat and Siem Reap BSCs and the 26 NOURISH-participating SMEs on product expansion to water filters, given their expertise in the water supply domain. The CWA BSC has been supporting sanitation-based enterprises in the NOURISH target provinces to develop sales plans to further their expansion and sales models. The CWA BSC has been working with SMEs in the three provinces to build their capacity on understanding that products and services that a business offers ought to meet the needs of its customers. They have helped assess the value proposition of these business and what distinguishes these businesses from their competitors. This has shown that many sanitation program supply-side strategies have not gone to scale because they have made incorrect assumptions about what consumers want, what the main market bottlenecks are and how best to address these.

One of the challenges for Cambodia's SMEs is the limited technical and business skills in running businesses. In response to this need, CWA BSC has supported participating SMEs and expanding small business BSCs by coaching them on business development and expansion to improve operational

performance. CWA has also provided information on MFIs to participating SMEs, helping them to access finance where needed.

Eight water supply operator SMEs – members of the CWA – identified in the three NOURISH-supported provinces received tailored business expansion training through the BSC CWA on WASH products and their marketing. Coaching on the price setting and bookkeeping has also been imparted through the BSC. These eight water supply operator SMEs have been coached on how to resolve operational challenges concerning business expansion to additional WASH products. In addition, the CWA BSC facilitated a visit for BSC Siem Reap and Pursat to water filter suppliers in Phnom Penh to further develop their products, particularly that of expansion of water filter types. Furthermore, it has helped three SMEs in setting up a Compressed Stabilized Earth Bricks (CSEB) production Center in Siem Reap. As a result of the training and capacity building initiatives, the CWA BSC has strengthened supply chains and distribution networks, making WASH products available at local levels and at a reasonable price.

The CWA BSC, which was primarily an association of water supply operators partially supported through membership fees is aiming to diversify its revenue base. It has expanded its business to sales of water filters. It is doing so through the BSCs and SMEs in Siem Reap, Battambang and Pursat in the NOURISH supported areas. With this new product line, the BSC CWA is expected to generate a monthly revenue of US\$ 5,000 in the coming months. The BSC has also developed a franchise model of WASH agents and is piloting this in Siem Reap province. Its other products include pipes and pump sets. Towards this, the CWA BSC is the sole supplier to water service operators for these products.

BUSINESS SERVICE CENTER – BUILD BRIGHT UNIVERSITY

In March 2017, NOURISH set up a university-based model BSC at the Build Bright University (BBU) connected to existing Masters of Business Administration (MBA) programs in Siem Reap. Prior to NOURISH, BBU had offered only an undergraduate program for students and did not have any business training programs for local SMEs. It had limited business advisory services that were provided by individual faculty members. Since becoming a BSC, BBU has been offering tailored business development and business planning trainings to local WASH and agriculture SMEs and on-site support through field mentorship and internship programs for near-graduates.

NOURISH has supported the BSC-BBU to achieve a common understanding of its role to service the various needs of the WASH and agriculture SME-stakeholders. NOURISH has provided this BSC with initial support for business trainings and workshops, knowledge sharing and business matching and other relevant activities. As a part of NOURISH supported activities, NOURISH has also helped BBU BSC to develop internship and mentorship programs. The mentoring program is part of the business advisory services provided by this BSC.

This university-based BSC in Cambodia has thus far offered tailored business development and business planning trainings to WASH and agriculture SMEs in three provinces, in addition to offering on-site support through field mentorship and internship programs for near-graduates. Thus far, BSC-BBU in Siem Reap has offered several such customized services. BSC-BBU has conducted trainings on business planning and coaching on operational management for WASH and agriculture SMEs. These have been aimed at building SMEs' capacity on production strategies in order to improve production capacity, asset management, and inventory management. The SMEs have noted that these have helped them in running their businesses, sharing experiences through group discussions, and support from university interns. They have learnt to negotiate with local authorities, bidding for NGO contracts and networking with other successful businesses.

