



Together
Foundation

Best Practices Database

Subscriber: Vervoorn, IHS

Subscription Expires: 31-DEC-09



Processes of community development generation employment, Cauca Colombia

Good Practice

New for 2002

Categories:

Poverty Eradication:

- access to credit
- income generation
- job creation

Economic Development:

- capital formation
- enterprise development (formal and informal sectors)
- investment development

Social Services:

- health and welfare

Level of Activity: City/Town

Ecosystem: Continental

Summary

During 2000 and 2001 the Co-operative COTRAFESCA carried out the Program for metalmechanic companies from the Cauca with the purpose to strengthen them and to associate and join them to more competitive markets in the Department and the Southwest region of the country.

The project is based on integral attention to strengthen companies through actions that support production areas, trade and commercialisation of these areas and improvement of business administration. Another aspect that this initiative worked on was strengthening the company families by integrating fathers with their children and management of the family business.

The achievements from this initiative are the following:

=Linking the businesses with all the programmed activities within the project

? Improvement of the quality of life of the businessmen and interfamily relationships

? Participation of national and municipal institutions as well as the public and private sector.

? In the productive part of the business there was increase in sales in 18% to 45% of the businesses served. The number of businesses served was 100.

? Linking wife and children to the company.

Narrative

SITUATION BEFORE THE START OF THE INITIATIVE.

The Co-operative COTRAFESCA, along with the help of some managers, lead the idea of serving the

businesses from the mechanical metal sector in an integral way. Starting from a diagnosis in which the managers participated, COTRAFESCA and the Sena decided to present the project to the companies of Cauca's attention in 1997.

ESTABLISHING PRIORITIES

In this diagnosis, needs, like the quality of products made; material costs; deficiencies in administrative management and business accounting; lack of knowledge in regards to trade and product sales; unfamiliarity of legal norms in running a business; minimum management of hygiene, industrial security and environmental impact.

Due to all of the above and with the participation of several managers from the mechanical metal sector and COTRAFESCA, priority areas were identified which should be kept in mind in the businesses of the mechanical metal sector, as following:

- Administrative area
- Production area
- Trade area
- Quality and Environmental Management Areas

Formulating Objectives and Strategies

The general objective of the initiative was to strengthen the mechanical metal sector of the Department of Cauca, making it more competitive at the regional level for its productive capacity, the quality and price of its products and efficiency in negotiation processes and products trade. With specific objectives the following were proposed:

- Improvement of the companies organisational quality and establish a control system of the management.
- Establishment of quality control systems in the products in order to reduce waste
- Financial strengthening of the company by increasing sales based on information in the market
- Strengthen and formalise the companies so that credit resources are channelled.

The strategy, from experience of other initiatives served by COTRAFESCA, was established through training courses and personalised technical assistance, consultants, participation in fairs, commercial missions and events of interest to the company.

MOBILIZING RESOURCES

Own Contributions \$ 25.000.000

Business Contributions \$ 13.000.000

Corporate Contributions \$ 132.000.000

Other Sources \$ 28.000.000

The resources contributed by the corporations and businesses were handled directly by COTRAFESCA through its saving account. The contributions from other sources were received in kind, as for example, Sena, which counted on the support of professional instructors to attend to the technical part, infrastructure, workshops, classes, and auditoriums.

Other institutions like the Chamber of Commerce of Cauca, CORPOCAUCA, ACOPI and the mayors' offices contributed resources in kind such as: Auditoriums, use of their offices for the administration of the program, public services of the offices, subsidies for manager so they could participate in the EXPOCAUCA 2001 fair and logistical support in regards to materials, transport and photocopies.

Human resources mostly came from the COTRAFESCA co-operative who hired the project co-ordinator, training co-ordinator, instructor and advisor for accounting and the administration and administrative staff like the secretary, accountant and messenger.

The first problem to present itself was the lack of information on the metal sector in order to make a diagnosis. So the COTRAFESCA co-operative made a formal petition for support from the Cauca Regional Sena in order to make a diagnosis of the sector. Fortunately this diagnosis was carried out with Sena, COTRAFESCA and a small group of managers from the sector.

The participation of the manager was decided since they themselves would benefit and were always motivated by the project in order to receive training material, constancy and technical assistance.

