

Guideline for Establishing Effective Business Partnership SINCE Tigray – Lot 5

INTRODUCTION

Starting a business can be a complex and difficult process. This Guide will probably ease a person's /group entry into the business world. Business partners often start businesses together with little planning and few ground rules. Sooner or later, they discover the hard way that what's left unsaid or unplanned often leads to unmet expectations, anger and frustration. Partners can clash over countless things, including conflicting work ethics and financial goals, roles in the business and leadership styles. What follows is a primer on how to avoid that and set up — and sustain — a business partnership.

Business Partnership establishment is a group owned private business organization that is controlled by the people who use its products, supplies or services. Although partnerships vary in type and membership size, all are formed to meet the specific objectives of members and are structured to adapt to member's changing needs. Business partnerships are formed by individuals who coordinate among themselves (horizontal coordination) to achieve vertical integration in their business activities based on the common interest.

1. Key Principles to be considered in the Establishment of Business partnerships in SINCE Project

- Voluntary and Open Membership
- Democratic Member Control
- Member Economic Participation
- Autonomy and Independence
- Education, Training and Information
- Cooperation Among Cooperatives
- Concern for Community

In the SINCE project, we have 67 newly established business groups formed as a result of the project intervention. All the established business partners are based on the above principles.

In the formation of business partnership, the size in each group must be in between 8-12 members in each reasonable size and this should get enough attention from the very outset.

2. Securing Legal license, Working Land and Soft Loans

One of the key support to make business partnerships (BPs') feasible and functional is the government unreserved support in terms of facilitating to get them legal entity and recognition certificate from micro -small enterprises. Furthermore, the government shall also facilitate working land/ premises or shades.

On top of these and other supports, the government should also arrange them soft loans in collaboration with micro finance institutions.

3. Arranging Business Development Skill Training

Our goal is to support the establishment of new SMEs and enhance the employability which results in improved job creation for the target woredas. This will be achieved through the provision of technical skill training (already completed), business skill training, advisory support (including business skill, entrepreneurship development training) and start-up kit.

The training ought to follow the participatory approach. It's important to note that participants are adults that already have a set of characteristics, knowledge, attitudes and aptitude which are to be taken into account during the training.

Using this approach, the learning content is not passed on in a one-way communication from trainer to trainees in passive way. Instead, training participants are encouraged to actively participate in the learning process and discover learning experiences, practice knowledge and skills by themselves.

The training shall take into consideration 6 thematic areas of BDS training such as, Business ownership; Personal entrepreneurial characteristics; Business Idea generation and selection; Marketing, Product and Service pricing; Business Plan Preparation; Business recordkeeping and other practical and case exercises.

4. Support Business partnerships with Start-up kits

The newly established business partnerships in the 4 target project districts shall be recognized and legally entitled from the concerned government stakeholders. This activity shall be considered as precursor for the post training support such as, distribution of start –up kits, soft loans and working shades.

In the procurement of start-up kits, implementing partners need to have common elements for the typology of business and it should maintain the minimum requirements that could enable the group to engage in meaningful income generating activity. For instance, a business group who has decided to engage in block production shall own a minimum of one block machine and the same true for the others.

However, the over expectation that might be observed from the established business partnerships need to be entrained through provision of orientation and informing business partnerships what start-up items are foreseen for each group. (See annex I for the list of item)

5. Start-up Cost/Financial Resources Analysis (Feasibility).

One of the most common reasons for a business failure is “hitting a financial wall” either before opening or soon thereafter, as a result of one or more contributing factors. Among them: an insufficient estimate of the true cost of starting what you have in mind; finding out you need to spend more than you have to get it open or keep it going; unrealistic expectation about resources you might tap into; lack of grants and startup loans are difficult to obtain. In addition to that a misconception about how quickly you will start making money, meaning you might need sources of cash to keep a business afloat until it does start making money. So, in preparation of business plan business partners shall be paid enough attention to the cost estimation. Business partners need a well-researched estimate of what it will cost to start the business they have in mind so BP’s can match it to the reality of the available resources and/or will try to get conventional financing from micro finance institutions.

The established BPs’ in majority expected to start by “bootstrapping” – starting with what they have at hand, building slowly but steadily. BPs shall make understand that every large business started as a small business, many of them building and growing on success.

The established business partnerships shall be supported through the provision of start-up capitals to cover their operational costs and consumable items and in this context, business groups shall open group account with assigning 2/3 signatories to make transactions.

