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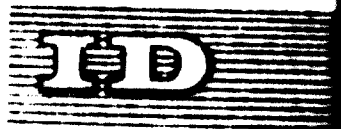
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ORGANIZATION ANALYSIS AND DEVELOPMENT  
OF AN ENTERPRISE<sup>1/</sup>

by

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<sup>1/</sup> The views and opinions expressed in this paper are those of the author and do not necessarily reflect the views of the secretariat of UNIDO. This document has been reproduced without formal editing.



MANAGEMENT CLINIC CONSULTATION

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DRAFT PAPER ON ORGANISATION ANALYSIS AND DEVELOPMENT OF AN ENTERPRISE

Introduction

There are two possible approaches for a paper on this subject, namely:

1. A theoretical exposition based on research in the literature. This would deal with enterprise development in general, in other words with abstract truths.
2. Presentation of a real case from the Senegalese context.

We consider the latter to be more realistic, more meaningful, and at all events more vivid, especially as many examples offer themselves.

One of the primary concerns of the Senegalese Government is to promote Senegalese business, and it has therefore set up organizations to extend assistance and support to the country's economic agents, i.e. craftsmen, entrepreneurs, merchants and small-scale industrialists. The most important of these are the Senegalese Organization for Handicraft Industries (OSA) and the National Society for Industrial Studies and Promotion (SONEPI).

Since its establishment in 1969, SONEPI has given assistance and support (financial participation, training, advice, etc.) to some 20 small industrial enterprises, one of the most dynamic of which we have chosen to present here.

It should be noted that between 1969 and 1974, SONEPI received technical assistance from UNIDO in the form of a project designed to help SONEPI establish and consolidate itself so that it would be in a better position to fulfil its task of consultancy.

The training of African consultants, in which UNIDO is co-operating, is vital for the development of our national economies.

It is an honour for me to have taken part in this work, and I hope that my modest contribution has been in line with the efforts made by national and international organizations.

I should like to thank those who have assisted me in the preparation of this paper, which has had to be short owing to limitations of time and form:

- Mr. Hervouet, UNIDO Senior Industrial Development Adviser, for whose confidence I am grateful;
- Mr. Diehr, who is concerned with bilateral technical assistance to SONEPI, and who generously gave of his time to provide me with information;
- Mr. Boly Ba, Manager of the Société sénégalaise des Artisans Associés (SSAA), who was kind enough to receive me and retrace his business career with me.

These persons are in no way responsible for any gaps and omissions in this document.

As an illustration, I should like to take the example of a Senegalese enterprise which has succeeded in a relatively short period of time in making the transition from a craftman's business to a medium-sized industrial enterprise. The enterprise in question is the Société sénégalaise des Artisans Associés (SSAA).

## I. BACKGROUND

At the outset, in 1964, there was only Mr. Ba, a Senegalese joiner, working with no more than a basic minimum of facilities.

In 1965, under the sponsorship of the National Assistance and Promotion Office for the Craft Sector, Mr. Ba established the Wood Craftsmen's Group.

In 1969, with the assistance of a bank, and an industrial promotion corporation (SONEPI), and in association with an architect and decorator, he set up SSAA, a limited liability company with a capital of 600,000 CFA francs.

In 1970, the capital was increased to 3.7 million CFA francs and SONEPI acquired a majority share in SSAA through its Equity Participation and Guarantee Fund.

This participation enabled SSAA to obtain a medium-term loan in 1972 and to enjoy tax incentives under an agreement providing for the investment of 20 million CFA francs and the creation of 60 jobs over a period of three years.

A workshop with an area of 1,000 m<sup>2</sup> was installed and fitted with modern equipment for joinery and cabinet-making.

## II. DEVELOPMENT OF SSAA

	<u>Fixed assets</u>	<u>Turnover</u>	<u>Number of employees</u>	<u>Investment</u>	<u>Results</u>
1969	2.7	18	8		
1970	4.8	45	22	2.0	0.165
1971	4.5	62	37	1.0	0.596
1972	20.0	140	60	18.1	1.088
1973	19.2	277	80	3.7	0.782
1974		497	276	15.8	13.868

The above table indicates the exceedingly rapid development of SSAA, as a result of the unflinching efforts of its promoters and their spirit of initiative and organization.

At each stage in the development of the enterprise, it had a different type of organization:

II.1 Before 1969, we have a joiner who works from day to day and fulfils all functions himself; he is the owner, worker and salesman.

There is obviously no notion of planning, rationalization of production or delegation of duties.

II.2 The assistance given by SONEPI, beginning in 1969, enabled the newly founded SSAA to make a good start and become a success.

SONEPI's assistance and support, in the form of capital participation and advice on management and organization, gave SSAA access to bank credit.

Between 1969 and 1971, SSAA could more or less be looked upon as a small industrial enterprise. Already at this stage, the promoter/manager was shifting certain duties to others and organizing his departments:

- Accounting unit
- Production workshop
- Studies section.

The promoter/manager was no longer a "one-man band". He was backed up by colleagues, while keeping the reins of the enterprise in his own hands.

II.3 From 1972, SSAA could be regarded as a medium-sized industrial enterprise. Its organization took shape and its structure was adapted to the enterprise's level of development. It comprised:

- Management and secretariat
- Accounting (commercial and personnel)
- Studies section (estimates, architecture and sites/orders)
- Production workshop
- Vehicles and checking.

