

# E-BIZ - A NEW APPROACH TO BUILDING SME COMPETITIVENESS

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## Executive Summary

A year ago, experts pronounced the Macedonia apparel industry -- hundreds of small and medium enterprises (SMEs) and thousands of jobs -- "dead" in five years. Today, these experts have credited the USAID Macedonia e-BIZ Project with breathing new life into the industry, and potentially saving and/or generating thousands of jobs over the next few years. The e-BIZ Project is providing a similar lifeline to SMEs in other industries/clusters. Through strategic use of "high impact" information and communication technologies (ICTs), the e-BIZ approach resolves a decades-old dilemma: How to get concrete impact on companies' bottom line *and* scope.

In Macedonia, the e-BIZ team collaborated with the USAID mission to create an activity that has broken new ground, drawn commendation from industry experts, demonstrated success with SME customers, and is positioned to have a significant impact on the competitiveness of entire industries. The e-BIZ approach employs five key steps:

1. **Start with demand.**
2. **Identify "high impact" ICT applications that will quickly and significantly help SMEs in an entire industry to compete more successfully.**
3. **Partner with local entrepreneurs, who co-invest to create e-Biz Centers.**
4. **Base e-BIZ Centers on a solid business plan, with "high impact" applications as the core offerings.**
5. **Develop the capacity of the e-Biz Centers.**

Eight e-BIZ Centers serve entire industries in Macedonia:

- **National Tourism Portal** – Has already generated more demand than the industry can handle. Aims to foster 30%/year growth of international tourism into Macedonia.
- **Apparel Technology Center** – Offers computer-aided design and manufacturing (CAD/CAM) services enabling apparel manufacturers to compete in new, higher value-added market niches. According to Industry experts, will make a "quantum difference" that could save thousands of jobs in the next couple of years.
- **Footwear Technology Center** – Provides CAD/CAM services that enable Macedonia shoe manufacturing companies to design, produce and sell higher-margin products; will help generate thousands of high value-added jobs in the next couple of years. Helped attract over \$2 million in foreign direct investment.
- **Online Management Training Center** - Uses ICT to offer high quality management training to SMEs across Macedonia, addressing a key constraint to SME growth.
- **Digital Media Center of Excellence** – Helps digital media ICT companies compete in fast-growing international animation and film production markets.
- **Fashion Industry e-Commerce Center** - Provides modern ICT-based sales and marketing solutions the fashion industry companies need to compete in international markets.

- **Engineering Center of Excellence** – Offers advanced technology skills that have opened major new international markets to the tool-and-die industry. Established business partnerships with Slovenian companies that will bring significant new business and foreign direct investment to Macedonia.
- **SEEU Business Services Center** - Provides internship opportunities for students, and consulting opportunities for faculty at the Southeastern European University, while providing ICT-for-business services to price-sensitive local companies.

e-BIZ Centers achieved impressive results in their first year of operations:

- e-BIZ is a **unique GDA** project, attracting **matching funds of over \$1,000,000 from local entrepreneurs** who invested in, own and run the e-BIZ Centers.
- e-BIZ Centers served 350 SMEs and are positioned to serve **1,500 SMEs, representing at least 35,000 jobs** over next 2 years.
- **More than half SME customers** report e-BIZ Centers have **already improved their competitiveness.**
- Industry experts predict e-BIZ Centers **will create or save 10,000 – 20,000 jobs** in the next three years.
- e-BIZ Centers have attracted **over \$2 million of foreign direct investment.**
- e-BIZ Centers have a revenue base that supports **sustainability.**

## **Introduction**

A year ago, the Macedonian textile industry – hundreds of small and medium enterprises (SMEs) and one of the country's major employers -- was in trouble. Like textile firms

around the world, the Macedonia companies were desperately trying to survive by slashing costs. Yet their future was bleak. Industry experts predicted the industry would be “dead” in five years.

