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RURAL-BASED SMALL INDUSTRIES SUPPORT SERVICES - SMALL
ENTERPRISE DEVELOPMENT CORPORATION (SEDCO)

DP/ZIM/83/016/11-52

ZIMBABWE

Technical report: Industrial opportunity identification*

Prepared for the Government of Zimbabwe
by the United Nations Industrial Development Organization,
acting as executing agency for the United Nations Development Programme

Based on the work of Deepak Adhikary, consultant in
industrial opportunity identification

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United Nations Industrial Development Organization
Vienna

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I. EXPLANATORY NOTES

1 Zimbabwe Dollar (Z\$)	=	US\$0.60 (approximately)
SEDCO	=	Small Enterprise Development Corporation
Sis	=	Small Industries
EDP	=	Entrepreneurship Development Programmes
PI	=	Project identification
CIA	=	Chief Technical Advisor
GOZ	=	Government of Zimbabwe
SWOT Analysis	=	Strengths, Weaknesses, Opportunities and Threats analysis.
IOIM	=	Industrial opportunity identification matrix.

II. ABSTRACT

Project: DP/ZIM/83/016/11-52

"Assistance to Small Enterprise Development Corporation (SEDCO)"

The consultant in industrial opportunity identification has established a methodology of identifying industrial opportunities in Zimbabwe and formulated a guideline to continuously updating the opportunity information which can be fed to potential entrepreneurs.

The consultant has also updated and prepared profiles of 20 projects deemed feasible through opportunity identification process. The assignment duration was from 14 November to 18 December 1987.

Considering the need to promote small industries in Zimbabwe especially in small towns and growth centres, SEDCO has a very prominent role to play. However, SEDCO needs a strong backing and support on formulating a method of industrial opportunity identification and establishing an effective link with potential as well as existing small entrepreneurs.

By updating and enlarging SEDCO's own inventory of potential projects through a systematic method and helping the entrepreneurs to be self-reliant through training, counselling and entrepreneurship development training courses, SEDCO can contribute significantly to achieve the objective of small industries promotion in the country. Although SEDCO is reasonably competent in some of the activities, there is an apparent need for an institutional mechanism to tie up different activities and provide a "packaged" assistance to potential and existing entrepreneurs in the target locations.

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INTRODUCTION

The purpose of the project was to strengthen SEDCO's capability in providing direct support as well as enhancing institutional capabilities to develop/promote small industries in small towns and growth centres through opportunity identification, entrepreneurship development programmes and a comprehensive assistance package to both upcoming as well as existing entrepreneurs.

The consultant in industrial opportunity identification undertook his assignment from 14 November to 18 December 1987.

The original objective of the assignment was to enhance the portfolio of project profiles based on locally available raw materials and supplement the EDP workshop with opportunity identification creation exercise as well as participate in post workshop facilities. Also, the proposed duration was 2 months.

Between the time of deciding the activity - February/March 1987 and actual commencement of the assignment, there was a delay in selecting and finalizing the consultant. As a consequence, the consultant in industrial opportunity identification and consultant in entrepreneurship development could not be together for conducting the entrepreneurship development workshop. This resulted in not fulfilling one of the original objectives of conducting an industrial opportunity identification exercise and counselling the EDP participants. However, to maximize the input of the consultant, it was jointly decided by the CIA and chief local counterpart that the consultant in industrial opportunity identification will specifically:-

- assess the industrial opportunity scenario in Zimbabwe
- formulate a methodology/guidelines of identifying potential industrial opportunities/projects in Zimbabwe.
- prepare and update at least 20 project profiles deemed feasible.

- prepare a guideline for entrepreneurs so that they can start exploiting their own opportunities through location specific market studies.
- prepare inputs for project identification module of the entrepreneurship development workshop which is to be conducted later on.

The present technical report consist of, a) a matrix and guidelines of industrial opportunity identification which can be regularly used by SEDCO to update its own inventory of project and train entrepreneurs, b) guidelines to entrepreneurs who come to SECCO seeking assistance, c) guidelines to conduct project identification module during entrepreneurship development workshop and d) 20 project profiles.

RECOMMENDATIONS

The recommendations for SEDCO are divided into 2 levels - polity and implementation.

Policy Level recommendation

1. SEDCO should be selective in who is to be promoted and with what projects. Not everyone can be served and only those projects of entrepreneurs who have observable potentials should receive assistance. Once the credibility of SEDCO is established with tangible success results, then SEDCO can expand its services to cover large target groups.
2. SEDCO should clearly assess and identify the specific needs and wants of the target group so that services can be designed appropriately. This might even lead to reorganization of some of the field and/or head office activities.

3. SEDCO has to learn to capitalize on the entrepreneurs' own energy, creativity and strengths for solving their own problems and adopt a more facilitative posture rather than a prescriptive one. Because real entrepreneurs of small industries have to make their own decisions; prescribing patent medicines and standard solutions only kills innovation, reduces competitiveness and consequently growth.
4. SEDCO should see to it that to make pragmatic decisions, the entrepreneurs need to collect their own information and data; they are then in a better position to judge the viability of their ventures. SEDCO should make an effort to make this objective transparent to the clients.
5. There is a very strong need in SEDCO to consolidate the various activities relating to Small Industries (SIs) promotion into one strong umbrella and view the process of new venture creation as well as assistance to existing entrepreneurs in a systematic and coordinated manner. It is recommended that SEDCO should seek help from international organizations in institution building and project implementation relating to small industries promotion. If the assistance is concentrated on only one or two specific activities like entrepreneurship development or project identification in isolation, the target group would still be deprived of the "packaged" assistance which the entrepreneurs need from the time of training to actual operation of the project.
6. There is a tendency of Zimbabwean small entrepreneurs to 'Crowd' the city areas like Harare and Bulawayo. If SEDCO really wants to develop SIs in growth points, districts centres and small towns, then the entrepreneurs should be motivated to make investment in those areas. As such, there is no 'special' incentive if someone starts a small manufacturing enterprise in a small town or a district centre. SEDCO

should advise the government to provide special facilities/incentives/concessions/tax holidays/protections to the small industries established in specific district centres and/or small towns based upon the need and use of the proposed industries. This will help in re-directing entrepreneurs to growth centres who are 'crowding' the cities.