BSC-BBU has also engaged students as part of the mentorship program to have them worked with SMEs. The Head of BSC-BBU stated, *"We have trained 77 SME participants that manufacture toilets, small fish powder and food basket producers. We have conducted a workshop in which successful SMEs have shared their experiences. We have also coached MBA students and SMEs through the mentoring program. Mentoring*

is a new concept and will take time to be established. Only few experienced people are available for training, and as SME owners lack higher education, it is difficult to mentor them in business and management. Few can afford to pay fees. However, we hope to be able to charge fees as this will help us sustain the BSC. We can mobilize technical experts from the university.”

Since becoming a BSC, BSC-BBU has pooled its resources and has been providing two main services – short courses for SMEs and business advisory services. This BSC is now fully operational with a proper organization structure and functional divisions. It has mobilized resources for imparting services as a BSC. At present, BSC-BBU has 8 experienced faculty members to carry out trainings and business advisory services. It has supported six latrine SMEs and six agriculture SMEs through its structured courses and mentorship programs. The mentoring program is led by two senior faculty members at BBU. The mentoring program has thus far involved 15 students and 2 SMEs in Siem Reap. This mentoring service is being provided on inventory management and control and production processes.

With the support from NOURISH, BSC-BBU has also developed a sustainable business strategy that comprises market development for future business trainings and advisory services for local SMEs that are interested to improve their business, as well as a fee structure for its services.

BUSINESS SERVICE CENTER – UNIVERSITY OF BATTAMBANG

The University of Battambang (UBB) is a public university providing higher education programs, including a Masters of Business Administration (MBA), to students. Prior to serving as a BSC, UBB had no activities aimed at SMEs, and lacked knowledge and understanding of demand from business communities. With the support from NOURISH, the university set up a university-based model BSC in March 2017.

NOURISH supported BSC-UBB in developing an appropriate organization structure, functions and services. It also put together a sustainability strategy and plan that comprise market development, resources mobilization and fee structures that responds to the market needs. NOURISH has also aided in curriculum development for WASH and agriculture SMEs, guidance on internship and mentorship programs, and business matching events. BSC-UBB has also engaged a group of 10 students in its SME-based internship program. NOURISH has also coached BSC-UBB on offering business advisory services through providing sample materials on proposal development and engagement with new clients and potential clients. The Head of BSC-UBB stated, *“The BSC established at UBB has helped develop the business community’s expertise in Battambang. The training courses are relevant and useful (for existing local business).”*

BSC-UBB has thus far offered customised business development and business planning coaching to WASH and agriculture SMEs in the three provinces. BSC-UBB conducted trainings on operation management and marketing management SMEs in Battambang and Pursat. Such coaching was specifically offered on marketing strategies, understanding difference between customers’ wants and needs; and determinants affecting customers’ purchase decisions. BSC-UBB has also coached SMEs on production strategies in order to improve production capacity, asset management, and inventory management. BSC-UBB has also imparted courses on business management and financial records to participating SMEs. BSC-UBB has supported 12 latrine suppliers and 8 agriculture SMEs thus far.

In addition, BSC-UBB has been offering an internship program that allows MBA students to learn and support WASH and agriculture SMEs, and a mentoring program with an entrepreneur in Battambang. Led by 2 faculty members BSC-UBB has started its mentoring program. As a part of its mentoring/internship program BSC-UBB has involved 6 students and 8 SMEs in Battambang. The mentoring is mainly on sales and customer relations, and productions. The Head of BSC-UBB further noted, *“We have found SMEs are strongly committed to their business and work with competitors to resolve problems. However, they lack capital and are poorly educated. Our mentorship program is new and we find it difficult to get experienced staff. We want to charge fees for training sessions to cover direct costs. We anticipate our business consulting services will help generate revenue.”*

BSC-UBB now has its own organizational structure with functional divisions. It has provided several trainings and workshops to SMEs from the WASH and agriculture sectors. BSC-UBB has assigned 6 senior staff for its BSC operations with a coordinator. It has extended its services to providing seven courses on: inventory management; financial management and planning; operation management; project management; effective sales; E-marketing; and capital management, and is generating revenues through these additional short courses.

DISCUSSION

As part of its original scope of work, NOURISH has conceptualized development of the BSCs models to provide services to local SMEs to advance their business performance in the longer term while making just-in-time impact in the lives of “first 1,000 days” families with nutrition, agriculture and WASH products and services. This has led to the establishment of the sanitation-based enterprise models, the association model and that of the integrated BSCs encompassing WASH and agriculture in the NOURISH-supported provinces.