Today, these same experts have credited the USAID Macedonia e-BIZ Project with breathing new life into the industry, moving it into a higher value-added niche, and potentially saving and/or generating thousands of jobs over the next few years. e-BIZ is bringing a similar lifeline to other Macedonian industries. With its innovative approach using “high impact” ICTs, e-BIZ strengthens business competitiveness and delivers results to SMEs’ bottom line, while achieving industry-wide impact.

## **The Economic Growth Dilemma**

For decades, economic development practitioners have faced a dilemma: How to get concrete impact on companies’ bottom line *and* scope. For the most part, efforts have focused on “enterprise level development”: providing business development support to selected firms. Development activities have poured training, technical assistance and resources into selected companies – usually the strongest firms – in hopes their momentum would carry the rest of the industry and the economy. The problem was scale. Although the target firms often managed to garner new contracts and expand revenues, the benefits did not penetrate further. The rest of the economy continued to languish.

Wrestling with this quandary, economic development activities took a new tack: creating broad-based services. They built telecenters providing large numbers of companies with generic ICT services. They fostered business clusters, intending to improve the competitiveness of all associated firms. These efforts achieved scale, but they faced a predicament of their own: delivering concrete results. Telecenters failed to produce concrete benefit. Cluster-building was too abstract to improve companies’ bottom line.

Faced with the need to demonstrate measurable impact, many economic development activities fell back to enterprise level development.

## ***Solving the Dilemma: The e-BIZ Approach***

Confronting this dilemma, the e-BIZ team combined successful business start-up experience and economic development expertise to create a new approach that is demand-driven, founded on solid business plans, requires local investment, and aims to transform entire industries. An entrepreneurial and innovative USAID mission leadership decided to back the experiment. The e-BIZ project ([www.ebiz.org.mk](http://www.ebiz.org.mk)) was launched in October 2003.

### **The Macedonia Context**

The e-BIZ team confronted a daunting challenge: Use ICT to stimulate growth of SMEs in a country the size of Vermont, which had been the least developed of the Yugoslavian republics, had a mere two million people, an underdeveloped infrastructure, an intransigent unemployment rate of over 35%, and real GDP growth of a scant 1.3%. During the previous eight years, the country had endured UN sanctions, an economic blockade, a bitter war in one of its neighbors, and a short but debilitating insurgency on its own soil. Nonetheless, the country had clear strengths: a high literacy rate (96%), a democratic government, a countryside of great beauty.

### **A New Approach**

During its first year, the e-BIZ team collaborated closely with the USAID Economic Growth team to refine the approach. Within a year, it became clear that the new approach had broken new ground. In less than two, it has drawn commendation from industry experts, demonstrated success with SME customers, and is positioned to have a significant impact on the competitiveness of entire industries.

The e-BIZ approach employs five key steps:

1. ***Start with demand.*** Development projects often talk about starting with demand, but rarely do it. The e-BIZ project took “demand-driven” seriously. The approach begins with a rapid SWOT analysis of key industries – the standard calculation of “strengths, weaknesses, opportunities and threats” that business executives use to formulate their competitive strategies. Each SWOT analysis reveals the strategic opportunities and obstacles confronting SMEs in an industry.
2. ***Identify "high impact" ICT applications.*** Armed with the SWOT analysis, the e-BIZ team sought out ICT applications that will ***quickly*** and ***significantly*** help SMEs compete more successfully. The trick is to ruthlessly assess the ICT applications. If the technology won’t deliver a quick (within two years) and significant impact, e-BIZ isn’t interested. It is also essential to be entrepreneurial. Discovering “high impact” applications takes scouting the international market for promising new niches.
3. ***Partner with local entrepreneurs.*** e-BIZ wanted partners, not beneficiaries. The project used open competition to identify local entrepreneurs and companies willing to ***co-invest*** in promising new companies, dubbed “e-Biz Centers.” Co-investment is not nominal. Local partners make substantial financial investments in the Centers, thereby strengthening their commitment and the e-BIZ Center’s sustainability. e-BIZ encourages consortia to ensure that small companies or individual entrepreneurs with relatively few financial resources can participate.
4. ***Formulate a viable business plan.*** Development organizations often claim to require business plans, but rarely demand one in advance of funding, nor scrutinize

the business logic of those proffered. e-BIZ takes the stance of a venture capital investor. Every e-BIZ Center must have a solid business plan, and e-BIZ works with local partners to ensure the plans have a viable revenue model.

