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FINAL REPORT

of

WORKSHOP

on

**MARKETING AND FINANCING
OF ENERGY CONSERVATION PROJECTS**

organized by
the United Nations Industrial Development Organization
(UNIDO)

in co-operation with
ENCONET International, Ltd.
Zagreb, Yugoslavia

13-17 May 1991

1. Background Information

From the beginning of the UNDP/UNIDO DP/RER/83/003 project "Industrial Energy Conservation", there was an intention to continue the cooperation in the form of the created Network after the termination of financial support from UNDP sources.

The question of a self-sustained operation has been raised on several former PTC and later NSC meetings in Vienna. On the 1988 NSC meeting, it was agreed that a kind of self-sustain operation can be achieved only on commercial ground. It was concluded to prepare a bankability and profitability study, which should examine possible organisational, functional and legal aspects of such an operation.

This was done by dr.L.Lengley in the "Network development study", which summarized the services which can be offered by the company conditionally named "ENCONET UNION", possible legal and financial framework.

The Workshop on Training in Management of Commercial Organizations held last year in Budapest, Hungary, gave to the representatives of the project countries the necessary information about the management, and the possible organisational forms of the supposed self-sustained organization.

In the meantime some concrete steps were made in establishing such organization. However, experience has shown that we are facing growing competitive and regulatory pressure in offering, conducting and delivering the consulting services. So, marketing and quality assurance arised as an essential function for a self-sustain operation of such organization.

The marketing effort should be directed in such a way to assure potential customers in a high quality of the offered services. That is why it was decided that a workshop will be organized in Yugoslavia on the marketing with special respect to the network services, and quality assurance in offering, conducting and delivering such services.

2. Objectives

- (i) To inform about the standards, regulations and requirements in offering, conducting and delivering the consulting services.
- (ii) To become familiar with the types of organizations and working procedures for consulting services.
- (iii) To achieve better understanding, communicating and implementing of subject matter by means of training on case-studies.

3. Participants

The Workshop was attended by 10 representatives from :

Bulgaria	2
Czechoslovakia	2
Yugoslavia	5
UNIDO	1

List of participants :

Bulgaria

1. Mr. Arhangel Kovachev
Research, Design and Technological Institute
"Promishlena Energetica", Sophia
2. Mr. Ljuben Maškin
Research, Design and Technological Institute
"Promishlena Energetica" Sophia

Czechoslovakia

3. Mr. Ceslav Karpeta
Power Research Institute National Enterprise, Prague
4. Mr. Vladimir Novy
Unido-Chachoslovakia Joint Programme, Plzen

Yugoslavia

5. Mr. Jovan Petrović
Faculty of Technology, Novi Sad
6. Mr. Mladen Taušen
Institute for Processing Industry, Energy and Environmental
Protection, Sarajevo
7. Mr. Zoran Morvaj
ENCONET International, Zagreb
8. Mr. Zeljko Tomšić
ENCONET International, Zagreb
9. Mr. Rajko Senjug
ENCONET International, Zagreb

UNIDO

10. Mr. Valentin Ishchenko

4. Working Methods

The workshop comprised formal tuition sessions, workshops in syndicate and open forum discussions.
The visual aids were used during tutorial sessions.
The workshops in syndicate were supported with modern technical equipment (video-recording and reproduction, computer).

5. Language

The working language of the workshop was English and all the materials presented and produced were typed in English.

6. Organization of the Workshop

The Workshop was prepared and organized by ENCONET International with financial assistance of UNIDO Vienna.

The workshop was held at the ENCONET International.ltd. (Unska 3, Zagreb, Yugoslavia), from 13 - 17 May 1991.

7. Daily reports

Monday, 13.05.1991.

Arrival day.

After the accommodation and registration of the participants, a common dinner was organized. On behalf of the organizing institution, Mr. Z.Morvaj welcomed the participants of the workshop, wishing the effective work.

Tuesday, 14.05.1991.

Mr.Zoran Morvaj - Introductory lecture

Mr.Zoran Morvaj opened the workshop on behalf of ENCONET International and in the name of UNIDO Vienna .In his introductory lecture he reminded the participants of the background information and pointed out the objectives of the workshop. He also informed about the workshop programme and working methods.

Mr. Rajko Senjug - "External requirements refer to consulting services"

In his lecture on External requirements referring to consulting services Mr. Senjug outlined the importance of knowing all requirements that could refer to consultants.

In the Eastern Europe we are faced with fast and significant changes of legal, social and economical conditions. So, increased efforts should be made to be familiar with the new conditions. The consultants should take into consideration all these requirements to :

- be able to perform their job satisfactorily, and
- protect themselves from unexpected consequences.

After the review of all these requirements, the following were specially elaborated :

- code of ethics of various national and professional organizations,
- standards,
- state of the art,
- general rules for agreement,
- letter of invitation.

Contracting was pointed out as one of the most important activities, in which all these external requirements have to be considered. The contract or agreement has to define all obligations, liabilities and rights of parties.

Mr. Oniunas - "Third party financing"

In his lecture Mr. Oniunas highlighted some of the principles of Project Finance, especially as related to risk, and how these risks can be apportioned. It was also shown how Energy Conservation, and other projects can be financed in countries where there are no normal financial possibilities, which are available in developed Western countries.

It was pointed out that the trade flows as the basis of any project should be a basic and essential element. That means that the financial package must include not only engineers and bankers, but also importers and exporters. Moreover, careful analysis, cooperation with local authorities, and knowledge of the shifting priorities of various lending countries and agencies were also appointed as essential.

