

EDITORIAL

Project Cycle

Completion reports in the ATMS Project mean that a project has fully run its cycle in terms of AMSCO's direct intervention and involvement. The business of the ATMS Project extends beyond enterprise impact and as we see later on in this edition, in the New Horizons feature, our Managers are change agents, catalysts in the fight against poverty. In addition, it means the manager has made their mark on the business in terms of turnover growth, profitability and job creation.

Corporate Citizenship

Our Managers are more than just Managers. The business of the ATMS Project, is not just business and as we see later on in this edition, in the New Horizons example, our Managers are change agents, catalysts in the fight against poverty. More than help to set up a factory, they help to transform the lives of communities through their skills and performance in ways that are not immediately visible on the bottom line. Yet, that is not all. In many cases Managers make such a difference in certain projects that the companies end up winning prestigious awards that prove that they have become truly globally competitive, in keeping with AMSCO's vision as the case study on Interplast and the article on Superflux show. This is of course achieved with the support of the entrepreneurial strengths of the shareholders of each company. The lengthy write up on Interplast is designed to demonstrate the incredible effort it takes to make an impact over a period of time and the extent to which the ATMS Project remains relevant in Africa's economy.

Finally, The ATMS Project continues to make a huge impact in training. It is one that is not immediately visible but whose results will be reflected in the vastly improved chances of sustainability of impacted companies.

COMPLETION REPORT: SUCCESS STORY FROM GHANA



CASE STUDY: Interplast Limited
Commencement: April 2000
Sector: Manufacturing
Location: Ghana

1. Project Background:

INTERPLAST Limited was established in 1970, in consultation with the Ghana Water and Sewerage Corporation (GWSC) to provide high quality unplasticised polyvinyl chloride (uPVC) pipes and fittings manufactured to internationally recognised standards. The Company has since produced and supplied the majority of Ghana's requirement of small and large diameter PVC Pipes for the supply of water throughout the country. Interplast Limited has in effect become the largest manufacturer of Plastic Pipe Systems in West Africa. Initially, at the time when AMSCO partnered with the company, it was then only manufacturing uPVC pipes and fittings. Interplast has now expanded its product range to cover the manufacture of HDPE (High Density Polyethylene) pipes as well as PVC profiles for the building industry.

Interplast's modern production facility, located in Accra, is equipped with the most technically advanced extrusion machinery available today and has the capacity to supply complete uPVC & HDPE pipelines at short notice for either new projects or for additions and replacements of existing lines.

The Company carries out routine testing of all its pipes, as laid down in DIN Standards under the supervision of the Ghana Standards Board. These quality tests are undertaken in its fully equipped and modern laboratory ensuring that Interplast pipelines conform to the highest quality attainable in the world today.

The company is African owned and confident that its PVC & HDPE pipes meet the stringent requirements of both its local and international clientele. Interplast is proud to contribute to the industrialisation and the socio economic development of Ghana and West Africa.

ATMS AND AMSCO WISH TO THANK ALL THE STAKEHOLDERS FOR THEIR CONTINUED SUPPORT



**CASE STUDY: A COMPLETED PROJECT IN GHANA
INTERPLAST LIMITED continued**



2. Justification for AMSCO's involvement:

Due to the very technical nature of manufacturing uPVC pipes, the company required expatriate skills and approached AMSCO in 1999 to assist in the recruitment and secondment of experienced personnel to supervise the expansion of the company.

AMSCO has since 2000 assisted with the recruitment of various engineering, marketing and financial experts to manage the numerous operations involved in the production of uPVC pipes. The company originally started off with only the production of uPVC pipes but along the way diversified into HDPE pipes, window fabrication, plastic ceiling fabrication and other products. This required the recruitment of additional skills to help establish and run these new departments. These are some of the reasons why AMSCO got involved with the company in 2000.

