



ALC India[®]
ISO 9001:2008

Institutional Design of Community Enterprises



Key Factors in Institutional Design

- Objective
- Nature of membership
- Governance
- Operations
- Scale - Nature of Activities/Services
- Investment - Financial Implications
- Service Linkages
- Management Systems

Objective Analysis

What is the objective of your group enterprise?

Differentiate

- Economic Development of Madhubhani Painters
- Enhancement of income for 250 weavers in Madhubhani
- Enhancement of income by directly interlinking with wholesalers
- Enhancement of income through financial linkage, market development, skill enhancement, social security

Objectives

1. Social

- Non-economic

2. Business Enhancement

- Income
- Services
- Which part in the value-chain

3. Activism

- Rights based

4. Is a combination of more than one objective possible?

5. Who has the decision making role?

Membership Analysis

What is the profile of members?

Membership

- Exclusive or inclusive
- Membership profile
- Higher investment needs
- Spread of value-chain: complexity of activities
- Control on value-chain
- Seasonality of activity

Governance

Who will govern the group?

Governance

1. Size of the board
2. Duration
3. Composition of the board
 - Reservations
 - Eligibility
 - Invitees
4. Performance

Operations

What should be the profile of staff?

Operations – Human Resource

- Level of expertise – specialized knowledge
- Recruitment
- Terms of engagement
- Relation between Project Staff & Staff of Community Enterprise
- Reporting

Scale

What should be the scale of activities?

Scale

- Geographical spread
- Investment
- Range of activities
- Legal implication
- Need for federation
- More sources of finance

Investment Analysis

What is the quantum and nature of investments required?

Investment - Financial Implications

- Quantum – Fixed Investment & Working Capital
- External and Internal Source of Finance
- Share Capital, Deposits, Regular Savings

Service Linkages

What are the linkages required for the institutional business?

Service Linkage

- Long term or short term
- Nature of engagement - contract
- Governance decisions
- Payment Structure

Management Systems

What are the management systems required for the business enterprise?

Management Systems

- Audit & Finance
- Marketing System
- Quality Assurance System
- Stock and Inventory Management System
- Human Resource Management System
- Management Information System

Institutional Forms

- Self-Help Groups – small, informal, limited activities
- Cooperatives – range in size, formal, range of activities, rewards skill
- Partnership – small, formal, closely held ownership, unlimited liability
- Private companies – range in size, formal, rewards capital
- Producer Companies – range in size, range of activities, more fund raising options