The institutions always showed a lot of interest in supporting the project. For example the Sena, who was the largest cofinancing entity, received a lot of valuable information in regards to identifying companies and their training needs. In this way it was able to observe and show real inter-institutional work in order to attend to the metal mechanic sector.

Other institutions that collaborated in the project can be mentioned such as: The municipalities whom through the Business Development office got support and followed the managers' processes. In the case of Santander de Quilichao, the mayor designated a person to support the managers in forming the Metalmechanics Association of the North of Cauca. The Municipalities, through their mayors, helped in forming the Municipal Committees for the Development of Small Businesses. They consulted out the presentation of the project "INNOVATIVE IDEAS" to the Co-operative. This project complements the training process and technical assistance to the sector.

The Corporation for the Development of Small Businesses participated by contributing resources to carry out the project and with its consultancy and permanent follow up. The National Guarantees Fund and the Banks, Caja Social, Bancolombia, Bogota and Mega bank participated as consultants to the managers to get credit. The purpose of this was so they didn't have to keep using informal credit with high taxes.

OBTAINED RESULTS

Results can be summarized in the following manner:

- They were able to make the managers aware that the quality of their products and services influences the future of their company
- The organisation of the company was improved in regards to the books, inventory control, managing and controlling cash, registering purchases and sales.
- They were able to incorporate 40 companies to credit use through the ordinary financial system.
- 50 companies were formally registered in the Chamber of Commerce of Cauca. This was possible by making the managers aware of the advantages of being registered as businesses.
- An important achievement was the improvement of relationships between managers and their families.

The quantitative results were measured in accord with the goals set for the project which were:

Number of businesses to serve: 100

Number of training hours: 1,364

Number of Consultancy hours: 1,512

Number of Projects to carry out: 15

These goals were met at the end of the project.

The quality results were measured through the follow up of each company where advances and progress of the manager were contrasted in relation to his workers, relationship to other managers, improvement in family relationships, improvement in well being, reduction of daily stress, rapprochement and credibility in the institutions and relating to bankers.

Indicator:

OBJECTIVE INDICATOR VERIFICATION

Sales increase Number of operations on sale Increased in 18% to 45% of the companies.

The unions like ACOPI, the Chamber of Commerce, the Sena and the Corporation for the Development of Small Businesses use this information.

The manager was made aware of the great benefits that in depth knowledge of all the institutions that are at companies'™ service, can bring.

SUSTAINABILITY

Integration was reached as a consequence of the common goal, to serve the sector's™ companies. This is why there was a close relationship between all the participants in this process, like the Church of the Latter Day Saints, financial institutions, state institutions, territorial entities, foundations and NGOs.

-Financier: The use of resources was in line with the spending defined in the budget. The spending items managed were: fees to hire decent staff; materials for press and publications ; spending money for public transport like in the municipalities of Santander and Patia; travel allowance in order to go to other municipalities; paper for photocopying and training stuff and indirect items spending in order to pay for Leases, Secretary, Accountant and Public Services. The resources were audited by the accountant and the professional assigned to the zone by the Co-operation. In the project loans were not dealt with since all the resources to carry out the project were donated.

-Social and economic:

-Cultural: A change of attitude was observed in the managers towards the institutions, the competitors, their own families; linking their wives and children to the business created a consciousness of continuity in the business and that the business did not depend on only one person but rather a constant renewal in the company.

-Environmental: This part still is lacking since most of the companies and people are not aware of the hazards to human health as well as to non- renewable resources like air, water, land, energy, etc.

LESSONS LEARNT

-The Co-operative COTRAFESCA, which belongs to the metal mechanic sector, has integrated people and workers from levels 0 and 1, displaced by violence in the south of Cauca and the North of Narino, who had to adapt to new life styles, cultural and social changes. These people were trained to manufacture fasteners and hooks for zinc and wood, which is what the Co-operative currently produces. This has shown us that unified work and effort enable the companies to achieve their objectives and goals.

-So that the companies can get ahead they have to find some kind of association since it is a way to strengthen itself and get the state and institutions attention.

-Companies that do not have real organisation, administration, planning and business control and are not legally constituted do not have opportunities when carrying out business and are not recognised in the business world.