3. AMSCO's Key Project Activities/Outputs:

Key Activities carried out by AMSCO Managers (AMs)

- Restructuring the Finance Department as well as other areas like MIS, Sales and inventory control
- Setting up a Marketing Department
- Introduction and implementation of an ERP System
- Introduction of Cheque printing
- Setting up an internal IT infrastructure department
- Setting up the production of PVC windows and doors unit within the organisation as well as the introduction of uPVC doors and windows to the West African market
- Installation and commissioning of generators, chillers and air compressors
- Installation of fire fighting equipments and implementing safety practices at work.
- Active participation in ISO 9002 Certification
- Relocation of office from old premises to a more modern factory

4. AMSCO's Key Project Outcomes and Impact

Particulars	Units	Baseline Results in 2000	Actual Results in 2007
Revenue	US \$	6.5 Million	39.7 Million
Profitability (EBIDTA)	US \$	0.4 Million	3 Million
Employees	No	200	700
Female Employees	No	5	17

NB: Baseline is before AMSCO's Intervention.

Explanation of outcome results:

- AMs Managers set up a marketing department, recruited and trained people in developing and servicing the needs of the market. The training covered virtually every aspect of the business. Currently the company has a fully established marketing department to service all customers.
- The AM was able to restructure the finance function and other functional areas which positively impacted on the financial performance of the organisation. In 2000 the company was borrowing at 20% but this has since dropped to 5%. Borrowing costs were the highest costs but this now represents the lowest overhead cost partly due to the switching the borrowing from Ghana Cedis to US Dollars (Cedi depreciation has been managed). The company has a proper accounting system which is duly appreciated by Deloitte and other agents such as the Customs Excise and Preventive Service (CEPS) of Ghana.
- The AMs were responsible for setting up the PVC windows and doors fabrication units..
- Scrap produced was reduced from 9% to 4.5%.
- Prior to the AMs joining the company no stock taking was carried out. Now stock taking is carried out on all the materials in the factory, stores, and warehouse.
- The IT infrastructure was maintained by a third party and the AMs were tasked to build a new network infrastructure at the company's new site before relocating to the new site. The AMs were instrumental in the relocation of the company from its previous location to a more modern factory site located in the light

industrial area of Accra, Ghana. They laid down the networking infrastructure necessary for the smooth operation of the company before shifting the company.

- They successfully implemented ERP system within the organisation.
- Quality management systems have been successfully installed and implemented since 2002: ISO 9001:2000 has been installed and implemented.
- The AMs successfully implemented sales and inventory modules as well as streamlining the entire operation of the organisation in sales, purchase, finance, transport, inventory and marketing. The result has been more transparency in all transactions and management is able to track and follow through the business in a more efficient and effective way.
- Handwritten cheques were abolished and the company adopted printing cheques. This reduced mistakes, administrative time and efforts involved in writing cheques for supplies. Through this initiative, the bank payment procedures were streamlined and this resulted in accurate cash flow projections. Budgeting within the company also improved remarkably.

The company now exports its products to several West African countries and the AMSCO Managers have played a critical role in this remarkable growth. AMSCO has, therefore, seen Interplast grow into a regional player and penetrating the export market with an expanding product range. The developmental impact associated with this project has been enormous and the company currently employs over 700 permanent employees. Although there has been a transfer of skills to locals within the organisation there has also been the urgent need to continually retain expatriates in certain key departments due to the high level of technology and sophisticated machinery involved with the production process. This explains why the expatriate managers have still not been replaced by local managers.

In conclusion below is a summary of AMSCO's contributions from the intervention:

- 1) Improved turnover, as indicated on the table
- 2) Increased Scope of products
- 3) Increase in employment and creation of several jobs
- 4) Increased Profits levels
- 5) Training
- 6) New Divisions of the company have been created
- 7) New competencies have been brought on board
- 8) Interplast has won several awards and certificates, both local and international

AMSCO was proudly associated with Interplast for 8 years and the company has grown into a regional player penetrating the export market with an expanding product range. The success of this project obviously includes the support of other organisations and AMSCO thanks them for their contribution to the development of African enterprises.

