



FOOD RESEARCH
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**'CASSAVA AS AN INDUSTRIAL COMMODITY
– ACCESS TO KNOWLEDGE' PROJECT
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**DEVELOPMENT OF A 'COMMUNITY-OWNED-
PROFESSIONALLY MANAGED (CoProM)'
SYSTEM OF MANAGEMENT FOR CASSAVA SME'S.**

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INTRODUCTION

According to Bateman and Snell (1998) in their book "Management, Building Competitive Advantage," they describe management as "*the process of working with people and resources to accomplish organizational goals.*" This means that, in as much as resources are important, people are also very important. Recent developments in Human Resource Management has revealed that, the very first step in a successful organization is to recruit the right people to manage the organization be it large or small scale.

In Ghana the ownership of most Small and Medium Enterprises (SME's) has been restricted to small groups of people and private individuals. This is so because sometimes the amount of money needed to start these SME's is not as huge as the amount needed for large scale enterprises. With the coming into place of the President's Special Initiatives (SPI), and the various donor support funded projects in the country, most communities have come to own some of these projects as a way of contributing to the development of their communities.

It is regrettable that the management of these SMEs has faced a lot of problems. The most noticeable one is the issue of the mismanagement of the funds that is realized, especially with the ones that are owned by various communities. This is because anyone in the community who feels associated with the project thinks that he or she has the right to enjoy the goodies that come out of the project.

Specifically, on the community owned SME's, one peculiar problem is that, the Executives of these Associations that manage these projects are sometimes divided on what to do. Again people do not even know how much money comes in (i.e. no proper accountability to the people of the community). Besides the staff are more committed to their individual farm activities than to the community processing plant because there is no personal motivation; production and financial records are also not properly kept and work is usually carried out according to the availability of volunteer staff rather than a definite plan. As a result of these management lapses the business lacks impetus and therefore does not grow.

EXECUTIVE SUMMARY

In order to improve the management of community owned small and medium scale enterprises (SME's), a community/private partnership system of management dubbed Community-owned Professionally-Managed system of management (CoProM) has been developed for promotion to potential stakeholders. The system is seemingly a marriage of some aspects of a Cooperative and those of a limited liability company. Key components of the system include the establishment of a Management Board, and a Management Team, a clear definition of the roles and benefits of potential stakeholders, the establishment and implementation of a shareholding /dividend payment policy and a procedure for brokering partnerships. The application of the system is expected to improve the profitability of SME's and bring significant benefits to all stakeholders and most especially the communities within which the various processing plants are established.

There are in existence a lot of management systems that could be used to manage SME's. However for the purpose of this write-up, three main systems would be discussed. These are:

1. The Complete Community Owned/Managed
2. The Privately Owned and Managed
3. The Matrix system (i.e. Private/Community Partnership)

Currently, most donor-funded SME's are being managed with the Completely Community Owned System. Here the community owns the plant and they see to the daily activities of the plant. This type of management system is associated with most of the problems outlined above. The Privately Owned and Managed also brings misunderstanding between the community and private business.

It is in view of this that, this proposal seeks to promote another management system which will take into account most of the outlined problems – the private/community partnership, which is dubbed the Community-Owned Professionally-Managed System of management (COProM).

2.0 MODUS OPERANDI OF THE PRIVATE/COMMUNITY PARTNERSHIP SYSTEM

In Private Community Partnership Management Systems, the management of the plant, its product packaging and marketing is contracted to a private management. The profits from the produce are shared by percentage according to a predetermined system among the partners. These partners may include the community, cassava growers/producers association, the private management firm, and any other stakeholders.

2.1 MANAGEMENT STRUCTURE

There shall be a Management Board and a Management Team whose responsibilities shall be as outlined below. Staffing shall be done by the Private Partner along the lines proposed below but with provision for modification by the private Partner in any way to improve efficiency and effectiveness.

2.2 MANAGEMENT BOARD

2.2.1 Composition of the Board

There shall be a Management Board appointed to coordinate and manage the affairs of the project. The Board shall be made up of representatives of Institutions or individuals who have contributed in cash or kind towards the establishment and management of the processing plant. These are:

1. The Cassava Processors Association. This represents the community that contributed the land. It is very important to state here that, there could be instances where, the land for the infrastructure could be provided by just an individual within the Community.
2. The Provider of the Building (i.e. infrastructure) to house the cassava processing plant and other offices.
3. The Provider of the basic equipment for the project to take-off.
4. The Professional Manager. The Manager contributes his/her management expertise and supplementary equipment as in the form of office/processing equipment.