Mr. Rajko Senjug - "Basis of quality and quality assurance"

In this lecture the basic principles of quality and quality assurance philosophy was explained. The difference between quality and quality assurance was pointed out. The participants were also informed about the significance of the quality assurance in doing any kind of business, and socially about the marketing value of the internationally recognized quality assurance system.

It was explained that quality assurance does provide a set of rules which, if followed, can provide for more effective ways of operating the business. The emphasis in quality assurance system is to prevent problems from occurring.

At the end, the BSI QA Video seminar "ISO 9000" about the nature, purpose and principles of the International quality Assurance Management System Standard was shown to the participants.

Wednesday, 15.05.1991.

Mr.Morvaj - "Marketing, Sale & Contracting"

The energy conservation market characteristics, based on more than 30 developing countries experience, was elaborated. From this study needs in the market place and business opportunities were derived. Afterwards, it was explained how does ENCONET International develop and carry out its marketing plans to satisfy these needs.

The next important step in marketing process, identification and definition of target markets, was also elaborated by means of an example.

Finally, the developing of service packages and project proposals with accompanying promotion activities were described. By the mean of the ENCONET International example it was described how to create and resolve relationships with potential clients, and how to encourage and facilitate energy conservation projects implementation.

Mr.Senjog - "QA in Consulting services"

Until recently, quality assurance has been mainly applied to manufacturing. However, experience and the explosive growth of the services industry has shown that quality assurance should be implemented in delivering services as well.

Development and implementation of a quality system in a Consulting Company require the development of special procedures adopted to this kind of business. In the lecture the review of such procedures developed in ENCONET International was presented.

By means of these examples it was elaborated how to translate QA requirements into good practice and common sense applications in a Consulting Company.

The FIDIC's "Guidelines for the Evaluation of Consultants' Performance and other Services" was recommended as a basis for establishing company standards.

The following direct benefits of quality assurance system implementation were pointed out:

- improved service quality,
- better use of source resources, and
- demonstration of ability to produce satisfactory services.

Mr. Morvaj - Case study 1 - Offering and presentation

This case study was intended to be a training on offering and presentation. Each participant has presented one activity, service or institution. All presentations were recorded. So each participant was able to see his own presentation on the later video-reproduction, and to correct himself. Moreover, all presentations were commented and discussed in a round table discussion.

Thursday, 16.05.1991.

Mr. Senjug - "Project organization and managing"

After the definitions of basic terms, two major areas of project managing were pointed out:

- the organisational structure, and
- the project managing process.

The main types of organizational structures were presented and commented. It was stated that traditional organizational structures do not support the requirements for project managing. So, a new managerially different structure should be developed to suit the project environment. The organizational structure of ENCONET International, suited for its special needs, was presented as example.

The organizational issues were compared with technical problems of project managing, and some problems with incorporation of the project managing solutions into the organizational structure were presented. It was also elaborated how project management, as a new discipline, facilitate communication and accountability among many project contributors. The project planning was elaborated in more details.

Mr. Senjug - "QA and Project managing"

In this lecture it was elaborated how to translate QA requirements into good practice and common sense applications in project managing. The nature of organization, structure, resources, responsibilities, procedures and working methods were pointed out as essential managing elements affecting quality.

Good and clearly defined project organization, suited for each particular project if necessary, was pointed out as important prerequisite to effective implementation of quality assurance in project managing. The procedures developed in ENCONET International were presented. By means of an example it was described how the responsibility should be identified and assigned to all personnel who manages and performs work in a particular project. Quality planning as a part of project planning was elaborated, and some examples of quality records were demonstrated.

Mr. Tomšić - Case study 2 - Project description

It was explained how does ENCONET International develop and follow its projects. Forms for following the project, prepared by ENCONET International quality assurance department, were presented.

The case study was consisted of the following parts:

1. Description of the project proposal
2. Project description
3. Project development
4. Forms for following the project

The project proposal: "Industrial Energy Conservation in Eastern Europe" was presented. The project proposal was prepared for the Netherlands Government which will finance this project.

This project proposal has been the base for the project description which consist of the following parts:

- a) Aims of the project
- b) Project organization
- c) Scope of the project
- d) Task and time schedule
- e) Resources
- f) Information campaign
- g) Results and reports

The special attention was given to the time schedule. By means of the example mentioned above, the following steps were elaborated:

- the list of activities that must be performed in the project,
- the order in which the work must be done,
- the identification of the person responsible for each activity,
- the activity's duration estimation.

Mr. Senjug - "Software review and presentation"

By means of an example, and the presentation of "Super Project Expert" software, the advantages of using personal computers in project managing were described.

It was shown how a project management software can support and expedite managing, monitoring and tracking of a project from the beginning to the end.

The following advantages were pointed out and demonstrated:

- "what if" analyses that consider alternative scenarios,
- scheduling information displayed as a Gantt chart or a PERT chart,
- the project dependencies and the sequence of tasks with the critical path displayed as a PERT chart,
- interactive resource managing with analyses of resources loads in a single project or across many projects,
- design of the up-to date reports that responds to different reporting needs.

At the end, the review of the project management software products was given.

Friday, 17.05.1991.

On the round-table discussion it was agreed that the topics elaborated and discussed in the workshop were very helpful and perfectly in compliance with the objectives of the workshop.

Afterwards, the participants had fulfilled the prepared workshop appraisal form.

Departure of the participants.

8. Evaluation of the workshop

The evaluation of the workshop that was carried out at the end showed that the workshop was very successful. The average mark of the workshop was 8,6 (the marks were from 1 to 10), and all participants declared that we have completely achieved our objectives.