Implementation level recommendation

7. To systematically record and analyze the SIs activities in the growth centres, SEDCO should start taking census of the small manufacturing enterprises. The census should consist of capital investment, years of operation, type of products being produced and current problems faced. After completion of the census, SEDCO will have a comprehensive picture of the various location specific market conditions. This will help to advice potential entrepreneurs and to give feedback on the various projects. If certain section e.g. like bakery, furniture etc. is already overcrowded, such information can be passed on to entrepreneurs.
8. While conducting project identification exercises through brain storming and preparing industrial opportunity identification matrix, it is strongly recommended that the major inputs should come from the field staff. Because they are close to the actual project locations and are having direct encounters with the entrepreneurs. They are also more aware of the specific location based projects.
9. SEDCO should also focus on giving management training to small entrepreneurs in the target growth centres. Since many of the small industries entrepreneurs face similar management problems, it will be practical and cost effective for SEDCO to offer these people-group management training. The training courses should be of short duration and concentrate on specific problem areas like - how to keep basic records, how to select a market strategy, how to do costing and pricing etc.

10. SEDCO should maintain a close liaison with the Chamber of Commerce and Industries. They are the people who can provide inputs/information about the problems faced by the industries. This can be a valuable input to industrial opportunity identification exercise for making policy and macro level assessment.
11. SEDCO should make a maximum use of its IBM compatible computer in making project profiles and updating industrial opportunity identification matrix. The completed profiles should be circulated to all branch offices for keeping the field staff abreast of new projects and new ideas.
12. An effort should be made by the top management to bring the loan appraisal section and field consultants closer and together. Because the delays caused by loan appraisal division puts the field consultants into a very embarrassing situation in front of the clients and the 'trust' relationship with the clients is hampered to a great extent.
13. To facilitate an immediate action, a procedure describing the responsibilities of the consultants and the loan appraisal division should be clearly spelled out with certain time frame and a regular follow-up mechanism should be installed.
14. Regular workshops should be conducted for the headquarter and field staff. New ideas and inputs regarding small industries promotion should be discussed in the workshops. Moreover, this will also give an opportunity to change and redirect new and old client services according to the experiences gained in the field. Such workshops also foster good staff relations (can help to certain extent, implement recommendation No. 11) and an atmosphere of team work.

IV. ACTIVITIES AND OUTPUT

A. Terms of reference

In order to strengthen SEDCO's capability in providing direct support and enhancing its institutional capability to develop/promote SIs in district centres, growth points and small towns through a coordinated and comprehensive assistance package, DP/SIM/83/016 was launched. The project has clearly identified the need for comprehensive entrepreneurship development package as one of the prime source of developing small industries in the target locations.

Under the guidance of the CTA and in close cooperation with the consultant on Entrepreneurship Development and local counterparts, the objective is to identify industrial opportunities in Zimbabwe for manufacturing production especially in rural areas and growth centres.

Specifically following task will be performed:

- 1) enhancing the portfolio of project profiles based on locally available raw materials;
- 2) supplementing the entrepreneurship development workshop with the industrial opportunity creation exercise:
 - adding a true-to-life dimension to the workshop;
 - providing individual counselling to potential entrepreneurs/participants, assisting them to plan their ventures;
 - assist, to the extent possible, in the post workshop activities.
- 3) preparing final report setting out the findings of the mission and recommendations to the Government of Zimbabwe on further action to be taken.

B. Activities

Sequencing of activities

For various reasons, the Entrepreneurship Development consultant was not available for conducting the workshop. However, to maximize the input during the assignment period, following sequence of activities were conducted.

- identification of problems relating to small industries promotion;
- classification of SEDCO's clients based on opportunity identification prospects;
- guidelines for industrial opportunity identifications;
- preparation of industrial opportunity identification matrix;
- preparation/updating of 20 project profiles found feasible from opportunity identification exercise (matrix);
- guidelines to potential entrepreneurs who contact SEDCO to get some project ideas and assistance;
- inputs for the Entrepreneurship Development workshop which is to be conducted later on by the consultant in Entrepreneurship Development and local counterparts.

C. Findings and recommendations

1. Small industries development problem and SEDCO's institutional framework.

In a nutshell, following are the major problems of small industries development in Zimbabwe:

- lack of entrepreneurial and technical skill required to start an industry;
- the absence of managerial skills in operating an industry;

- low access to credit;
- lack of faith on the potential entrepreneurs by financing and promotional institutions;
- ignorance of new industrial technology and how to use them at small-scale operation;
- lack of knowledge on the part of manufacturers of how to market products, to whom and where;
- the scarcity of trained extension workers to advise individual entrepreneurs/industries on how to surmount some of the above obstacles;
- no clear cut policy directives by the government towards the promotion of small industries.

2. Classification of SEDCO's client

From the business opportunity identification prospects, SEDCO's clients can be divided in the following groups:

- potential entrepreneurs who want to start a small industry but have no idea as what to make;
- entrepreneurs who have definite idea on what to make but do not know whether it will be feasible;
- graduates of vocational/technical schools who are trained in certain specific skills and are looking for self-employment opportunities or those who could be motivated towards self-employment;
- potential entrepreneurs who are already in the trading business like grocery, retail selling etc. but want to start a manufacturing enterprise;
- persons who have certain projects in mind, who also have done some exploratory market study but do not know how to proceed from there;
- existing clients who want to diversify their industries/products.