The demand generation activities led by NOURISH through CLTS, vouchers and Grow Together BSCC campaign have also been supplemented by capacity building efforts of various actors and institution, as well as integration of sanitation and Small Fish Powder marketing to strengthen supply chain related to sanitation and agriculture products and services. Towards this, NOURISH has developed the capacity of five BSCs to engage or expand their businesses into rural sanitation and has built on-going activities, including training, coaching, and initiatives to build the Business-to-Government (B2G) connections and improve quality control management. NOURISH interventions have consisted of brokering for WASH supply chain through sanitation inputs, capacity building and sustainability mechanisms.

These efforts have led to improved coordination and information flow within the supply chain in the target provinces and allowed for concerted efforts at sanitation market development. By developing a broader understanding of the whole supply chain in the NOURISH-supported areas, the BSCs have: facilitated communication of consumer needs up the supply chains; identified geographic areas and market segments with the greatest demand; diversified products in innovative ways to meet demand and requirements; and encouraged linkages with local government authorities to boost sales.

Thus far, the expanding small business model and the university-based model have been able to provide the most beneficial networking and support to SMEs, enabling them to sell a greater diversity of affordable and desirable products to previously unserved consumers. The BSCs operating under these two models have been able to raise revenue in an effort to sustainably offer products and services to new (and repeat) customers. These BSCs have demonstrated a clear understanding of how a business creates, delivers and captures value, and the benefit that customers receive using their products or services.

The expanding small business models in Siem Riep and Pursat demonstrated positive changes in the business practices by testing supply chain strategies and developing sustainable business models. In this model the lead SME business has acted as a hub to a network of SMEs. Through this network the lead SME has been able to share its business success stories, foster peer-to-peer learning and exchange on business approaches and products through the network. Through the NOURISH pilot this expanding business model can now be typified as an unincorporated WASH SME Network (see Figure 1). From the NOURISH pilot stage, the university BSC could now be typified as a Business Training Centre, providing business support services and targeted training to a broad spectrum of businesses including WASH and agriculture SMEs (see Figure 2).

Figure 1. Piloting the expanding small business BSC model has shown that through time previously unconnected SMEs have become networked through the lead SME (e.g. in Siem Reap and in Pursat) who act as convenors of WASH SME networks.