At this stage, while continuing to grow, SSAA consolidated and formalized its organization and procedures:

- The organizational chart was specific and identified the main functions of the enterprise;
- The duties of each main department were described;
- The content of each job was specified;
- The production process was clarified, codified and standardized, from reception of the order to filling of it;
- Internal co-ordination improved.

II.4 In 1974, SSAA participated in the establishment of a glass and aluminium company, the Société pour l'Aluminium et le Verre (SENALUVER), holding 60 per cent of its capital of 3 million CFA francs.

It also set up a sawmill company, the Société Sénégalaise de Scierie (SENSCIE), in the same year.

So SSAA was expanding:

- Vertically, by entering a sector up-stream from its traditional activity (joinery), and
- Horizontally, by moving into aluminium joinery.

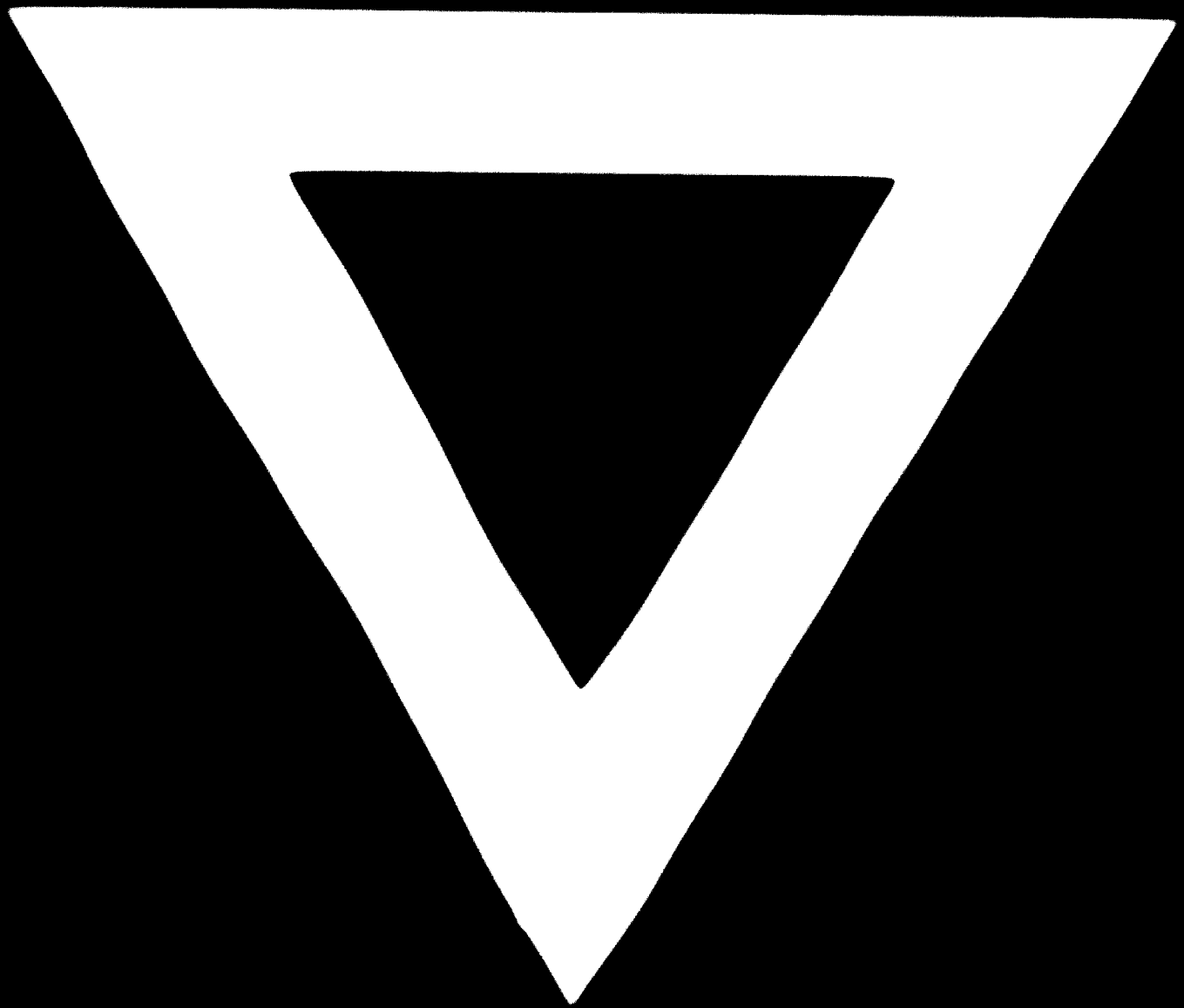
We have endeavoured to show the various stages in the development of an enterprise on the basis of a particular case.

While it is true that the growth of SSAA has been encouraged by the assistance of SONEPI, it has been the result above all of the dynamism, open-mindedness and organising spirit of its promoter.

At the present stage in its development, SSAA is establishing its internal organisation on a solid basis, concerning itself with the training of its supervisory staff and consolidating its financial structure.

Dakar, 11 November 1975





**76.02.03**