SEDCO can play a very significant role in overcoming some of the above mentioned obstacles by following ways:

- the creation of new manufacturing enterprises by facilitating large number of potential entrepreneurs to enter into manufacturing activities;
- improving the performance of significant portion of existing manufacturing enterprises by providing extension services and on-the-spot consultancy to them;
- enhancing the effectiveness of new enterprises and performance improvement of existing units through improved financing facilities.

Although the mandate of SEDCO covers most of the issues mentioned above, the result of the services provided so far still needs further refinement and consolidation specially in identifying exact target groups and selecting an appropriate method of assistance.

In the process of new enterprise creation, normally the existing small industries and their requirements are overlooked. It is thus necessary that SEDCO should strengthen its field offices. The field officers/consultants should not only give advices to existing small industries, but run 'need based' training courses as well.

Because, sometimes it is helpful to train the existing SIs clients rather than giving advices only. Since many of the SIs clients face similar management problems, it is practical and cost effective to offer these people group management training. The training courses should concentrate on specific management issues such as how to introduce basic records into their industries, how to select a market strategy, how to know the profitability of the business, how to plan for future growth, how to do costing and pricing etc. The courses should be of short duration

as most of the owners can not afford to be absent from their businesses for long period of time. If the training courses are successful and the clients find the courses useful, SEDCO's image will improve and clients will start having more "trust" on SEDCO which is extremely desirable at the present moment.

3. Guidelines for industrial opportunity identification

Preparation of industrial opportunity identification matrix has the following significance for SEDCO:

- updating SEDCO's own information system on various potential projects which can be later on fed to prospective entrepreneurs if deemed necessary;
- providing assistance to those potential entrepreneurs who have all the background but do not know what to make;
- providing help to those entrepreneurs who are already in the manufacturing business but want to diversify in terms of new products;
- cross-checking the information collected by the entrepreneurs and providing appropriate feedback.

Identification of industrial opportunities calls for a detailed understanding of government policy, plans, programmes, special activities if any, and the general business environment as a whole.

SEDCO should not depend on "ad-hocism" in opportunity identification. It should consider the possibility of analyzing the different variables and make a check-list. The check-list will help SEDCO to preliminarily assess the business ideas brought by entrepreneurs and/or help SEDCO to establish its own inventory.

Primarily, industrial opportunity identification calls for macro and project level assessment. Following are the major considerations:

3.1 Macro level assessment

3.1.1 Study of Government Plans

Following specific information would be sought from the planning document:

- what are the main objectives and policies regarding small enterprise development?
- How big or significant is the share of small industries in the total manufacturing activities?
- What is the trend of some specific industries?
This will indicate the forward/backward linkage opportunity for the proposed projects;
- Are there any priority sectors where the Zimbabwean Government is giving emphasis?
- Are there any incentives given to small industries or is there any specific sector where the incentives will be given?
- Are there any certain pockets/locations in the country which are deemed important for development by Zimbabwe government?
- What are the restrictions in using foreign exchange facilities for importing necessary machines/equipments and raw materials?
- Study of government plans gives at least an indication of growth trend in certain sectors of the economy over a period of time. Normally, if the government is attaching significant importance in certain sectors, there would be incentives and other facilities to attract investment there. Since small industries have low gestation period, it will be advisable to capitalize on this opportunity. Careful study of plans and programmes lead to some clues regarding this possibility.

3.2 Project level assessment

3.2.1 Understanding business environment

By classifying Zimbabwean society into various market segments using such factors as location, age, sex, income, traditional customs; will yield some business opportunities demanded by each market segment. For example, considering the fact that large part of the population is engaged in agriculture and lives in rural areas, opportunities exist for low priced and "rural area" functional products.

Environmental changes also create business opportunities. For example, with establishment of many multinationals several logistics support businesses have opened specifically in Harare and Bulawayo. Similarly, with the coming and going of various diplomats/ex-patriates, packing/moving and forwarding agencies could be a lubricating business. There are still so many opportunities left to tap the tourism. The only industry that is found in Zimbabwe relating to tourism is curios and handicrafts.

Thus, the environment changes can help identify new business opportunities. SEDCO should continuously examine the environment and identify emerging changes to help the entrepreneurs perceive business opportunities.

3.2.2 Study of import trends

Due to high transportation costs (because of the landlockedness of the country as well as foreign exchange conservation measures), many imported products could be locally made and could still be cheaper. Of course it has to be explored what can be produced locally. The list of imports could be derived from the Ministry of Industry and Trade.

3.2.3 Study of exports

By studying/analyzing export data, opportunities might exist for enhancing existing exportable products. For example, dairy products like cheese and other items can be exported to South Asian countries where agricultural farming has not yet fully developed (in most of the places). Another example is garment export. How many local garment exporters have looked into the American or South East Asian markets except Europe?

Similarly, there are not many colour photo processing laboratories in Harare and Bulawayo (if counted, would not exceed more than 5/6). With so many tourists around and the increasing craze of photography among locals, instant colour processing lab could be a very good industry. Substantial amount of foreign currency is being spend by most of the studios in getting the photographs printed outside the country. With the little bit of foreign exchange, necessary machines/equipments and raw materials could be bought and the industry can be started locally.

3.2.4 Study of available skills

The availability of skilled manpower for a particular industry (for example curios, weaving, shoe making, blacksmithy, pottery, etc.) in an area often leads to the establishment of similar industries leading to competition among themselves and finally "killing" each other's business. To avoid this and at the same time tap the available skill, possibility of shifting into new products requiring similar know how should be explored. For example, skilled shoe makers can branch off into other leather crafts; pottery makers can go into making ceramic tiles and so on.