Some prestigious awards won by Interplast Ghana Limited:



- **UNIDO**
UNIDO Award for Innovative Industrial Enterprise 1997
- **CIMG (Chartered Institute of Marketing Ghana)**
TV Advert of the year 2006 (Drumming Boys)
Award for Product of the Year 2002 and 2003
Industrial Company of the year 2001
Radio Advert of the year 1999, 2000 and 2004
- **GEPC (Ghana Exports Promotion Council)**
Gold Award for 2001, 2002, 2004, 2005 and Platinum Award for 2003 and 2006
- **EPA (Environmental Protection Agency)**
Continual Environmental Improvement Award 2001
- **NQA (National Quality Award)**
Award for Best Quality Company of the Year 2001 (Leather, Rubber & Plastics Sector) –
- **Global Rating - International**
Gold medal and Award for Quality and Efficiency 2002
- **AU 'Ghana Africa Business Awards'**
Gold Award for Export achievement, at the 1st AU - GABA awards
- **AFRICA BUSINESS AWARDS**
Gold award 2006: In recognition of its contribution to Ghana-Africa Economic co-operation through its exports to other African countries
- **5th AAG GONG GONG AWARDS**
Television - Platinum Award For Drumming Boys
Household And Industrial Appliances - Gold For The Art Of Moving Water
Household And Industrial Appliances - Gold For Drumming Boys
- **Ecowas Business Awards 2006**
- **Dr. Kwame Nkrumah Africa Leadership Awards 2006** - In recognition of track records of outstanding Performance in Enterprise.
- **Business And Financial Services Excellence Awards**
- **Gold Award in Recognition of its outstanding contribution to the economic and social development of Ghana**
- **INTERPLAST** is also a member of the Ghana Club 100, which consists of the best performing 100 companies in the nation. It was positioned 9th in 2004.
- Interplast has been ranked the 9th most respected company in Ghana by Pricewaterhouse Coopers.

The awards listed are a reflection of the achievement of AMSCO's three areas of focus: Profitability, competitiveness and sustainability of African enterprises. Interplast as an AMSCO Project came to an end on 30th September, 2008.

POVERTY ALLEVIATION IN NAMPULA, MOZAMBIQUE. PROJECT FEATURE – NEW HORIZONS

Sector: Agriculture
Industry: Poultry and processing
Size: Small
Location: Nampula, Mozambique
Number of staff: 170

PROJECT BACKGROUND

Entrepreneur Andrew Cunningham looked for a site that reminded him of his home region of The Matopos in Zimbabwe, when he moved to Mozambique. Having found it, he lived in a tent for six months with his wife and two children while he set about starting his new company. New Horizons Mozambique (NHM) was founded in April 2004 and started operations in August 2004. It is based on a secured 300 ha farm, 18 km east of Nampula city, which includes:

A constructed hatchery facility with an initial capacity of 8,500 chicks per week which was expanded to 43,000 chicks per week within two years.

A constructed feed manufacturing facility with a potential total capacity of 500 metric tonnes per month. Current production stands at 200 metric tonnes per month.

The retail operations began in October 2005 with selling 3500 chicks per week and this had been increased to 33,000 chicks per week by end of 2007. The establishment of a poultry supply outlet in Nampula city helped to grow sales.

Apart from rehabilitating management housing on the farm, the company also constructed several staff houses. Not a single member of the general staff had had a formal job prior to working with New Horizons. In addition, both as normal business strategy but also as an act of corporate citizenship, New Horizons started an out-growers pilot project started in Meconte District in June 2006 with 12 farmers. The roll out for the main out-grower programme started with training 50 farmers, during a 5 day course, in March 2007, and the first roll out with farmers receiving chicks in April 2007.

JUSTIFICATION FOR AMSCO'S INVOLVEMENT

The project required management expertise and AMSCO saw it as an opportunity to be part of the process of empowering the labour force and in particular the people in the upcoming province of Nampula. AMSCO seconded two managers viz., Mr. Vusi Mahaja of Zimbabwean origin and Mr. Alcedir Fachi of Brazilian origin who both have wealth of experience as Abattoir Managers. Together with a team of other

diligent staff members, they were tasked to manage the company, turn it into a profitable entity, and pursue new opportunities thus taking it to new heights.