The project will foresee a support in start-up capital to each Business Partnership based on the size of the group to be invested for activate measures and face the challenges of the difficult economic situation due to COVID19 and the challenging beginning of the economic activity.

5. Management and Administration of Machinery and Equipment

In administrating and managing start-up kits provided by the consortium, government has a key role in administering the items. This is a critical point and in this context, the SINCE project will handover to government local authorities (usually the micro and small enterprise or manufacturing industry in accordance the value of the items) the start-up kits.

All the transfer of assets must be accomplished with supporting legal documents amongst the three stakeholders of the project (Beneficiary, Local Governors, and NGO). All the procured machineries must be hand over to the local governors in the witness of beneficiary representatives, local government bodies and implementing partners and within 2 weeks period of time, distribution of start-up kits must be made with fulfilling the required criteria set by the government platform. In the context, the beneficiary will only be entitled for the right use but fixed assets such as, machinery and equipment must be owned and administered by the concerned government bodies.

6. Monitoring and Continuous Business Development Service

Business Development Services (BDS) is a very important means of supporting the development of new established micro, small sized enterprises (MSEs), which are known to create employment, generate income and contribute to economic development and growth. Employment and income generation are particularly important as far as vulnerable youth, women, communities and groups are concerned. In this sense, supporting BDS is an important means of achieving the project Goals by addressing unemployment, poverty and empowering the poor and vulnerable groups.

As the beneficiaries are new to the world of business, they may face a several challenges and, in this context, the project assume that unless the established business groups get regular supervision and support from the government professionals in improving business performance, they will be knockdown and forced to close their business no sooner than later the start of it. To make BPs' stay long and competitive in the market, necessary business support service must be in place and in the same vain, BPs' may also face group conflicts and in this circumstances the support of government in resolving group conflicts and developing conflicts resolution mechanisms in running business in partnership is really vital .

7. Mainstreaming COVID -19 Prevention Strategies and Decent Work principles

In supporting the project beneficiaries, care must be taken in each activity through mainstreaming of COVID -19 prevention strategies starting from the establishing and legalizing of business partnerships, and goes on until the actual engagement in the production of goods and service and continue to mainstream these prevention strategies.

As part of the promotion of decent work aimed at enforce preventive measure to COVID 19 and guarantee the business production, the consortia will invest resources in two directions:

- a) Purchase and distribution of COVID protective materials for project beneficiaries engaged in the business partnership.

A basic sanitary kit will be distributed to each BP. The kit includes masks, gloves and alcohol.

- b) Awareness campaign on the decent work principles and preventive measure within all BPs created by the project.

In order to guarantee a safe working environment for the newly established BP, several materials will be printed and posted in each BP with clear explanation of the basic principles of decent work and the prevention and containment measures for the COVID 19 pandemic.

Annex I

Provision of Start-up kit

METAL SECTOR - START UP KIT EQUIPMENT				
Metal Work Training Tools and Equipment				
SN	Commodity/Service	Specification	Unit	Quantity / BP
1	Shielded Metal Arc Welding	-AC -Current Min.: 60 A and Max.: 400 A -Input 220V (single - phase) - Duty cycle 60 % -With all accessories (cable , electrode holder, ground clamp)	Pcs	2
2	Portable Grinder machine	-15 AMP motor delivers 6,600 RPM - Wheel Diameter 180mm - Three position adjustable side handle - Rear trigger AC/DC switch for use with alternative power source - With all accessories (Grinding wheel, “tool-less” wheel guard, side handle, inner flange, lock-nut and wrench)	Pcs	1
3	Portable Drilling machine	- Dimensions 262x70x196mm ((10-3/8"x2-3/4"x7-3/4")) - Power Supply Cord 2.0 m - Continuous Rating Input 500W - Capacity In Steel 13 mm - Net Weight 1.7kg	Pcs	1
4	Circular saw machine	- Powerful 15 Amp motor delivers 1,300 RPM - Quick release support fence adjusts for 0-45° miter cuts - Maximum cutting depth of 4-1/2 in. with carbide tipped blade - Includes: 12 in metal cutting saw, carbide tipped blade, socket wrench and switch button - Product Weight from 18 up to 25 kg	Pcs	1
5	Hand shearing machine	- Blade Length 400 mm - Plate / Sheet to be cut 5mm/MS, 3mm/SS	Pcs	1
6	Mechanical tool box	-Tool box which contain more than 42 item	set	1
7	Electrical extension cable	- Amp: 13A - 220/380 volt - cable Length 50m - 4 child safety covered sockets - Sturdy steel frame - Built in carry handle	Pcs	1
8	Beading machine	- Max. Thickness 1.2 mm - Roll length 140 mm - Projection 100 mm - Roll diameter 62 mm - Dimensions (LxWxH) 560 x 220 x 500 mm - Weight 50 kg - 8 Standard roll Sets	Pcs	1
Metal Work Training Materials /Consumables				