5. **Develop the capacity of the e-Biz Centers.** Local e-BIZ partners run the gamut in their business acumen, but all need to grow more savvy about competing in international markets and building an international customer base. The e-BIZ team's start-up business experience and network of business contacts puts hard-won expertise at the service of the e-BIZ Centers. The Centers learn to strengthen their own business skills, and in turn strengthen those of their customers – building competitiveness across an entire industry.

### **Demonstrated Impact**

*“The NewTrend e-BIZ Center is one of the best uses of USAID funds that I have ever witnessed. This Center is having a major positive impact and will make a quantum impact on the apparel manufacturers’ ability to compete in modern markets.”*

Marty McElwee, US industrial engineer

### **Money Talks**

The e-BIZ Centers have attracted more than \$1 million in co-investment from local partner companies/consortia, attesting to local entrepreneurs’ commitment and their conviction that their Centers will succeed. Moreover, the open, competitive selection process demonstrated that more entrepreneurs were interested in investing than the project could accommodate. A further tribute was the large number of viable proposals local companies submitted to establish e-BIZ Centers serving other industries, which the project could not pursue due to resource constraints.

International investors have also come aboard. In their first year of operations, e-BIZ Centers drew over \$2 million of foreign direct investment, with significantly more in the pipeline. Some international investors plan to expand their stake in related operations. For example, an Italian investor in the Footwear Technology Center plans to build a large-scale footwear manufacturing operation in which the e-BIZ Center would be a key resource. Still other international firms are exploring investment that would open new global market opportunities for e-BIZ Centers and their customers.

### **SME Response**

The e-BIZ Centers served over 350 SMEs during their first year of operations, and aim to serve over 1,500 SMEs, representing over 35,000 jobs, during the next two. Industry expert forecasts are optimistic. They predict the Centers will save or create 10,000 – 20,000 jobs in next three years.

Experts’ and international investors’ perspectives are one thing. Customers’ are another. The e-BIZ project wanted to find out what the e-BIZ Center SME customers thought about the new ICT services. In September 2005, e-BIZ commissioned local consultants to conduct a customer survey with two critical questions: “Have the e-BIZ Center services helped you improve your business?” and “If so, how?”

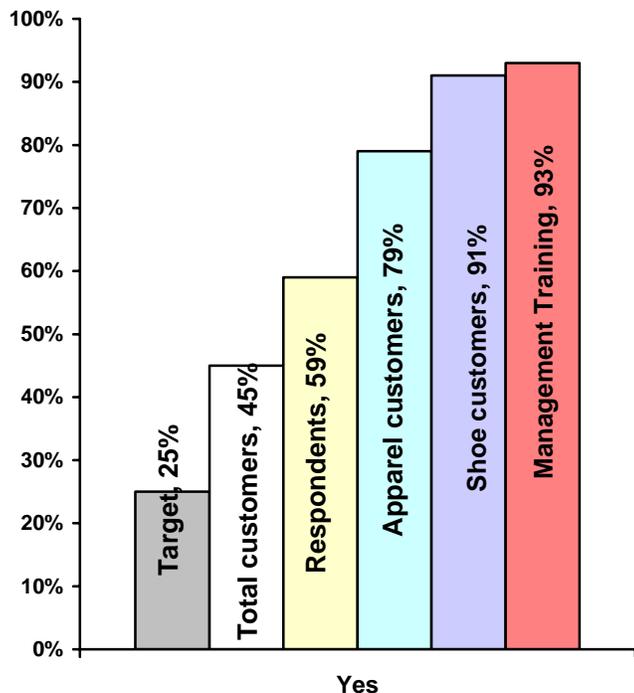
e-BIZ Project managers set a target: 25% of e-BIZ customers would report that an e-BIZ Center’s service had already helped them strengthen their business. They recognized they had set a high bar. The Centers’ operations were only months old. Small business owners in the Balkans are tough critics, unlikely to respond positively unless they had experienced unmistakable benefits. In any country, few economic growth projects would draw a strong, positive response if an independent surveyor asked small

entrepreneurs whether and how the project had actually strengthened their businesses.