The ATMS Foundation has also provided training support to New Horizons. So far 16 staff members have received training in Abattoir techniques, 15 in procedures and quality standards /control and further 5 in machinery operations such as hatchery/ incubators.. All farmers in the out-grower's project were also inducted in programmes on poultry sanitation, such as disease prevention and control. Additionally all staff members have received training in health safety measures and HIV/AIDS awareness. AMSCO is to further arrange training for electronic engineering & hatchery management for the breeding division. AMSCO will also facilitate leadership and supervisory skills training for abattoir staff using a Mozambican service provider.

AMSCO'S IMPACT

Since AMSCO's intervention New Horizons has improved its production levels to 5,000 chickens being dispatched per day to supply wholesalers and up to 180,000 being produced per month. New Horizons additionally now employs 170 staff members of which 99% are of Mozambican nationals and 70% of them are female employees. The above numbers have positively impacted on the company's profitability. New Horizons declared no annual profits, but ended the year 2008 at a break-even level. Its performance however demonstrates the company's ability to turnaround losses of its initial operation in year 2006.

New Horizons is now the market leader in poultry production. The company is now supplying wholesalers and supermarkets in Nampula, and it will, in 2009, begin to supply its products to supermarkets in the capital city Maputo, two hours away by plane. To date, most of the chickens sold and consumed in Mozambique have been imported from Brazil. The advent of New Horizons means the country can save on scarce foreign currency by lessening imports of chickens, have a modern facility in the heart of a provincial countryside and see an entire community uplifted with jobs and regular income. The company has played and continues to play an important role in uplifting the community and reducing poverty through its employment creation. The out grower farmers have had their lives transformed from eking out an existence on peasant farmers to being active participants in the supply chain for a thriving poultry industry.



From left to right: outside the abattoir, abattoir, empowering the local community, out grower

AWARD WINNING IMPACT

SUPERFLUX INTERNATIONAL LTD – WINNER OF 2008 LEGATUM AWARDS

Superflux is the leading secure print solutions provider to financial institutions in Nigeria. The Company which started in 1998 as the sole agent to Kalamazoo Security Print also provides secure print services to a wide range of clients spanning the manufacturing, entertainment, educational sectors as well as Government bodies. Its main strategy is to provide efficient service delivery through the establishment of integrated business operations to leverage a cross fertilization of skill and experience. This strategy led to the establishment of its sister companies – Speedyprints and Papyrus Ltd.

AMSCO became involved in this project in October 2007 with the secondment of Mr. James Dadzie to the company as Operations Manager. The Company which had 88 regular staff then has 170 employees now..

On November 19th, 2008, the Company scooped the 2008 Legatum Pioneers of Prosperity Africa award at an impressive ceremony held in Kigali, Rwanda with the Presidents of Rwanda and Kenya in attendance. James Dadzie had played a major role towards the achievement of this award which is for the best Small and Medium Enterprises (SMEs) and recognises business leaders in Africa who serve as role models to the continent's aspiring entrepreneurs. Superflux was rewarded with the Grand Prize of US\$100,000 which was presented by H.E. Paul Kagame, President of Rwanda.



The 2008 Awards program had 1,400 entrants from 10 African countries including Botswana, Cameroon, Cote d'Ivoire, Ghana, Kenya, Namibia, Nigeria, Rwanda, South Africa and Uganda. There were 5 other winners who got US\$50,000 each.

The winning entrepreneurs were said to have 'demonstrated world-class standards of innovation, ingenuity and profitability', as judged by an international panel of leading business experts.

According to Mr. Eric Kacou, Managing Director, OTF Group, "This year's winners and finalists truly represent the business excellence and entrepreneurial spirit that are keys to the continent's future prosperity". The OTF Group is the competitiveness consulting firm that brings deep experience to help build prosperity in developing economies. It consists of leading strategy experts who have decades of experience on competitiveness in emerging markets.