Considering the medicinal herbs and local medicines value which have been existing for centuries, only handful of people have tapped the market and resource. The westerners have increasingly shifted towards "nature cures" and natural medicines instead of aleopathic ones. This trend has opened many business opportunities for Asian and Latin American countries and similar opportunity can be exploited by Zimbabwe as well. Besides skills, even the required herbs are in abundance locally. Herbal cosmetics - which use local herbs, are also gaining popularity in overseas market. Herbal cosmetics can be made/manufactured at a small scale, thus, it should be within reach of SEDCO's clients.

3.2.5 Investigate local materials and resources

The availability, quality or price of certain materials in a region may provide trading or manufacturing opportunities. A study of known minerals and forest resources in an area may help in identifying other processing possibilities. For example, an area like Kariba where electricity is in regular supply and abundant, may encourage some of the entrepreneurs to establish power intensive industries.

3.2.6 Investigate technology introduction possibilities

New development in science, product and process technologies lead to new business opportunities. For example, the government of Zimbabwe is now concerned about the depletion of forest resources. Now there is a very good opportunity to making briquetting plants using saw dust, agriculture wastage and other wastage products. Similar is the case of tapping solar energy. Since Zimbabwe is endowed with a very good sunshine throughout the year, it will be of advantage to bring projects for harnessing solar energy.

Among other thing is "waste recycling". Lubricants like mobil oil can be recycled and brought back to near their original characteristics after an inexpensive chemical processing. This is already being done in Europe and India. And this opportunity does not require very expensive machines nor high technology.

Similarly, new discoveries in bio-gas offer some opportunities. By collecting cow/ox dungs and excreta, power/ electricity can be generated. This has been successfully experimented in Nepal, India, Sri Lanka, Pakistan, Thailand and Bangladesh. Bio-gas plant does not need any 'outside' technology. It is very simple to make and not expensive at all. And if it can be successful in 'poor' South Asian countries, there is every possibility that it might be successful in Zimbabwe as well! International agencies like Intermediate Technology Group (ITG) are doing extensive research on local appropriate 'technology' in Zimbabwe based on their experience in Latin America and Asia. If SEDCO makes regular contacts with them, a number of products with 'low cost appropriate technology' characteristics can be generated.

3.2.7 Examine inter-industry relationship

Growth of one industry normally creates opportunities to establish others. The identification of possibilities starts by analyzing how inputs and outputs of industries fit in together. For example, the growth of food processing industries creates opportunities for packaging industries. There are certain activities which cannot be done by large and medium scale industries. For example, a cigarette making company will not make packets - because it will not be economically viable. Similarly, with the growth of large manufacturing industries, demand for light engineering products will certainly grow. To certain extent, Zimbabwe has recently experienced this phenomenon and still there is a vast opportunity for light engineering products.

Similarly, some of the small industries might benefit from the output of other industries. A pottery for example can make use of fire bricks which is the product of other industries. Since minerals are found abundantly in Zimbabwe, many small industries can come up based on processing of minerals and the output would again be used by large industries. Making of copper salts, copper sulphate, paints, inks etc. could easily be made in small-scale which has a forward linkage with existing chemical industries. If explored properly, there is a great possibility of 'sub-contracting' by medium and large scale industries to small units in making some of the items which can be used as raw materials.

3.2.8 Observe experience elsewhere

Familiarity with current economic developments in other countries having similar conditions will often suggest business/industrial projects which have been successful elsewhere. Experience of West Africa, East Africa, South Asia and some of the Latin American countries can give valuable clues for new opportunities. It is also advisable for promotional institutes like SEDCO to organize industrial trade fairs and invite some of the developing countries to participate. Since most of those countries would want to sell their machines/products, they will normally participate in their own expenses. Thus with very little cost, SEDCO can help local entrepreneurs in observing what other countries have done. Some entrepreneurs might get inspiration and identify some potential opportunities. The 'trade fair' is also a contact point for meeting machine suppliers/buyers and finding new technologies.

3.2.9 Study inter-region trade pattern

Sometimes the inter-regional trade pattern becomes a vital aspect in efforts to identify business opportunities. For example, most of the consumers' products are either made

in Bulawayo or Harare. In return, some of the fruits and similar items are coming from the other parts of the country. It might be economical and effective to start fruit canning and processing industries close to the place of fruit supply. Similar might be the case for mineral processing industries as well.

4. Industrial opportunity identification matrix

Based on the guidelines, an industrial opportunity identification matrix (IOIM) is formulated and the projects deemed feasible are listed. Then a judgement is made whether the project is favourable, not favourable, or needs further information to arrive at the conclusion.

This preliminary information would help SEDCO to start collecting industrial opportunity possibilities in a systematic manner which can be regularly updated.

The IOIM lists the projects generated from brainstorming and uses the guidelines criteria as checklist. To confirm whether the projects will fall into national priorities, there is a checklist which indicates whether the selected project meets the basic needs like - food, housing, clothing, education and energy.