Embassy of Italy in Addis Ababa



Stemming Irregular Migration
in Northern and Central Ethiopia



Funded by
the European Union

1	Rivet Gun	Standard riveter	Pcs	1
2	Vise	Table Bench Vise Swivel Base with Anvil	Pcs	1
3	Electrode	2.5 mm Ø mild steel	Pack	5
4	Grinder Disk	6mm*180 mm Ø	Pcs	10
5	Cutter Disk	3mm*180 mm Ø	Pcs	10
6	Circular saw cutter	3mm*300 mm Ø	Pcs	10
7	Drill bit	1-13mm Ø by 0.5mm difference	Set	2
8	Hacksaw frame	300 mm length and 18TPI	pack	3

CONSTRUCTION SECTOR - START UP KIT EQUIPMENT

Bar Bending and Concreting

SN	Commodity/Service	Specification	Unit	Quantity / BP
1	Concrete Mixer	- Diesel 5.5KW,RPM 2400-3600,250L - Weight 206 KG - Overall size :- 180*92*130cm	Pcs	1
2	Concrete Vibrator	Diesel 50 HZ,220V, Weight: 130 Kg and 3.2-4 KW	Pcs	1

CONSTRUCTION SECTOR - START UP KIT EQUIPMENT

Building Electrical Installation

SN	Commodity/Service	Specification	Unit	Quantity / BP
1	Electrical Toolkit -box	With full accessories for building electrical installation work	Pcs	1
2	Ladder foldable	Aluminum type	Pcs	1
3	Digital multi-meter	Standard	Pcs	1

CONSTRUCTION SECTOR - START UP KIT EQUIPMENT

Plumbing and Sanitary Work

SN	Commodity/Service	Specification	Unit	Quantity / BP
1	HDPE Pipe Welding Machine	-Removable PTFE coated heater, with separate temperature control system -Welding range 63,75,90,110,125,140,160 mm -Heating plate temperature 270 o C, -Pressure adjustment 0-6.3Mpa, -Working Voltage 220V, 60HZ	Pcs	1
2	PPR Pipe Welding Machine	-Welding size 20,25,32,40,50 and 63mm, -Voltage Range : AC 180V-240V 50HZ -The heating head temperature: 260 o C to ± 5 o C -Aluminum, -Manual	Pcs	1



Embassy of Italy in Addis Ababa



Stemming Irregular Migration
in Northern and Central Ethiopia



Funded by
the European Union

CONSTRUCTION SECTOR - START UP KIT EQUIPMENT				
Tilling ceramics				
SN	Commodity/Service	Specification	Unit	Quantity / BP
1	General Ceramic Cutter (Grinder)	Ø180 mm,50-60hz,220v,2200w,10.5A	Pcs	1
CONSTRUCTION SECTOR - START UP KIT EQUIPMENT				
Hollow Block Production				
SN	Commodity/Service	Specification	Unit	Quantity / BP
1	Hollow Block Making Machine	-Production Capacity:- 40*20*20 , -Production Capacity:- 40*15*20, -Production Capacity:- 40*10*20, -Product Capacity :1Pcs/mold , -Power Consumption:1.5KW, -Voltage:380V OR 220V, -Overall size:100*80*130cm, -Weight:-215Kg, -Production Capacity:-1000/8Hrs	Pcs	1
CONSTRUCTION SECTOR - START UP KIT EQUIPMENT				
Plumbing and Electrical Installation				
SN	Commodity/Service	Specification	Unit	Quantity / BP
1	Electrical Toolkit -box	With full accessories for building electrical installation work	Pcs	1
2	Ladder foldable	Aluminum type	Pcs	1
3	Digital multi-meter	Standard	Pcs	1
4	HDPE Pipe Welding Machine	-Removable PTFE coated heater, with separate temperature control system -Welding range 63,75,90,110,125,140,160 mm -Heating plate temperature 270 o C, -Pressure adjustment 0-6.3Mpa, -Working Voltage 220V, 60HZ	Pcs	1
5	PPR Pipe Welding Machine	-Welding size 20,25,32,40,50 and 63mm, -Voltage Range : AC 180V-240V 50HZ -The heating head temperature: 260 o C to ± 5 o C -Aluminum, -Manual	Pcs	1