

Enticing small operators out of the woodwork

Gaining the trust of entrepreneurs is one of the main challenges facing training institutes in the forest and woodworking sectors

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ONE of the primary aims of ITTO's action program is to strengthen the capacity of government departments, the private sector and non-governmental and local organisations to manage the forests and the resources derived from them. Human resource development and institutional strengthening via training activities are therefore cross-cutting issues that facilitate progress in all areas of ITTO's work.

The ITTO project 'Capacity building in training in planning and management of forest industries in ITTO producer member countries' (PD 13/95 REV. 3 (1)), which was implemented by FTP International Ltd (now part of HCG Environment) based in Helsinki, was designed to help strengthen the capacities of training institutes in tropical countries in the planning and implementation of training for forest-industry companies. It had the following specific objectives:

- to develop the curricula of selected training institutes in ITTO producer member countries for ongoing training in the planning and management of appropriate forest industries;
- to improve the capacity of resource persons in participating ITTO producer member countries in the planning and management of appropriate forest industries and in the planning and management of training courses in these fields; and
- to produce the materials necessary for the implementation of training courses on the planning and management of appropriate forest industries.

The first phase of the project was implemented in 1998–99 and the second in two stages during 2000–2001 and 2003 (14+7 months). In the first phase, an inquiry was sent to forest industry training institutes in ITTO producer member countries. Those that responded were requested to prepare an institutional analysis of their own organisation and to make a training needs' assessment. Two orientation workshops were then organised: one in Honduras for Spanish-speaking countries (participants from Peru, Bolivia, Ecuador, Honduras, Colombia and Panama), and another in Malaysia for English-speaking countries (participants from Papua New Guinea, the Philippines, Fiji, Ghana, Indonesia, Malaysia and Thailand). Training was given on topics such as the management of forest industries, with special emphasis on small-to-medium-scale enterprise



Survey: instructors from the Wood Industries Training Centre collect data on small-to-medium-sized enterprises in Kumasi, Ghana. *Photo: J. Kiuru*

(SME) development, and project cycle management. During these workshops and with the support of project staff, trainees prepared their own project proposals on how they could organise and develop further training for the forest industry in their own countries. Based on the quality and appropriateness of these plans, two institutes were selected for further development: Universidad Nacional Agraria La Molina in Lima, Peru and the University of the Philippines in Los Baños, the Philippines.

In Peru, the project designed and implemented further training in the planning and management of SMEs for the furniture manufacturers of the Villa El Salvador industrial park in Lima. The training particularly emphasised aspects related to financial management, production planning, quality control, design and the marketing of SME furniture products.

In the Philippines, the aim was to develop the capacity of forest-based communities to establish SMEs in selected pilot sites in the Philippines. Emphasis was given particularly to the identification of appropriate business projects such as furniture manufacture and rattan processing, the assessment of the entrepreneurial capabilities of the communities, financial aspects, the development of business plans, the identification of markets, and the possibilities for operating in clusters.

The implementation of the Peru and Philippine projects was carried out as planned. However, neither of the national implementing agencies could find financing for the continuation of the activities at the national level and therefore weren't able to continue activities after the formal end of the project. The projects could not therefore be considered sustainable, and they had less impact than expected. This lesson influenced the development of plans for the project's next phase, and emphasis was given to



Workers' workshop: a group of entrepreneurs from Siguatepeque pose with ESNACIFOR instructors during a training exercise. *Photo: J. Peltonen*

actions that would help guarantee the continuation of the activities after the formal termination of the project.

Honduran and Ghanaian experiences

In the project's second phase, national projects were selected in Honduras and Ghana. In Honduras, the project was centred in the National School of Forestry Sciences (Escuela Nacional de Ciencias Forestales—ESNACIFOR) in Siguatepeque and was titled 'Formación de los recursos humanos en planificación y gerencia de las industrias forestales de Honduras' ('Human resources capacity-building in planning and management of forest industries in Honduras'). In Ghana, a project titled 'Wood village for small-scale furniture makers in Kumasi, Ghana' was chosen, based at the Wood Industries Training Centre (WITC), an institution under the authority of the Ghana Forestry Commission. The creation of the wood village in Kumasi also benefited from another ITTO project (PD 46/96 REV.2 (1)).