5. Preparation of Project Profiles

Based on the findings of IOIM, 20 project profiles are prepared (Refer - Annex IV). Following projects are covered in the profiles:

Teleprinter rolls and tapes, wooden crates, laundry soap production, wax coated paper, TV Antenna, briquettes from agricultural wastage, exercise books and registers, type foundry, solar cooker production, plaster of Paris, animal

INDUSTRIAL OPPORTUNITY IDENTIFICATION MATRIX

List of Industries	Local Availability of Raw Material	Business Environment	Export Potential	Import Substitutional Potential	Inter-Industry Linkage (Forward)	Inter Industry Linkage (Backwards)	Locally Available Skill	Demand for similar Product Growing	Easy Access Technology	Within SEDCO's financing Limit	Whether meets the basic needs					REMARKS
											Food	Housing	Clothing	Educa-tion	Energy	
26. Wrist Watch Straps	✓	0		0	0		0	✓	0	0						0
27. Type Foundry	0	✓	✓	✓	✓		0	✓	0	✓				✓		✓/0
28. Electronic Gas Lighter	0	✓					0	✓	0	0						0
29. Food Warmers	0	✓					0	✓	0	0						0
30. Electrical Motors (1 to 10 H.P.)	0	✓		✓	✓	✓	✓	✓	0	0						✓/0
31. Bone Meal	✓	✓					✓	✓	✓	✓						✓
32. Measuring cotton tapes	✓	0					✓	✓	✓	✓						✓
33. Manhole covers	✓	0					0	0	0	0						0
34. Medicinal Herbs	✓	✓	✓				✓	✓	✓	0						✓/0
35. Bio-gas Plant	✓	✓					✓	✓	✓	✓					✓	✓
36. Pop-Corn	✓	0					✓	✓	✓	✓	✓			✓		✓/0
37. Teleprinter rolls and tapes	x	✓		✓			✓	✓	0	✓						✓/0
38. Plaster of Paris	✓	✓			✓		✓	✓	✓	✓						✓
39. Charcoal Production	✓	✓			✓		✓	✓	✓	✓					✓	✓
40. Used oil regeneration (recycle)	✓	✓		✓	✓	✓	✓	✓	0	0					✓	0
41. Copper Sulphate	✓	0	0		0	0	✓	0	0	0						0
42. Shoe Polish	0	✓					✓	0	0	0						0
43. Wood Polish	✓	✓			✓		✓	0	✓	✓						0
44. Ice Blocks	✓	0					0	0	✓	✓						0
45. Instant food mixes	✓	✓					✓	0	✓	✓	✓			✓		✓
46. Nuts and Bolts	✓	✓			✓	✓	✓	0	✓	0				✓		✓
47. Copper wires	✓	0	0		0	0	0	0	0	0						0
48. Sanitary Towels	0	0					0	0	0	0						0
49. Candles	✓	✓				✓	✓	✓	✓	✓						✓/0
50. Tin Containers	✓	✓				✓	✓	✓	✓	✓						0
51. Spectacle frames	0	✓		✓			0	✓	✓	0						0
52. Mosquito Coils	0	✓					0	✓	✓	0						✓/0
53. Color Photo processing	x	✓		✓			✓	✓	0	✓						✓/0

INDUSTRIAL OPPORTUNITY IDENTIFICATION MATRIX

Legend

✓ - Favourable
 ○ - Needs further information
 X - Not favourable

List of Industries	Local Availability of Raw Material	Business Environment	Export Promotion Potential	Import Substitution Potential	Inter-Industry Linkage (Forward)	Inter-Industry Linkage (Backwards)	Locally Available Skill	Demand for similar Product Growing	Easy Access to Technology	Within SEDCO's Financing Limit	Whether meets the basic needs			REMARKS
											Food	Clothing	Energy	
1. Laundry Soap	✓	✓	X	○			✓	✓	✓	✓				✓
2. Fuel Alcohol	✓	✓	✓	✓	○	○	○	○	○	X				○/✓
3. Briquettes from Agriculture Waste	✓	✓			✓		✓	✓	✓	✓				✓
4. Solar cooker	✓	✓				✓	✓	○	○	○				✓
5. Iron Powder	✓	○			○	○	○	○	○	○				○
6. Brick making	✓	✓			✓	✓	✓	✓	✓	○		✓		✓
7. Paper Board Box	✓	✓			✓	✓	✓	✓	○	○				○
8. Polyethylene films and bags (printed)	X	✓					✓	✓	X	✓				○
9. Blow sealed plastic containers	X	✓					✓	✓	○	○				○
10. Paper Napkins & facial tissues	✓	○					○	✓	○	○				○
11. Carbon Paper	○	✓			○	○	○	✓	○	○				○
12. Drinking Straw	○	○					✓	✓	✓	○				○
13. Exercise books and resistors	✓	✓					✓	✓	✓	✓				✓
14. Printing Inks	○	✓					✓	✓	○	○				○
15. Black Insulating Tapes	○	✓					○	✓	○	○				○
16. Emulsion Master	✓	○							○	○				○
17. Starters for fluorescent lamps	○	○			✓			○	○	○				○
18. T.V. Antenna	✓	✓			✓	✓	✓	✓	✓	✓				✓
19. Loud Speakers	✓	✓			✓	✓	✓	✓	✓	✓				✓
20. Physical Fitness Center	X	✓					✓	✓	✓	✓				✓
21. Gas welding rod	○	✓			✓	○	○	○	○	○				○
22. Welding Electrodes	○	○			○	○	○	○	○	○				○
23. Wooden Crates	✓	✓			✓		✓	✓	✓	✓				✓
24. Wood-Nail	✓	✓					✓	✓	✓	✓				✓
25. Animal Glue	✓	✓					✓	✓	✓	✓				✓

glue, loud speakers, TV Games, bone meal, physical fitness centre, surgical dressing, cotton measuring tapes, charcoal production, low density polythelene materials for packing, wood wool etc.

The project profile consists of the following:

Background information: Name of the project, sub-sector international standard industrial classification code (ISIC) and total investment;

Profile: Product description and uses, market potentials, proposed plant capacity, manufacturing process, raw materials requirements, machinery and equipments, land and building, staff and labour; and

Financial Implications: expenditures, working capital requirement, total capital investment, source of finance, operating costs, sales estimates, break-even analysis, profitability and cash flow statements.