OUTCOMES PROGRESS REPORT FIRST QUARTER 2009

AMSCO's value add to client companies apart from seconding highly qualified management is the regular monitoring of the client companies

Key outputs

- 69% of the Projects achieved above 50% progress in developing and implementing their business plans, an improvement of 5% from the preceding quarter.
- 54% of the portfolio registered 50% completion with regards to Training Needs Assessments. This represents a marginal improvement from the first quarter of 2009 which had 51% of the portfolio having completed at least 50% of the Training Needs Assessments.
- 51% of the portfolio achieved a minimum of 50% completion rate in completing their training plans.
- By March 2009 32% of the portfolio had achieved above 50% completion rate in the formulation and compilation of succession plans.

Key Outcomes

- 29% of the portfolio reported some improvement in employment levels while 67% reported no change in their staff levels. It is encouraging to note that 96% of the portfolio either maintained or created employment at a time of economic recession.
- 55% of the portfolio reported improvement in revenue generation with 3% reporting that revenue improved beyond expectation.
- In line with revenue generation, 47% of the portfolio reported improvement in profitability and with 3% reporting profitability having improved beyond expectation
- Portfolio clients are beginning to improve corporate governance and 51% of the portfolio reported improvements in Corporate Governance

PIONEERING TRAINING IN THE HOSPITALITY INDUSTRY IN GHANA

The impact of the ATMS Project is not limited to the specific company operations of AMSCO's client companies. Significantly, there are downstream effects which extend to suppliers, their work force and families and the wealth of nations. A specific example of this is the workshop held on Hazard Analysis and Critical Control Points (HACCP) based Food Safety Management Systems for the hospitality industry in Ghana and Nigeria from 17th to 19th June 2009. The added significance of this event is that, while training support, in the form of grants on a cost-sharing basis, is offered to qualifying companies, AMSCO also facilitates capacity building programmes for clients without grants and companies that are not necessarily clients of AMSCO. This was achieved in close collaboration with the Ghana Tourist Board, the UNDP and IFC.

Over the years, major players in the hospitality and food processing industries in Ghana have raised concerns that both industries are in dire need of capacity development because quality of service is generally

poor and the observance of quality standards is almost non-existent. The programme brought together 11 companies (8 AMSCO clients and 3 non-clients) from Ghana and Nigeria. This training will improve the business competitiveness of hotels and food processing companies and consequently their profitability and sustainability.

The speakers at the opening ceremony included Mrs. Christy Ahenkora Banya, Programme Officer UNDP (Ghana) , Mrs. Marieme Travaly, Senior Investment Officer, International Finance Corporation, Mr. Edwin Owusu-Mensah, Deputy Executive Director of Operations, Ghana Tourist Board and Mr. Guy Kurkjian, President of World Food Safety Organization (UK).

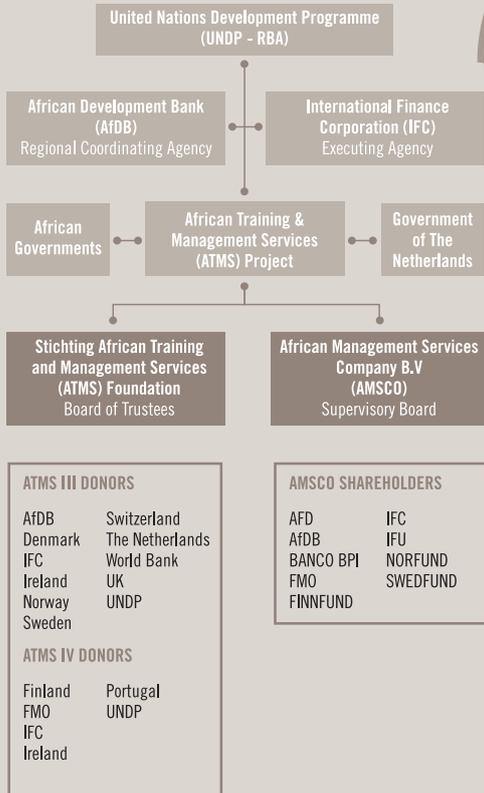


Participants, facilitators and AMSCO staff who attended the workshop. (Left)

Mrs. Christy Ahenkora Banya, Programme Officer UNDP (Ghana) at the Opening Ceremony. (Right)



**BUILDING SUSTAINABLE AFRICAN ENTERPRISES
AND HUMAN CAPITAL**



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