



Business and Economic Development

Here's a model resolution that county Extension agents and others can adapt and use with their county boards to guide their Extension programs into the area of business and economic development. It was developed in Milwaukee County, Wisconsin, where the county board has become increasingly active in Extension programs that support small business management and economic development.

Notice that the resolution can be modified and adapted to almost any county as well as to other groups with which Extension works and cooperates, such as county Extension program committees, community development organizations, etc. The style of writing purposely is formal and professional; it appeals to government officials, many of whom are also members of the legal profession.

The resolution proved to be an important legitimizing tool in the Milwaukee County Extension program, and was designed to:

1. Provide a broad policy statement defining the scope of the county board's jurisdiction in business and economic development.
2. Encourage greater interaction between county government and business and industry.
3. Add credibility and sanction to the Extension programs for small business currently being developed in the county.
4. Assign responsibility for business and economic development, long-range planning, etc., to a specific unit of county government.
5. Obtain a consensus from supervisors on whether business and economic development is clearly within the jurisdiction of the Extension Education Committee of the county board.

RESOLUTION

WHEREAS, it is in the best interests of (insert name of county) County Government to be actively involved in the economic stabilization, growth, viability, and well-being of business and industry, to promote business and economic development, to stabilize employment and add jobs to the economy, to reduce the rate of business failure, to retain businesses within the County in contrast to having them relocate elsewhere, to encourage the modernization of plants and equipment, to encourage new-business formation, to attract business and industry outside of the area to locate within the County, and to improve the profits, sales and return-on-investment of the business and industrial sector; and

WHEREAS, it is desirable to create a favorable atmosphere and working relationship between County and local governments and business and industry, and to encourage balanced economic growth; and

WHEREAS, there is need for the development of a coordinated, long-range economic plan for (insert name of county) County; and

WHEREAS, business and economic development considerations are becoming increasingly more important in broad policy determinations within a wide scope of County activity and therefore should be studied and be the subject of recommendations from a specific committee which is equipped to deal with business and economic problems on a broad base; and

WHEREAS, the duties and responsibilities of the Extension Education Committee accurately reflect the de facto functions of that Committee over the years for the reason that the jurisdictional scope of this Committee has become expanded to encompass programs for community development and small *business improvement, in addition to agriculture, home economics and youth development*; and

WHEREAS, the existing Extension Education Committee of the County Board is well qualified to assume responsibility for all business and economic development opportunities and problems; now, therefore,

BE IT RESOLVED, that the Extension Education Committee shall define the appropriate role of the Committee in the area of business and economic development and shall establish policies to implement and coordinate the development of a long-range economic plan for (insert name of county) County; and

BE IT FURTHER RESOLVED, that such Committee shall support the activity of leadership groups involved in economic development such as the local Chamber of Commerce; and

BE IT FURTHER RESOLVED, that the Committee shall involve government officials and key leaders in the business community for the purpose of 1) improving the relationships and communications between government and industry, and 2) providing a feedback mechanism through which County Government can become more responsive to the needs of business and industry and more aware of opportunities for improving County Government to improve, in turn, the economic well-being of the community; and

BE IT FURTHER RESOLVED, that the Committee shall report to other units of County Government from time to time on various issues and matters in the areas of business and economic development that have been taken into consideration or acted upon; and

BE IT FURTHER RESOLVED, that the Committee shall prepare a plan for increasing the Committee's impact and effectiveness within the total scope of business and economic development.

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Cost Effective Extension for Small Business in Africa

Success in Extension is usually measured in terms of the adoption of innovations. Researchers are anxious to measure success because they want to compare different types of Extension staff, organization, training, or other variables that may affect the result. Less attention is given to the value of the innovation to the client or the cost of inducing its adoption.

The Extension effort is taken as given, and research is devoted to its improvement rather than to evaluating the whole enterprise. It has been argued that comprehensive evaluation may itself distort and destroy the Extension effort. This is certainly possible, but can be avoided if the evaluation is an integral and ongoing part of the program, designed as much for the use of administrators and field staff as for the academic evaluation.