*“If I weren’t retired, I’d invest in one of the e-BIZ Centers myself.”*  
 Bill Pratt, International Executive Service Corps Volunteer

The results were both astonishing and exciting. Over 60% of the 206 SME respondents<sup>1</sup> reported that an e-BIZ Center’s services had helped them improve their businesses in just those few short months (see Chart 1).

**Chart 1: Have eBiz Center services made your business more competitive?**



Three of the five centers received an even more resounding response: 78% - 93% of

<sup>1</sup> There were a total of 267 SME customers in September 2005, when the survey was conducted. The survey received a relatively high rate of response, with 77% (206) of customers responding. By end of December 2005, SME customers increased to 350.

those customers reported that the Center’s services had enabled them to improve their businesses. Importantly, respondents stated **how** their company grew stronger (e.g., improved customer service, higher sales, better quality manufacturing, etc.), demonstrating that they knew exactly what type of improvement they had in mind.

## The e-BIZ Centers

By October 2005, seven e-BIZ Centers were operating, with an eighth under development. Each offers SMEs “high impact,” high value-added ICT services, operates with a carefully conceived business plan, and received co-investment from local companies. Unlike the typical telecenter model, which offers generic ICT services (e.g., Internet access, training in basic computer skills, standard applications), most of the e-BIZ Centers focus on providing ICT services to particular industries.

### The National Tourism Portal

[www.ExploringMacedonia.com](http://www.ExploringMacedonia.com)

*We have been trying for years to promote Macedonia as a unique destination ...to tourists from North America. Your website gives us a wonderful and very useful tool for us to attain our goal.*  
 Canadian travel agency

Tourism has significant potential in Macedonia, a country with great natural beauty and unique cultural and historical attractions. Yet in-bound tourism is meager. As Macedonian tourism companies seek to attract international tourists, *ExploringMacedonia*, a virtual e-BIZ Center, is essential to their growth. The Portal has a two-pronged strategy: Gain a critical mass of Macedonian tourism businesses as members of the Portal; reel in business from tourism companies worldwide and individual tourists seeking a safe destination off the beaten path.

*Major first year achievements:*

- Sold 155 membership, penetrating over 30% of total Macedonian tourism industry target market.
- Ranks 8th on Google, 2nd on Yahoo! for search "Travel Macedonia".
- Generated \$9,500 incremental revenue for members, plus clear rise in visibility among international tourism companies.
- Attracted more in-bound business than the tourism companies can handle.

#### *Goals:*

Generate 30% annual growth of in-bound tourism over the next three years.

#### *Major challenges:*

The Portal must demonstrate value by generating incremental revenue for members. Yet its major obstacle lies in the tourism companies' ability to handle the demand it creates. The Portal has already drawn more tourism business than the tourism companies can serve: When a global medical instruments association wanted to hold its conference in Macedonia, the Portal owners enthusiastically tried to help the tourism companies make the deal. To no avail. The hotels and others were unable to organize the rooms and conference facilities needed. The conference finally went to Romania.

#### **Apparel Technology Center** [www.NewTrend.com.mk](http://www.NewTrend.com.mk)

In 2003, the apparel industry was a prominent employer, accounting for 28% of the country's manufacturing jobs. Yet experts delivered a chilling assessment of the industry's prospects: steady decline into oblivion in five years. Like most other apparel companies worldwide, the Macedonian firms struggled in the "cut/make" segment, desperately slashing costs to

compete in a China-dominated worldwide market.



The e-BIZ project discovered a new, higher value-added niche, "rapid response," in which the Macedonian firms could gain a strategic advantage *if* they had the ICTs required. e-BIZ partnered with a local entrepreneur to establish New Trend, an Apparel Technology e-BIZ Center, which offers computer-aided design and manufacturing (CAD/CAM) services that enable Macedonian companies to compete in the EU rapid response market. These CAD/CAM services, along with e-BIZ project marketing assistance, help companies of all sizes re-design their production process and move into expanding, higher value-added niches. Industry experts have called this e-BIZ Center a "crucial contribution" to saving this industry, and predict that the Center will make a "quantum difference" that could save or generate thousands of jobs in the next couple of years.