In both the Honduran and Ghanaian projects, the aim was to support the formation of small-to-medium-scale forest-industry clusters to promote the collaboration of entrepreneurs. Both institutes were rather inexperienced in providing services for entrepreneurs and the whole exercise had to start by building trust and confidence between the training institutes and the entrepreneurs. The role of the team implementing ITTO PROJECT PD 13/95 REV. 3 (1) was to facilitate and advise the two institutes, provide them with adequate support for capacity-building (such as in curriculum development, the production of training materials, and training in pedagogical and technical skills), and monitor the implementation of the national projects.

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Honduras

ESNACIFOR was established in 1969. In spite of its name, the school is truly international today: in recent years more than

half the students of its three-year 'dasonomo' or four-year forest engineer courses have come from outside Honduras, mainly from neighbouring Central American countries but also from the Caribbean (especially Dominican Republic), South America and even Africa. There has also been strong international participation in ESNACIFOR short-course training courses.

The international reputation of ESNACIFOR is due mainly to the practical approach it takes to forestry education and training, which is in strong contrast to most of the universities in the region. ESNACIFOR also enjoys extraordinary respect at the national level, indicated by the fact that it is portrayed on a Honduran bank note (the 100-lempira bill)—perhaps the only forestry school in the world to be thus featured. ESNACIFOR also plays an important role in the small town of Siguatepeque, its home base. For example, it participates actively in the environmental projects of the municipality and in its cultural life.

Creating the confidence

There is, however, one group of the population in Siguatepeque that has not fully appreciated ESNACIFOR—the forestry entrepreneurs. As ESNACIFOR possesses both sawmills and carpentry workshops, and owns 4000 hectares of forest, many entrepreneurs have considered the school to be an (unfair) competitor. Moreover, entrepreneurs felt that the education and training provided by ESNACIFOR was not sufficiently business-oriented to serve their needs.

The tense relationship between the school and the entrepreneurs was illustrated by the fact that very few entrepreneurs participated in the project's early workshops. An indicator of distrust was that some of those who did participate did not want to sign the enrolment form; many entrepreneurs also had reservations about cooperating and sharing information with each other. Nevertheless, through the efforts of personnel at the ESNACIFOR training centre (Centro Integrado de Capacitación Forestal—CICAFOR) and with the assistance of project facilitators, these relationships improved significantly over the course of the project. In the last year of implementation, an increasing number of entrepreneurs participated in the training courses, and the training course evaluation feedback was very positive.

The other group focused on by the project was ECASUL, a cooperative of five forestry SMEs in San Pedro Sula. The members of ECASUL had had some unhappy experiences with project-driven cooperation in the past, and such cooperation was in decline at the start of the project.

Results

In the final internal monitoring workshop of the project, the following results were listed:

- the establishment for the first time of formal cooperation among forest-industry SMEs with the creation of the cooperative COTRAMASIL, which at the

moment of establishment comprised 25 SMEs but was also open for new members;

- better quality of design and finish of the products of SMEs within COTRAMASIL due to the training received;
- the strengthening of cooperation among the SMEs in ECASUL through the construction of a solar drying kiln. Drying kilns are a very natural focus of increased cooperation because they encourage joint purchases of timber; this kiln was constructed with a simple design using local materials and the project and entrepreneurs shared the costs;
- better quality of SME products within ECASUL;
- the workplans for 2004 of both COTRAMASIL and ECASUL include the joint purchase of raw materials. In the case of timber this is a big step towards sustainable forest management, as many of the SMEs in Honduras using tropical hardwoods are presently operating with illegal timber;
- ESNACIFOR significantly improved its image as a provider of technical assistance and training for SMEs. The entrepreneurs now visit the school regularly in search of information and contacts, and some of them are putting their products on display there;
- ESNACIFOR instructors learned new skills and gained valuable experience and confidence in the training of entrepreneurs with very diverse educational backgrounds, including the entrepreneurs of San Pedro Sula, who are more demanding than their colleagues in Siguatepeque; and
- ESNACIFOR revised its programming to offer SME training courses outside official working hours. This is an indication of a positive change in attitude within the institution towards the servicing of clients.

Ghana

Small-scale furniture manufacturers number about 6000 in Ghana, with the great bulk of them located in Kumasi; private family enterprises predominate in the industry. The skills needed in the furniture industry are usually learnt through apprenticeship, and workers with formal training are not very common.

Cluster development

The formation and operation of cooperatives, or clusters, is becoming a key to building the technical and managerial capacity of micro-, small- and medium-scale furniture manufacturers in Ghana. This pilot project therefore set out to increase the capacity of WITC to offer training to entrepreneurs and entrepreneurial teams that would encourage the clustering of skills, products and marketing.