A prototype experiment, recently completed in Kenya, was designed to test whether a cost effective small business Extension Service could be provided by secondary school leavers with a maximum of 11 years of full-time education. Individual, on-site Extension is often recommended for small businesses in developing countries, but it's rarely implemented because of the

scarcity and cost of staff with the considerable qualifications and business experience usually recommended.

Loan programs and classroom teaching have been found to be of limited value to small businessmen in developing countries because they lack the management ability to make effective use of extra finance. They also find it difficult to adjust to, what may be to them, the totally novel experience of classroom learning in the few days they may be able to be absent from their businesses.

A simple set of questions was designed over many months of field trials; these elicited the raw material for a basic and approximate balance sheet and operating statement. An algorithmic program was developed whereby guided visual observation was combined with the relationships between the various figures, or the total lack of certain data, to produce standard recommendations for action. These included simple record-keeping procedures, improved security and cleanliness, and basic merchandising and stock control techniques.

Five consultants were recruited all too easily from the many thousands of unemployed school leavers, and they were trained for two months by a combination of classroom sessions, home assignments, and supervised attachment to selected small businesses. The consultants then worked for 5 months in the field, each serving about 40 clients, and calling on each client at least once a month. The consultants recorded their findings, details of the recommendations, and subsequent adoption or otherwise on standard forms.

The results were monitored at least twice a month in supervisory sessions. At these sessions, the supervisor didn't visit the shops himself, but discussed each client briefly with the consultant. An attempt was made to develop a competitive spirit among the consultants by comparing their success rates.

A minimum of two months was allowed to elapse after the last consultant visit before each client was assessed by an independent observer. Their continued practice of the innovations they'd been recorded as having adopted was verified or otherwise, and they were also asked if they would pay something under one dollar a month for the service to be continued. This latter question was included not because it was necessarily believed that Extension Services should be paid for by the clients, although there are good arguments for this. It was felt that expressed willingness to pay a sum approximating one day's earnings was a better indicator of a favorable reaction than the usual well-mannered expressions of gratitude. Sixty-three percent of the small businessmen said they'd be willing to pay for the service in the future, and 69%, including nearly all those willing to pay, had adopted and were continuing to practice at least 3 substantial innovations.

Since the prototype experiment was carried out on small-scale businessmen who were receiving little or no other help, and the innovations were easily identifiable as having originated from consultants' recommendations, it seemed appropriate to try an overall cost-benefit analysis of a hypothetical national replication of the service. It wasn't difficult to estimate the costs, using existing data for the total number of small businesses, and government salaries and expense scales which are known to be more than adequate to attract and retain staff of the qualifications use in the experiment.

The benefits were more difficult to assess, since most of the businessmen had only started to keep meaningful records as a result of the Extension Service. There was, therefore, no data to indicate what their operating results had been before receiving advice. Clients indicated that their sales and profits had noticeably improved, and,

perhaps more importantly, that the improved control of credit and stocks allowed them to maintain a given level of business with a substantially reduced capital investment.

The cost calculations indicated that each client who adopted 3 or more innovations would have to benefit to the extent of about 25 dollars per year for the service to "break even." This was about 10% of the average annual profits, and in the few cases where "before" and "after" figures were available, an improvement of this order was more than achieved. It's encouraging that presentation of the experimental results, together with an assessment of the likely costs and benefits of a larger-scale replication, encouraged at least one institution to adopt the consulting system that had been developed. So, now there are a fairly large number of "consultants" advising small businesses in Kenya.

It's clearly more difficult to assess the economics of Extension when modifications to an existing service are involved. It would appear, however, that if extra costs are associated with any change to the organization, staffing, or content of an Extension Service, it's incumbent on the initiator of change to make some attempts to compare them with the benefits that are expected to arise. The adoption of new varieties of seeds of improved methods of cultivation is only valuable insofar as it increases economic well-being. It's only possible to compare the benefits of the adoption with the costs incurred in inducing it if the benefits are expressed in monetary terms.

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