#### *Major first year achievements:*

- Achieved market penetration of 27% (54 companies).
- CAM production is triple the business plan target.
- Generated demand requiring two shifts, soon moving to three.

### Goals:

Achieve 35% sales penetration and enable apparel manufacturing companies to enter the high-end “Full Package Service” niche, and some to develop their own labels.

### Major challenges:

New Trend’s rapid growth places new demands on top management, which is juggling reliable sales in traditional services and spectacular long-term sales of new services. To take full advantage of the latter opportunity, New Trend must help its customers, especially the smaller apparel manufacturing firms, adopt new processes.

### **Footwear Technology Center**

[www.ModEur.com.mk](http://www.ModEur.com.mk)

The Macedonia footwear manufacturing industry produces some of the world’s highest quality products, but sells them at bargain prices to intermediaries that capture premium profits. As their profits have eroded, Macedonian firms have disappeared and the industry has sunk into a deep decline. e-BIZ partnered with a local entrepreneur to establish ModEur, a Footwear Technology e-BIZ Center, which offers CAD/CAM services that enable Macedonian footwear manufacturers to design, produce and sell products that capture higher margins. The entrepreneur, an Italian national who has long lived in Macedonia, is planning a large-scale facility with New Trend as a centerpiece. He intends to attract over \$2 million of foreign direct investment, which will create demand for thousands of new skilled jobs in the next couple of years.

### Major first year achievements:

- Created a CAD/CAM Center as a key element of a large-scale initiative to expand Macedonia’s share of the international footwear manufacturing market.

- Attracted more than \$2 million in foreign direct investment.
- Penetrated 16% of the target market and is expanding sales among small companies.

### Goals:

Achieve 35% sales penetration and create a major footwear manufacturing industrial center producing “full package” high quality products.

### Major challenges:

First, ModEur needs additional skilled sales staff – a rare resource in Macedonia. Second, ModEur’s owner has focused on serving current customers, rather than expanding the customer base, especially among very small firms. Recent marketing efforts have demonstrated significant potential demand among tiny companies, but also the need for ModEur to help these firms adopt new processes that take advantage of the opportunities the Center provides.

### **Engineering Center of Excellence**

[www.cirko-mes.com.mk](http://www.cirko-mes.com.mk)



Macedonian tool-and-die companies use outdated technologies that limit their productivity, product quality and efficiency. To compete in modern markets, these companies must quickly boost their productivity and cost-effectiveness. e-BIZ partnered with Sun Microsystems and with the Mechanical Engineering faculty of St. Cyril and Methodius University, to create CIRKO-MES, an Engineering Center of Excellence. This Center provides fee-based services to the tool-and-die industry as well as hands-on training in

advanced ICT engineering applications for students. CIRKO-MES proved a quick study in opening new markets. Their advanced engineering services, such as process simulation and advanced 3D modeling, grabbed the attention of a Slovenian tool-and-die association. The result is an entrée into the entire EU market that would not have been possible without CIRKO. In addition, CIRKO is capturing advanced engineering contracts from a range of domestic and international companies.

*Major first year achievements:*

- Attracted Slovenian business partnerships that open extensive new international markets and sources of foreign direct investment.
- Promoted partnerships between Slovenian companies and other e-BIZ Centers, which introduces significant new market opportunities for several industries.
- Won contracts from international companies.
- Motivated tool-and-die companies to create a cluster.

*Goals:*

Be at the forefront of international partnerships that will catapult the Macedonian tool-and-die industry – and others – into EU markets.

*Major challenges:*

CIRKO is generating huge international industry interest and market opportunities, which are likely to continue growing at a rapid pace. They need additional talented managers to handle the demand. Given the limited workforce pool, CIRKO will have to grow managers internally as they seek to recruit new talent from external sources.