5. Representatives of relevant government agencies (eg District Assemblies etc.) that could influence government policy in favour of the partnership's objectives.

2.2.2 Responsibilities of The Board

Basically the duties of the Board shall be:

- to ensure that the strategies and plans that the Private Manager intends to use in managing the project fit into the vision and missions of the project.
- To ensure that all the various stakeholders contribute and perform as would be agreed.

The Board shall have the power to terminate the contract/agreement between the community and the private management in consultation with other stakeholders. Other powers of the Board would be specific to varying situations in different localities, regions and countries.

The representatives on the Board are to bring to the notice of the board, peculiar situations pertaining to the stakeholders they represent and should also be well informed about the conditions of the project.

Through the community representatives and a specially appointed representative of the Board (preferably chosen from one of the stakeholders other than the Community or the private partner), the Management Board would monitor the strategies being used in the processing operations, the maintenance of the equipment, the profit margins and the viable operation of the plant. Members of the Board are also expected to regularly inform stakeholders they represent about any developments with respect to the running of the project.

2.3 MANAGEMENT TEAM

2.3.1 Composition

The management team shall comprise a:

- A representative of the private partner
- The appointed Plant Manager
- The Plant Supervisor, with
- The Office Assistant, as secretary to the management team.

2.3.2 Responsibilities

The management team shall be responsible for the day to day running of the plant and shall be directly responsible to the private partners to whom it shall report regularly.

2.4 STAFFING

2.4.1 Composition and Responsibilities

The staffing of the project would be done by the private manager. The private manager will employ staff from the community. Most of the staff especially the production staff should come from the community. The staff composition and their stated responsibilities for shall be as follows:

- 1 Project Manager - Serves as the Managing Director
- 1 Plant supervisor – Oversees all in-plant production activities.
- 4 Production Staff - To operate the processing Machines and perform other processing activities.
- 1 Office Assistant – To be responsible for secretarial and administrative duties.
- 1 Purchasing Officer – Expected to go round the various farms to purchase the right type of cassava for the project.
- 1 Liaison Officer – To liaise with the various cassava growers within the communities and its surrounding communities to promote cordial relations. He will also serve as the link between the Project Management team, other stakeholders, and external agencies.

NB Casual labourers will be engaged to peel the cassava.

2.5 ROLES AND BENEFITS OF STAKEHOLDERS

2.5.1 Community

Benefits

1. This system provides a ready market for the raw material (cassava) sold to the plant by the farmers in the community. This helps reduce the poverty level in that community because they are paid cash.
2. It also serves as a source of employment since most of the people who will be employed will be from the community. This reduces the rural-urban drift.
3. A percentage of the profits made will be given to the community which will be used for developmental projects in the community.
4. The farmers would have more time for their farming activities; increase the area cultivated because of the ready market for their produce.

Roles

1. Ensure regular availability of cassava,
2. Ensure increasing community interest in the project,
3. Hold regular meetings to brief the community about developments in the plant,
4. Encourage community members to buy individual shares,
5. Encourage community members to ensure cleanliness of the plant and its surroundings.

2.5.2 Project

Benefits

1. Private management understands the business area better and are able to market the produce for the best prices and at the right time for best results.
2. The project is sustained because the management will make sure that there is enough raw material supply for the project anytime of the year; and also ensure that processing is carried out continuously.
3. The business grows and profits to the company increase.

Roles

1. Develop a good work plan
2. Ensure the constancy of processing activities.
3. Timely and Quantity delivery of products.

4. Ensure good quality of products and good sanitation of the processing plant.
5. Ensure commitment to work schedules
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2.5.3 Private Partner

Benefits

1. Since the project is awarded as a contract, the Private Manager will put every effort to achieve the best profits for themselves and all stakeholders.
2. If the project operates effectively to the satisfaction of the Board and the other stakeholders, it promotes the image and credibility of the Private Manager and enhances its chances of engaging in other similar partnerships which could generate more profit.
3. The private partner is able to meet the demands of its clients on a more regular basis and therefore make profit on a more regular basis.

Roles

1. Propose a management team for approval by the Board.
2. Ensure good management practices.
3. Ensure sound financial management
4. Sourcing for markets and marketing of products
5. Monitoring and Evaluation of staff performance.
6. Monitoring and evaluation of the management team.
7. Sourcing for raw material (cassava) for processing privately but largely from the community, and neighboring communities.
8. Packaging, pricing and the marketing of the various end products from the project. Any strategy for the packaging, pricing and marketing should be done in consultation with the Board and should also be as cost effective as possible.