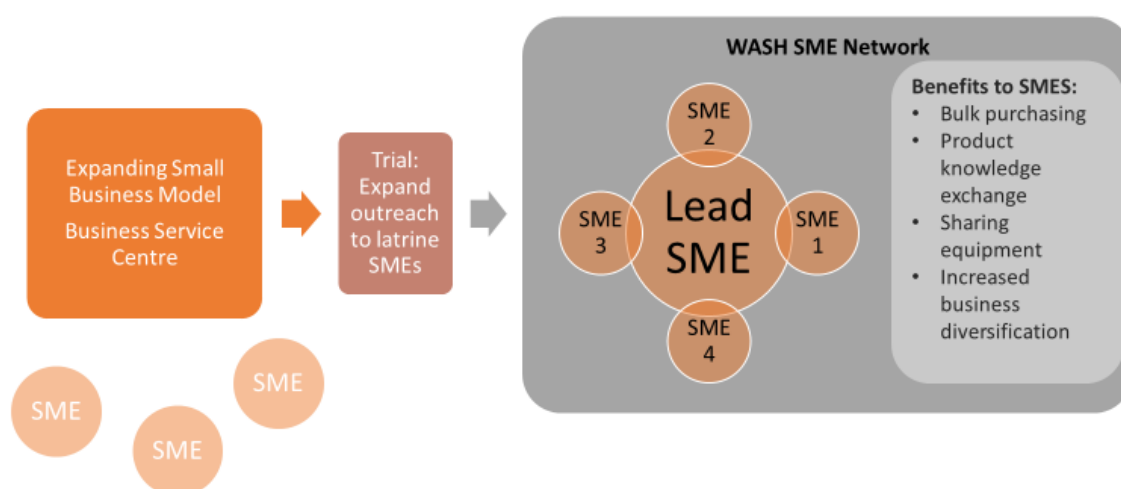
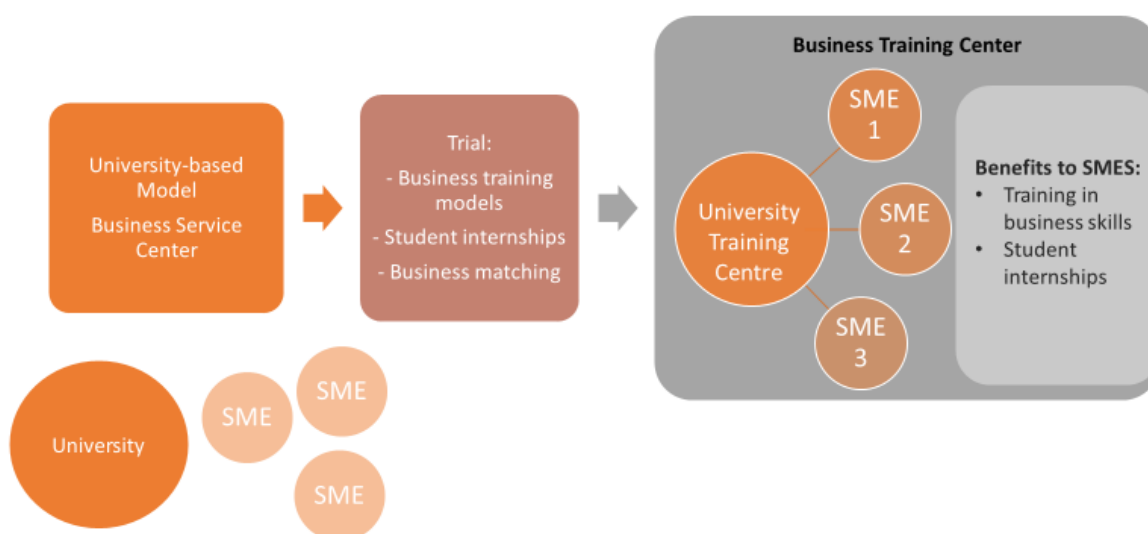


Figure 2. NOURISH has linked university training centres (at Build Bright University and University of Battambang) with business needs and these two university-based model BSCs now provide business training and support to local WASH, agriculture and other SMEs.



With the BSCs and SMEs participating in NOURISH “first 1,000 days” village fairs and CLTS events, the market has been informed that demand-side interventions are also being undertaken. This shows SMEs and BSCs about the possibility for growing demand for products, something important for business confidence and investment. This in turn, has supported communities to explore appropriate and affordable options for poor families to get affordable and sustainable sanitation technologies.

However, some challenges remain. The sustainability of BSCs beyond the NOURISH project is a core consideration. The rapid assessment of BSCs conducted in early 2016 revealed that there are several reasons for BSCs in other countries, such as Vietnam, Indonesia, etc. becoming unsustainable in the long-run (Sievers et al, 2003), including financial and operational sustainability. These experiences from other countries demonstrate that some BSCs did not have financial sustainability because they could not generate sufficient income to offset costs, in part due to either an inability or unwillingness

of SMEs to pay for services in full. Also, some SMEs pay only if they find the services add direct value to their business. Benefits to SMEs from the business development services rendered by BSCs are often indirect so it is harder for SMEs to assess the benefit to their business. Another reason for financial failure in these examples was the heavy dependence on donor funds. BSCs could not generate enough income; therefore, they did not operate upon donors' phase-out. In addition, poor management and governance, no proper or clear plan for running BSCs, and conflict of interest are factors leading to the failure of BSCs' operational sustainability.