**Fashion Industry e-Commerce Portal**

[www.fashionmk.com](http://www.fashionmk.com)

Macedonia's fashion industry – especially apparel and footwear – offer high quality products at competitive prices, but lack ICT for sales, marketing and e-commerce. e-BIZ partnered with a consortium of local ICT companies to create the Fashion Industry e-Commerce Portal, FashionMK, which provides the ICT sales and marketing tools companies need to compete in international markets. FashionMK matches their SME customers with trade shows in the EU, Russia, and elsewhere, and provides a range of fee-based modern marketing services, from marketing CD-ROMs to online showrooms.

*Major first year achievements:*

- Captured 12% (45) of the entire apparel and footwear market.
- Enabled Macedonian fashion companies to participate in international fairs more effectively, and in some fairs that would otherwise not be possible.

*Goals:*

Become *the* one-stop-shop for fashion industry companies to market themselves to international buyers.

*Major challenges:*

Apparel and footwear manufacturers have virtually no understanding of modern marketing methods using ICTs. FashionMK must therefore educate its customers in the use of ICT marketing tools in addition to providing high quality services. The challenge is made more daunting by the lengthy sales cycle for fashion products. Thus, FashionMK must maintain current customers and gain new ones while their marketing methods take time to generate additional revenue for clients.

## **Online Management Training Center**

[www.clearview.com.mk](http://www.clearview.com.mk)

The Macedonia National Entrepreneurial and Competitiveness Council cited improved management skills as essential to the country's economic growth. Even cursory involvement with Macedonian firms makes the need evident.



e-BIZ partnered with a consortium of local companies to create Clear View, an Online Management Training e-BIZ Center, which uses ICT to offer high quality management training to companies across Macedonia. Clear View has focused on partnering with international firms with proven, world-class management training programs, as well as other credentialed programs in areas of strong demand, e.g., training for the "International Computer Drivers' License." Clear View delivers those courses at affordable prices either online or via videoconferencing that "brings in" trainers from the world's top business training institutions.

### *Major first year achievements:*

- Established partnerships with Skillsoft, a foremost online management training company, and with Adizes, a US-based company recognized for its high quality management training.
- Delivered distance training to Macedonian firms, with excellent customer satisfaction ratings.

### *Goals:*

Provide affordable, high quality online management training that draws a significant

market response among Macedonian SMEs, and helps improve companies' performance.

### *Major challenges:*

For Macedonian businesses, online training is a novel concept. Nonetheless, the partnerships with Skillsoft and Adizes enable Clear View to offer course content that appears to be in demand. Its major first-year challenge involves staffing constraints, both in executive management and sales, as well as limited owner involvement. The company must fill its staffing gaps, identify a clear target market for near-term and medium-term goals, and launch an effective sales campaign.

## **SEEU Business Services Center**

[www.seeu.edu.mk/english/departments/business\\_centre.asp](http://www.seeu.edu.mk/english/departments/business_centre.asp)

Located in the Tetovo-Gustivar region, with 15% of the population and a 35% unemployment rate, South East European University (SEEU) is committed to providing high quality university education facilities to all Macedonians, with a particular emphasis on minority communities. The region's dearth of management skills, particularly "ICT for business" capacity, convinced e-BIZ to partner with SEEU to establish a Business Services Center that provides hands-on ICT-for-business experience for students, consulting opportunities for faculty, and fee-based services to price-sensitive local companies.

### *Major first year achievements:*

- Formulated a viable business plan to serve SMEs in the Tetovo-Gustivar region.
- Established student internship programs providing hands-on "ICT for business" experience.

### *Goals:*

Provide ICT services to local businesses that deliver value at affordable rates, generate

sufficient revenue to sustain the Center's operations, while providing consulting opportunities to faculty and internship opportunities to students.

#### *Major challenges:*

SEEU serves an area where businesses have extremely limited knowledge of the value ICT can deliver. Although development of a solid business plan took longer than expected, the Center has managed to develop a worthy student internship program, and is poised to implement its business plan. The challenge will be to convey the value of their ICT services to local businesses and deliver sufficient value-added in the initial phase to create a "buzz" among local companies that converts to ongoing demand.