2.5.4 Other Stakeholders

Benefits

1. The Donors will see a real proof of what their funds have achieved and would be motivated to provide support for other communities and R&D agencies.
2. The success of the R&D Institutions and other government agencies who mooted the system and supported its implementation would enhance their image and capacity of succeeding in soliciting funds for projects in other communities or countries.
3. Research and Development Institutions' share of profits can be used as a source of revenue for promoting the establishment of an Agri-Business Development Group (ABDeG) that would spearhead the sustainability of the program as well as extending it to other communities.

Roles

1. Identifying areas requiring improvement and soliciting for donor-funding.
2. Provision of donor funding
3. Extension of research results and training of staff in new technologies or management practices.
4. Lobbying government for the extension of assistance to processing plants and providing information on government policies and funding sources from which the project can benefit; and physically assisting in pursuing those benefits.

2.6 SHAREHOLDING POLICY AND DIVIDEND PAYMENTS POLICY

In order for all the stakeholders to benefit from the project, it is important to have a share holding policy which will indicate the contributions of stakeholders to the funding of the project and how the proceeds from the project will be shared. The following share-holding and dividend payment policy is therefore proposed:

2.6.1 Share Allocation

Shares shall be allocated to all identifiable stakeholders as follows:

Community	-	50% out of which 15 % should be
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Preference Shares and 25 % as
Ordinary Shares.

Private Management (Partner)	-	30%
All other Stakeholders	-	20%

The rationale for allocating higher shares to the community and the private partner is to:

- Maintain the community ownership of the plant in order to sustain community interest, as well as,
- To sustain the business interest of the private partner so as to promote the growth of the project for mutual interest.

2.6.2 Share Value/Share Valuation

The cost of each share shall be ₪250,000.00 or the cedi equivalent of US\$30.00 whichever is higher.

Community Shares

The community shares shall be valued as the total sum of the costs of :

- Equipment and other materials/cash donated by the funding agency,
- Any other assets invested in the plant by the community before the brokering of the partnership,
- Shares purchased by individual members of the community.
- Any cash resulting from previous operations
- Land provided by the community for the construction of buildings and installation of equipment.

Private Partner Shares

- The private partner shares shall be valued as the physical cash contributed to the project plus the cost of any supplementary equipment supplied to enhance the operations of the plant.

Shares of Other Stakeholders

- The shares of other stakeholders shall either be in the form of cash or cost of equipment, and processing supplies.

2.6.3 Share Purchase Limitations

Share purchases by each shareholder shall not exceed the amount of shares allocated except in the situation where a specific shareholder is willing to sell off some of its shares because of inability to raise capital to buy what is allocated.

2.6.4 Dividend Payment

At the end of each financial year and in the instance where profits have been declared, 20% of profits shall be retained for the project, after which the rest would be shared according to the number of shares owned by each share of holder.

2.7 BROKERING OF PARTNERSHIPS

The following procedure shall be adopted in brokering partnerships between the Community Processing Plants; the Private partner and the other stakeholders:

- The promoters shall first identify the potential Community processing plants, the private partners and other stakeholders.
- The promoters of the system shall discuss the proposals separately with all the stakeholders.
- A meeting would then be arranged between stakeholders interested in participating in the programme.
- A memorandum of understanding would be drafted and signed between the interested stakeholders.
- A facilitator shall be appointed to coordinate the process of:
 - Putting together the Board of Directors
 - Staffing of the plant
 - Opening of a bank account
 - Valuing the potential shares of partners and ensuring payment of outstanding shares into the accounts of the project.
- Temporary handover of the facilitation process to the Board of Directors.

- Three month trial operation of the partnership.
- Official inauguration of the partnership and start of the partnership.

2.8 CONCLUSION

It is hoped that the application of the principles mooted here would improve the viable operation and profitability of Community-owned Small and Medium Scale Enterprises that embrace the idea; and bring significant benefits to all the stakeholders involved . It is important however to note that, in using this Management System there would be the need to adapt it in relation to the customs and traditions of the Community. This is because Communities all over the world have different values that they hold dear, and these impact on any system that is to be used by the particular community. Details regarding the system of meetings, reporting schedules and the regulation of the finances of the partnership shall be worked out by the facilitator and agreed between all stakeholders after the partnerships have been successfully brokered.

REFERENCES

Bateman, T.S. and Snell, S (1998). Management: Building Competitive Advantage, 4th Edition, McGrawHill College. ...pp.