NOURISH is aware of the potential pitfalls in sustaining the BSCs, and as part of sustainability building efforts NOURISH has provided training and on-going coaching to further develop the capacity of the five BSCs to deliver services that support participating WASH and agriculture SMEs to grow and diversify their businesses. The BSCs have thus far been trained on sales strategies, bidding procedures, business functioning and sustainability. The BSCs have also been provided coaching on financial costing and book-keeping to enhance sales. The sanitation enterprise BSCs have also been linked with three MFIs to improve their supply chain functioning and have accessed micro-finance to expand their business. BSC UBB and BBU have received ongoing coaching. This has covered services and coaching to be provided by the Centers, resources mobilization, how to mobilize resources internally and externally to sustain the Centers and guidance on mentorship and internship programs for SMEs.

Operational and financial viability are key to the success of the BSCs. Operational sustainability depends on institutional set up, staff, and service provisions. The university-based NOURISH BSCs have initially relied on financial support from the NOURISH project, while the expanding small business models have functioned without any financial support from NOURISH. All five BSCs will financially remain sustainable if their commercial revenues are greater than the total costs and not dependent on the financial support from the government and donors. All the three models of BSCs that have been developed as part of NOURISH generate a part of their incomes from their services and activities. Some BSCs have diversified their services to also target medium and large enterprises for more sources of income. At the same time, some of the BSCs further provide new products and services a more diverse clientele, including the association model BSC CWA, which has expanded its scope of business to water filters linked to SMEs in the three target provinces.

Moving forward until March 2019, NOURISH will continue to engage with the five BSCs to ensure that SMEs can benefit from their business acumen in the longer-term, thereby striving to meet the NOURISH objectives in the NOURISH-supported areas.

CONCLUSION

In an effort to develop sustainable local solutions, the five BSCs have been offering services to local SMEs to build up their business acumen, whilst also having an impact on the lives of “first 1,000 days” families with nutrition, agriculture and WASH products and services.

NOURISH has provided trainings and on-going coaching to develop the capacity of the five BSCs to deliver services that support participating WASH and agriculture SMEs to grow and diversify their businesses. As a result of these efforts the BSCs and member SMEs have expanded the scope of their businesses, with the resultant increase in revenues. The expanding small business model BSCs have accessed finance through MFI loans and expanded their product lines, and supported their member SMEs to access the same.

The growth of individual businesses is indicative of growing markets and expanding businesses. For example, the monthly average sales for in Siem Reap increased from about US\$10,000 in 2016 (mainly through iDE) to an estimated US\$15,000 in 2018. At the same time it expanded its range to four products, including a production facility for producing inter-locking bricks. As the lead of a WASH SME Network, this SME has coordinated with other SMEs to do pooled procurement and share lessons on product diversification to concrete columns, toilet shelters and water filters. The WASH SME Network lead in Pursat has a similar story: revenue increased from \$1,500 in 2016 to about US\$ 5,000 in 2018 and SMEs in the network have also increased their product range. The BSC CWA, which was initially an association of water operators, has expanded its business to now selling water filters and trialing a WASH agents’ franchise model.

The university-based BSCs, BBU and UBB, have engaged with the business community through the NOURISH project and are starting to generate revenue from customized courses they have been offering to the WASH and agriculture SMEs. Furthermore, they have expanded their scope of work to include other customized courses to generate revenue.

As a result of the training and capacity building initiatives, NOURISH has strengthened supply chains and distribution networks, making WASH products available at local levels and at a reasonable price. This has resulted in credit facilities; better business relationships and a mindset change towards supply of WASH and agriculture products and services.

NOURISH continues to provide trainings and on-going coaching to bolster the capacities of the five BSCs, both technical and business management related, to deliver products and services that support WASH and agriculture SMEs to grow and diversify their businesses. These BSCs are also being coached on sustainability beyond the NOURISH project by connecting them to new markets and products, and business development strategies.

REFERENCES

Cambodian Demographic and Health Survey, 2014.

MAFF Policy and Strategy Framework on Childhood Development and Protection in the Agriculture Sector (2016-2010). August 2015.

Moench-Pfanner R., et al. 2016. The Economic Burden of Malnutrition in Pregnant Women and Children under 5 Years of Age in Cambodia. *Nutrients*, 8, 292.

Sievers M., Haftendon K., & Bessler A. 2003. Business Centers for Small Enterprise Development Experiences and Lessons from Eastern Europe. SEED working paper No. 57. Geneva: ILO.

WHO/UNICEF Joint Monitoring Program Report. 2017