#### **Digital Media Center of Excellence**

The Macedonian digital entertainment industry, while small, offers the US and European media production companies an attractive combination of high-end skills, low costs, and geographic and cultural proximity to Europe. With support, these companies could garner market share in the fast-growing international animation and film markets, sparking significant job growth. e-BIZ is working with members of the digital media industry association (MADE) to create a Digital Media Center of Excellence e-BIZ Center, to be founded with co-investment from digital media firms. Although the business plan is under development, possible offerings include:

- "Match making" between Macedonian and international companies;
- Industry knowledge, from concrete opportunities to industry trends;
- Training in advanced skills;
- A low-cost, high-quality production facility linked with production centers around the world.

## **Conclusions**

e-BIZ provides an approach that achieves both concrete impact on SMEs' competitiveness *and* scale. The solution lies in:

- Identifying "high impact" ICT applications that will quickly and significantly improve the bottom line of SMEs in an entire industry
- Co-investing with local entrepreneurs to create businesses in which the high impact applications are the core offering
- Providing the entrepreneurs with savvy, deeply experienced industry expertise to develop and implement a sound business plan.

The results can be dramatic. In less than a year of operations, the e-BIZ Centers:

- Attracted significant investment from local entrepreneurs;
- Drew millions of dollars in foreign direct investment;
- Served hundreds of SMEs, and prepared to serve more than 1,500;
- Generated steadily increasing revenues and are well on the road to sustainability;
- Achieved a substantial Impact on their SME customers' competitiveness;
- Are poised to save or create tens of thousands of jobs in next three years.

## **Lessons Learned**

This is not to say that the e-BIZ Centers are impervious to the hazards that jeopardize small businesses worldwide, nor the threats confronting business owners with a paucity of entrepreneurial skills and experience. The e-BIZ project experience revealed a number of "lessons learned" regarding the risks and requirements for success:

- ***Strong business plans are essential*** – e-BIZ Centers must be able to deliver rapid, significant value to SME customers' bottom line. To do so, they need sound business

plans, often with services that are industry-focused. Local entrepreneurs, even those with lengthy business experience, rarely have the business savvy needed to develop such plans. Technical assistance to these companies must be rooted in deep business experience. All partners – local entrepreneurs and international experts – need to buy into the business plan.

- **Revenue generation takes time** – Start-up companies are the gurus of cultivating patience – achieving revenue goals inevitably takes longer than planned. The e-BIZ Centers, like other start-ups worldwide, were overly optimistic about early sales targets. They learned to temper enthusiasm with hard realities as they prepared their second year operations plans. Support to the Centers must be less concerned with monthly sales than with ensuring operation plans project sustainability and are soundly based on sales track record.
- **Co-investment is key** – The e-BIZ experience makes a convincing case for co-investment. Local partners' financial investment promoted commitment to the long-term sustainability of the e-BIZ Centers. It also fostered reality-testing. Companies proclaiming they could “do anything,” gave more sober self-assessments when they became co-investors. Where local partners have scarce resources for investment, a consortia approach can help bridge the gap. Project co-investment provides leverage to nudge e-BIZ owners into essential but unpleasant actions that strengthen the long-term financial health of the Centers.

- **ICT alone is not enough** – This truism is worth reiterating. High impact ICT applications **and** strengthening management capacity were both key to e-BIZ Centers' success. Financial management and sales and marketing emerged as the greatest areas of need. The e-BIZ project dedicated significant resources to technical assistance both to strengthen the e-BIZ Centers and to help SME customers understand how to exploit new opportunities the Centers provided. In both cases, the e-BIZ staff's intimate understanding of each Centers' operations was crucial to their effectiveness.

In sum, the e-BIZ approach delivers concrete impact to the bottom line of SMEs, on a scale that affects the competitiveness of entire industries.

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## Links

[eBiz Activity Page](#) on the DOT-COM Alliance website

eBiz project website  
<http://www.ebiz.org.mk/>



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