These project profiles are only a guideline which describes the basic usage of the products, tentative machines, equipments and raw materials required. By no means, the project profiles are complete on their own. SEDCO should think that only by handing the project profile will not serve the purpose, the entrepreneurs should be clearly told what further inputs will be needed from them and why.

Normally, promotional institutions do not know the "cut-off" point of the service to be provided. In other words, the promotional institutes either tend to "over-help"/ "spoon feed" the SIs clients or they look into the entrepreneurs with suspicion specially if they do financing as well.

SEDCO has to take such course of action which will avoid the above mentioned situation and motivate the entrepreneurs, who come to SEECO for assistance, to be self-reliant. Without discouraging the entrepreneurs, SEDCO should explain them the benefits and needs of doing their own project identification. SEDCO should clearly tell them that they (SEDCO) can provide only assistance in giving some of the information but not completely work for the entrepreneurs. Otherwise, if SEDCO takes a very active role in telling prospective entrepreneurs - what to do and what to make, they (entrepreneurs) will definitely come back to SEDCO if anything goes wrong. This will lead to a situation where both of them will start blaming each other.

To avoid this embarrassing situation, it is always wise to clearly explain to the entrepreneurs why they themselves should do their own market exploration and to what extent SEDCO can help.

In this connection, SEDCO also needs publicity about what it can do for the promotion of SIs. For example, how a small entrepreneur from Mutare or Whange would know the type of services provided by SEDCO? Circulation of brochures only is not enough.

As long as SEDCO cannot establish a "mutual trust relationship" with the small entrepreneurs, it will be not possible to expect a tangible result. Field staff can play an effective role in building up the trust. For this reason the field staff should be trained in the 'opportunity identification exercise; 'Client - Consultant Communication' and 'behaviour skill to build trust'.

For making the effective use of the project profiles, it is necessary for SEDCO to write to different machine suppliers asking them to send price quotations. The quotation should be asked for normally low capacity machines/equipments so that it would be in reach of SIs clients. Similarly, a team of SEDCO officers should start contacting possible raw material suppliers and feed the information and addresses into the computer. This will help in providing prompt services to entrepreneurs who normally need assistance in locating machine/raw materials suppliers.

6. Guidelines to entrepreneurs

When potential entrepreneurs come in contact with SEDCO to explore the possibility of starting a manufacturing venture, SEDCO officials should clearly explain the guidelines of industrial opportunity identification matrix as a basis of finding new projects and ask them to come after few days with some project ideas. Normally, with the help of project identification criteria, some might turn up with ideas but some might not be able to trace any feasible projects. Only then SEDCO should show them the project profiles. When the entrepreneurs get some clues from the profiles, SEDCO should explain why they should collect further information and handover them the "Guidelines". The guidelines are arranged in "step-by-step" sequence. However, it should be made sure that the entrepreneurs understand clearly what they are supposed to do and more specifically, why-they-are doing it.

The "Guidelines" cover the following: (Details are shown in Annex I).

- Briefing on why the entrepreneurs have to collect their own information;
- Brief description about the product;

- How does it (the proposed product) compare in quality and price with the competitors?
- Where will the industry be located?
- What physical areas will be covered by the project?
- To whom the proposed product will be sold?
- Is it possible to estimate how much of the product (or similar product/s) is being currently sold?
- How much market share can be captured?
- How much of the product will be produced?
- What promotional measures will be taken to sell the product?
- When and where the machinery can be obtained?
- How to improve the product quality?

The information requirement is arranged in a sequential order and a logical pattern so that one answer leads to another. The "guidelines" should be translated into local language if necessary.

After the entrepreneurs collect information based on the guidelines, they will again have a set of questions:

- What is the actual production process?
- What is the formula?
- Where can I get the raw materials and machineries?
- How much will they cost exactly?
- Where can I have skilled manpower?
- Where can I get training myself?
- Where/how can the needed spare parts be found?
- Do facilities exist for general/specific maintenance?

SEDCO has a very significant role to play in providing information/answer to some of the above mentioned questions. It is thus strongly recommended that SEDCO should start contacting machine suppliers and collect other information that could be related to various projects. Since SEDCO already has a computer, the information can be stored and retrieved when necessary. This also provides a link between marketing and technical assistance.

7. Inputs to entrepreneurship development workshop

- 7.1 Ideally, following steps would be useful in conducting Entrepreneurship Development courses in Zimbabwe with due emphasis on industrial opportunity identification:

Step I A rigorous selection process for identifying potential entrepreneurs so that training and other efforts/inputs of SEDCO are maximized. Moreover, there is no existing profiles of the entrepreneurs. The selection will give a fair idea to SEDCO as who is to be promoted.

Step II Achievement Motivation Training (AMT) which is designed to stimulate levels of entrepreneurial behaviour among potential entrepreneurs.