-The importance of co-ordinating actions with institutions and not to waste economic, human and physical resources while carrying out or trying to carry out that which is the law or mandated by the constitution as goals for these institutions. An example of this is the Sena, which is the largest training entity in Colombia at the technical level and technologically in the agricultural, and fish sector, industrial, commercial and services sectors.

Since the previous project has a second phase in which all the criteria are being incorporated in order to set up the plan of action and strategies. These initiatives are being taken into account in the elaboration of projects for those who have been displaced by the violence in Colombia as well as training projects and technical assistance for the manufacturing sector in the Department of Cauca.

TRANSFERABILITY

- The first step has been the association in other sectors in the region in setting up and defining problems to solve.
- The leather, tourism, health and gold chain industries have all benefited from this initiative. These three projects are being managed by three different types of organisations with an objective in common, to train and consult administrative staff, accountants, trade and service, commercialisation and production.

In case these types of initiatives are copied, the following needs to be done:

- Identify a problem of an industry, community or population.
- Tend for base groups to further the project in question.
- Solicit active, dedicated participation from the people who know the most about the problem or the needs of a union, industry or population.
- Form an association from those who suffer from the problem to solve and create a serious commitment from the whole group.
- Elaborate the project or initiative in order to know the quantity of resources and find possible cofinancers.

Key Dates

KEY DATES

April 23,1997 Meeting with managers to assess the initiative to serve the metal mechanic industry

June 15, 2000 Created The Federation of Small Businesses of Cauca, FEDEMIC

June 15, 2000 Resources attained from the Cupertino for the Development of Small Businesses in the value of \$ 132.000.000

April 8-15, 2001 Cofinancing of the program on behalf of the Sena in the value of \$ 32.000.000

May 15, 2001 Manager participation in the most important exhibit fair in the southwest region of the country (EXPOCAUCA 2001).

January 15, 2001 Opening the market in 4 cities

January 15, 2001 Expansion of the social base of COTRAFESCA from 13 families to 48 families

March 30,2001 Affiliating 75 businesses to COTRAFESCA

August 20,2001 Rescue of 5000 native trees like oak, myrtle, and others.

August 20, Sowed 5000 trees in eroded land

Contact

FRANCISCO A. RUANO
Carrera 3 N° 5-79 Popayán, Cauca, Colombia
Telefax: (092) - 8205304
Teléfonos: (092) - 8207204 - 8238154
E-mail: Cotrafesca2000@latinmail.com

Type of Organization: Non-governmental organisation (NGO)

Partners

The Corporation for the Development of the Microempresas - CDM
MarÃa LucÃa CastrillÃn
Career 54 NÂ° 10-81 floor 4,
Santa faith of BogotÃ;
Telephones: (091) 2112109 - 2121554

Type of Organization: Central Government
Type of Partner Support: Financial Support

National Service of Aprendizaje SENA
Hernando RamÃrez Dulcey
4 NÂ° 2-80 Remains silent
Telephones: (092) 247679

Type of Organization: Central Government
Type of Partner Support: Technical Support

Chamber of Commerce of Cauca
Yenni Conde
Carrera 7 NÂ° 4-36
Telephones:(0928) 243625

Type of Organization: Private Sector

Financial Profile

PARTNERS 1987US \$1999US \$2000US \$2001US \$ United Nations A. 300.000 54% Committee of
Coffee B 89.000 16% Fondo DRI C 110.000 20% Community D 56.000 10% 3.400 12.5% 7.900 11%
SIGN A: 5.740 26% 3.900 14.3% 9.130 12% Chamber of Commerce B 6.000 27% 17.300 63.7%
Corporation for the Development of the Microempresas - CDM C 10.000 47% 40.400 56%
Governorships D 2.600 9.5% 6.100 8.5% Foundation FAITHS E 2.170 3.0% Fund of the Canada F
6.910 9.5% TOTAL BUDGET US \$555.000 21.740 27.200 72.610

[Main Menu](#)

[Search Database](#)

[Sponsors](#)

[To Order](#)

Email questions or problems to help@bestpractices.org.

Copyright © 1996-2002 [The Together Foundation](#) and [UNCHS](#). All Rights Reserved.