The development of the clusters took off in April 2000 with baseline studies conducted on existing SMEs. Of 57 companies surveyed, 24 satisfied the criteria for participation. Fourteen of these were selected to form two pilot clusters

of seven members each: the Furniture and Wood Products' Association of Ghana (FAWAG) Cluster and the Woodworkers' Cluster, both of which were inaugurated in June 2001.

WITC designed a detailed training course plan on the basis of a comprehensive training needs' assessment. Enterprises were found to suffer from a lack of both technical and marketing skills in areas such as lumber drying and preparation, finishing, furniture constructional techniques, designing and drawing, upholstery, quality control, costing and pricing, marketing and book-keeping, among others. These topics were addressed by the project via training courses planned and offered to the cluster member companies.

Like the Honduran project, a problem that WITC had first to overcome was distrust between the entrepreneurs and the school, and the doubtful and hesitant attitude of the industry towards formal training. Nevertheless, over the course of the project the relationship improved and the collaboration got better.

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Results

In the final internal monitoring workshop of the project the following results were listed:

- the capacity (skills, knowledge and attitudes) of WITC instructors had improved, as had internal communication between the staff. As a result, the WITC can now play its role more effectively within the Ghana Forestry Commission;
- cooperation between cluster members, trade associations and the WITC had improved;
- awareness of the concept of clustering had improved among the cluster members;
- the reputation of the WITC and its relationship with cluster members and other companies in the region had improved;
- the personnel of cluster member organisations were better skilled as a result of the training received. The



Stitching a deal: an upholsterer prepares coverings for furniture in Kumasi, Ghana. Photo: J. Kiuru



Sunny perspective: ESNACIFOR's Heidi Vides chats with a member of the San Pedro Sula cooperative next to a solar drying kiln under construction. *Photo: J. Peltonen*

staff morale of the cluster member companies had also improved as a result of the improved management practices adopted by enterprise management; and

- product quality had improved within participating woodworking enterprises.

The value of the WITC's work is demonstrated by the fact that beneficiary SMEs have requested a continuation of the project. As a result, the WITC has incorporated the necessary actions into its business plan, which has been endorsed by the Forestry Commission. The WITC is confident that the clusters will continue to develop and improve, because cluster members have shown their commitment to collaboration. Importantly, their attitude towards the training of their staff has changed, as illustrated by their greater readiness to send their staff for training.

Conclusions and recommendations

The approach applied in the planning and implementation of ITTO PROJECT PD 13/95 REV. 3 (1) emphasised the role of the institute as the main actor in the project. This increased the commitment of institute staff and thus the sustainability of the project. Cooperation between the institute and the industry sector and within the industry sector (between entrepreneurs) has strengthened and both ESNACIFOR and WITC are confident that this cooperation will continue after project completion.

From the beginning, the formation of clusters should emphasise the building of trust and confidence between the training institutes and the entrepreneurs

From the beginning, the formation of clusters should emphasise the building of trust and confidence between the training institutes and the entrepreneurs. As fluent communication between the enterprises is crucial for the smooth functioning of the clusters, clusters should be formed on a local basis, and similarities in enterprise size and methods of functioning enable more active and operational cooperation. Criteria for the selection of enterprises for clusters and for participation in training should be established from the start. The approach of choosing the 'key enterprises' and letting them find other

suitable cluster members worked well in Honduras, strengthening cooperation and communication.

The project activities greatly assisted ESNACIFOR and WITC to establish and improve their relationship and reputation amongst the woodworking SMEs. The main reason was that the planning of the training activities within the two national projects was truly participatory and the SMEs therefore received exactly the type of technical assistance and training they needed. To gain the confidence of SMEs, it is essential that the objectives of institutions like ESNACIFOR and WITC in the provision of technical assistance and training are clear and realistic.

When actors that have operated individually in the past are taking their first steps in establishing cooperation, there is no way an outsider can rush the process: actions may be proposed but never imposed. The members of a group need time for discussions among themselves; it is best that even the invitations for the meetings and training events come from within the group itself.

When designing the training for cluster members it was found that questionnaires were not effective in identifying the needs of heterogeneous groups like small entrepreneurs. To gain a clear picture of training priorities, the matter has to be discussed in a plenary with the entrepreneurs.

The training institutes should emphasise the training needs of clients when planning the supply of services. Any institution intending to serve SMEs must show flexibility in the timing and duration of training courses, because a small entrepreneur may be in a situation in which he/she cannot afford to lose even one working day. Thus, the institutes should be ready to organise the training, for instance, in the evenings and on weekends. This requires the creation of a system that compensates the extra work for institute instructors.