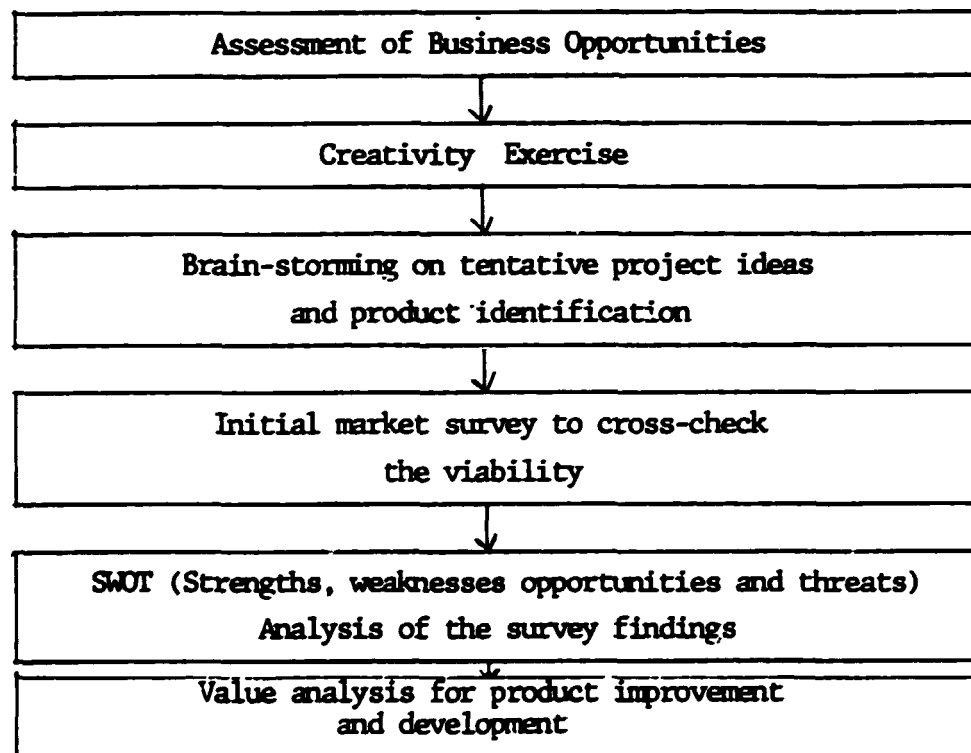
Step III Assessment of industrial opportunities. This includes industrial opportunity identification, definition of project/industry ideas - project identification, product development, initial market survey and improvements on the proposed product through value analysis.

Step IV Project Profile/Business plan formulation which involves data collection on source and availability of raw materials, technology, skilled labourers, assessment of competition from similar products, simple projection of profit and loss in various

real life management situation etc. It would be ideal if some officers from the loan appraisal division of SEDCO are involved in this step.

Step V Finally, discussion with SEDCO regarding financing.

7.2 The module on industrial opportunity identification will basically consist of following sequence of implementation which will require about 8 - 10 working days:



7.3 Following is the guideline for conducting the sessions described above:

Assessment of Business Opportunities

This session should be started by giving some examples of persons who were very poor before but now have become successful entrepreneurs. After this, the criteria of industrial opportunity identification should be discussed by giving more local examples.

It is a general tendency of many would-be entrepreneurs to complain about the lack of opportunity in the country. This session will:

- a) remove the mental blocks of the participants regarding opportunities and;
- b) lead the participants to think in a more positive way towards identifying industrial opportunities.

Creativity exercises

This session should be devoted to developing participants' creative potentials and also help them recognize their own self-imposed barriers. Various creativity games can be played in this session.

Brain storming

With the input of opportunity identification and creativity exercise, the participants will be prepared to "brain-storm". "Brain-Storming" can be easily done by just asking the participants to list down projects which they think, would be feasible in their locality. During the brain-storming session if there is a group of 20 participants, normally 400 to 500 project ideas are generated. Once the tentative projects are listed on a flip chart, the next step is to handover the industrial opportunity identification matrix format to the participants. The trainer/coach should ask the participants to select 2 to 3 project ideas from the list which look feasible to individual participants and use the matrix guidelines in evaluating the projects. The objective is to narrow down the projects into one final project based on location specific opportunities and possibilities.

Initial market survey to cross check the viability

The guidelines for market survey (Guidelines to entrepreneurs, Annex 2) should be explained to the entrepreneurs. They should spend 4 to 5 working days in their respective locations

trying to collect the information. This will give a first hand impression of the market and its mechanism.

Strengths Weaknesses Opportunities and Threats (SWOT) analysis of the project

SWOT analysis is basically evaluating the merits/demerits of each identified and surveyed product/s on the basis of strengths, weaknesses, opportunities and threats associated with it. SWOT analysis will give a complete picture of the product in question.

Value analysis for product improvements

Value analysis will give feedback to each participant on how to make selected product/s more marketable. Like a chemist who analyzes chemical mixtures, the entrepreneurs should analyze the value of the product in question - part by part - equating functions with costs. As new products should have some competitive advantages to survive in the market, value analysis can provide the necessary clues by identifying how a certain "value" could be incorporated in the product or how an "unnecessary cost" can be reduced.

At this stage, the participants will have done their own project identification; initial market survey; analysis of the product in terms of strengths, weaknesses, opportunities and threats and finally; undergone the techniques of value analysis to make their product/s more competitive.

V. CONCLUSIONS

In terms of the pressing need to develop small industries sector in Zimbabwe, SEDCO has a very significant role to play in:

- a) creating new manufacturing enterprises by facilitating large number of potential entrepreneurs to enter into manufacturing activities and:

- b) improving the performance of significant portion of existing small manufacturing industries by providing effective and on the spot services to them as well as financing the feasible projects.

At the present moment, SEDCO does not have a frame-work where the assistance to small industries are provided in a systematic and coordinated manner under one package. There is a very strong need to fit-in different activities like opportunity identification, entrepreneurship development programmes and loan assistance packages into one unified 'umbrella'. Because, identification of industrial opportunities is not the real objective; how potential entrepreneurs receive it and how effectively they utilize the guidelines should be the prime consideration of SEECO.

SEDCO also needs more orientation towards strengthening the field activities. If field staff are regularly used to create and explore industrial opportunities, SEDCO will have a more realistic inventory of project ideas. As SEDCO has a core of reasonably trained manpower, implementation of a coordinated SIs development package with the help of specialized agencies like UNIDO looks one of the feasible options. This will help SEDCO in providing direct support to develop/promote small industries in small towns and growth centres effectively as planned in the mandate.

NOTE TO THE ENTREPRENEURS

ANNEX I

There is a saying "If you want something done well, then do it yourself." This is certainly the case when it comes to preparing your own scheme. When a business plan is worked out, there are too many big questions, the answers of which only you (the entrepreneur) can know, that are far too important to be left to someone else who claim that they can prepare the scheme on behalf of the entrepreneur. So don't depend on the project profiles prepared by SEDCO. They are prepared just to tell you what opportunities do exist in Zimbabwe to start a manufacturing enterprise, they do not answer all the necessary questions. Remember, you are the entrepreneur and you are investing your own money. So, it is but natural that you should yourself try to find further information about the project. The PROJECT PROFILES that you find in SEDCO only give you tentative ideas about the possible opportunities, suggested manufacturing process and some tentative cost of machines/equipments and type of raw materials to be used.

Remember that the further information you would be collecting is only to your benefit. Because bankers or other potential investors do not want to be presented with only two page of figures when they evaluate a project. They want to know how thoroughly you have researched your project because ultimately they have to trust you with the implementation of it. By answering some of the questions below, you will understand better about your project and will be able to defend it as well. Because, remember, you have worked for it! Following information will be important for you to collect and answer:

What is the product?

Give a short description of the product, its size, colour, shape and range of products to be offered.

How does it compare in quality and price with its competitors?

Try to answer the following:

- will the product I will be making be of better quality than what is currently available?
- What other features will make it distinguishable from other competitors' products?

Where will the industry be located?

You should consider following factors in deciding your location"

- are you close to the raw materials sources?
- are you close to the market where you intend to sell your product?
- is there enough transportation facility?
- will you find the labourers (skilled and unskilled) in the locality?
- does any industry exist in the locality which will buy your products? and
- does any industry exist in the locality from where you can buy your raw materials?

If most of the things you find are positive then you have selected a good location.

What physical areas will be covered by the Project?

As a small businessman, it will be easier to deal with a limited market area since travel time and distribution costs can be kept to be minimum. Moreover, you will also have control around your area. For example, if you come from Gweru, it will be wise to concentrate on Gweru and the vicinity. If you want to come to Harare or go to Bulawayo, you will be lost. Because in the new location and new area, you will not have enough information about the competitors and other things.

Is it possible to estimate how much of the product is being currently sold?

This information is extremely vital to you because based on whether there would be any demand, you can decide whether to start the project or forget about it. There are number of ways you can undertake. The best way is to talk to some of the retailers and/or wholesalers who are selling the particular or similar product. In specific towns and villages, everybody keeps track of who is selling what. For example if you can go to one of the shopowners and ask him how many people are making bread, you will be surprised that he would know the answer. Following will be the questions you will ask:

- How much of the particular product does he sell in a year?
- How many competitors does he have in his neighbourhood?
- What is his purchase price for the product?
- What is his sales price for the product?
- Does he have any idea about whether his customers would like any changes or improvements in the product?

After you find some information from the retailers, it is always valuable to discuss the market receptability with end-users or customers. Their ideas would be helpful for you in a sense that this may stimulate new ideas which were not possible from retailers or you only. Just ask him only 2/3 questions - not more:

- How much did he pay for the product?
- Is he satisfied with it?
- Does he like to see any changes or improvements?

What share or % of this market can be captured by the business?

This is always a difficult question to answer accurately, since much depends on you, the entrepreneur to sell the product and

your aggressiveness combined with business common sense.

However, you should try to find the following:-

- whether there are few or many customers;
- whether they are large or small in size;
- whether their product features are similar or not similar.

Following "rule of thumb" decision guide might help you to tentatively estimate your market share in the particular location:

<u>Number of Competitors</u>	<u>Thier size</u>	<u>Your estimated market share</u>
Many	Small	3% to 8%
Few	Small	8% to 15%
One	Small	15% to 35%
None	Small	35% to 100%

Now, you see that the number of competitors can more or less give you indication of your market share.

How much of the product will be produced?

Now that you have estimated the market share that may be captured, you can now make an estimate of how much you intend to produce.

What promotional measures will be taken to sell the product?

Sales promotion is one of the most neglected aspects of small business. Promotion is necessary to encourage buyers to purchase from you rather than from your competitors. Simple measures like keeping up a sign board, prompt, regular and efficient service to your clients etc. which do not involve cost, can still do wonders to you.

When and where can the machinery be obtained?

For this it will be necessary to check with the machine suppliers. You may have to travel to Harare, Bulawayo or any other place to

find who would supply you the machinery. At this point, you can take some assistance from SEDCO office who might be able to guide you where to go.

If you collect this information yourself with some assistance from SEDCO don't you think you know quite a bit about your business now, than just taking a project profile from SEDCO?

After collecting this information, you should sit down and think about the product(s) in question.

The following guidelines will help you:-

These are only suggestions: you must think, examine every product and the way it is made very carefully, and you must not be afraid to make suggestions which appear foolish. Everybody thinks that pioneers are fools, at first, and then they follow them and wish they had had the same ideas.

- What are the weaknesses of this product from the user's point of view? How could they be overcome?
- Is there another product that would meet the user's needs even better?
- Why is this materials used? Is there any alternative?
- Why is the product, and every part of it, this size? Would it be better if the product were a different color? etc.

LIST OF PERSONS MET

ANNEX II

Mr E Mallik	Chief Technical Advisor, UNIDO for SEDCO
Mr S V Chinyoka	Assistant General Manager (Development) SEDCO
Mr D Chinogureyi	Senior Development Officer
Ms Edna-Moyo Sibanda	Senior Development Officer
Mr D Chemambo	Development Officer
Mr O Jakobsen	UNDP, Harare

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