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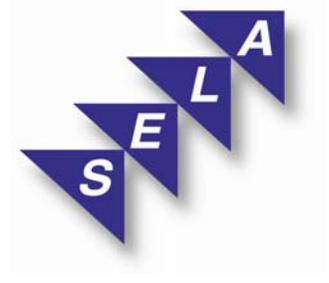
Final Report

Course on Entrepreneurship Strategies for the Development of New Entrepreneurs

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Course on Entrepreneurship Strategies for the Development of New Entrepreneurs

*Course on Entrepreneurship Strategies for the Development of New Entrepreneurs
Antigua, Guatemala
28 November to 2 December 2011
SP/CSEEME/IF-11*

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I. INTRODUCTION

The Course on Entrepreneurship Strategies for the Development of New Entrepreneurs was held from 28 November to 2 December 2011 in the Training Centre of the Spanish Agency of International Cooperation for Development (AECID) in Antigua, Guatemala, and organized by the Permanent Secretariat of the Latin American and Caribbean Economic System (SELA) and the AECID.

Entrepreneurship aims to increase the business fabric and to generate job opportunities in order to combat poverty and promote inclusion with a positive impact from an economic and social point of view. It is an action that needs to be based on values such as cooperation, social responsibility, citizenship, autonomy and participation. It is a form of inclusion in the labour world, generating income and promoting development.

Entrepreneurship is an opportunity for those excluded from the formal economy sector to insert into the national or local productive chain, increasing not only the added value of goods and services in the economy, but also improving the quality of life of its inhabitants by inserting them into the productive chain and thus reducing poverty.

The interest aroused by the theme of this Course, the expertise of specialists Marcelo Lebendiker, Gonzalo Guimarães and Ximena Pacheco and the efficiency shown by the staff of the AECID have contributed to the timely attendance and enthusiasm of participants during the five days of activities. In addition, the experience and high level of remarks delivered by participants from different countries contributed to a specialized and deep discussion on the subject.

During the Course, participants gained knowledge about best practices and strategies of programmes to promote entrepreneurship in Latin America. Emphasis was made on the relationship between entrepreneurship and poverty and social inclusion, and debates focused on successful cases and experiences that have helped entrepreneurs progress in their efforts to start a business. Finally, participants determined the main features to be addressed in the areas of public policy, funding and methodological aspects necessary to foster an entrepreneurship ecosystem.

II. Conduction of the event

The Course started with a brief historical review, from the "European paradox," whose innovation approach was based on demand, to current and traditional notions on the subject of entrepreneurship. In addition, a brief description of the stages of the entrepreneurial process was made.

At the start of activities, entrepreneurship was characterized by the leadership decision-making, work in group and preparation for change. The lack of knowledge of the entrepreneurial process may lead to the use of wrong tools, especially in starting up and managing new companies.

According to the current paradigm mentioned during the event, before starting a business, entrepreneurs seek financing through borrowing, which in many cases tends to lead to business failures. The traditional public policy is aimed at what already exists. However, it is necessary to consider a public policy that enables a favourable environment for the creation of new companies by encouraging not only business societies but entrepreneurial societies.

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The new entrepreneurial economy, raised during the Course, intends to focus on people instead of the product. In addition, the main component of a small company is the Board of Directors. Governments should implement comprehensive public policies for entrepreneurs, focused on the human condition.

In the first two days of the Course, participants gained knowledge about the characteristics of an entrepreneur and the environment in which the entrepreneur is inserted. For this activity, six working groups were formed, with each group being identified with six different animals.

Once participants became familiar with the characteristics and talents of each of their characters, as well as the environment of each of them, a SWOT (strengths, weaknesses, opportunities and threats) analysis was carried out, based on their entrepreneurial potential.

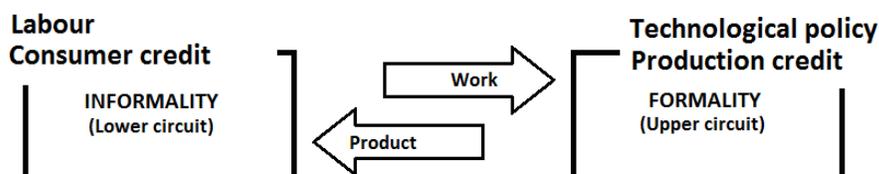
Subsequently, with the help of the course facilitators and based on the characteristics identified by each group, a type of entrepreneurial business was developed for each animal representing the groups.

Business networks were defined as structures whose units are important for the improvement of the production chain, but are not essential for its operation. Undertakings created by two or more companies are the links that holds the network together. Unlike programmes, networks are sustainable structures.

Then, participants met in their respective groups to create enterprises with other groups, simulating an interrelationship of the local economic activity. The results of this activity stressed the importance of entrepreneurship for development and self-sustainability at the local level.

An example of this interrelationship in the local supply chain was related to the tourism sector. The cluster or business network model generates a significant amount of enterprises, especially in the base of the social pyramid of related goods and services. In addition, a country brand or local brand is created.

Social policies are aimed at sectors of the population living below the poverty line, while technological policies and production credits are applied to sectors above this line. While at first glance informality and formality are separated by a defined legal political boundary in the production chain, the relationship between the two is very close. Informality is composed of labour and consumer credits; its production – rough work – is diffuse and of low value. For its part, formality in the production chain includes technological policies and production credits; its production covers goods.



Adaptation – By Gonzalo Guimarães

The life cycle of an enterprise is measured in relation to the time an investment returns to the entrepreneur (return cycle). Programmes should provide for and be inside this cycle, so that entrepreneurs benefit from the investment before the next production cycle starts. Time and society are determining factors for the success of projects and programmes.

As for the human development diagnosis, the competitiveness polygon, which measures the entrepreneurship maturity, was released. It takes into account variables, such as the entrepreneurial spirit, effective leadership, effective communication, team work, and interpersonal relationships and contacts. In addition, emphasis was made on the index that measures the entrepreneurial reliability.

In addition, it was pointed out that the traditional model of technical assistance is aimed at providing a specific service for a specific need. According to this model, entrepreneurs do not always obtain the resources, and if they do, they do not always appreciate them. They are allocated in training processes, business plans and academic activities. The new model for entrepreneurs provides for the creation of new firms without indebting them and for the promotion of self-sustainable initiatives.

The non-traditional technical assistance model suggests the development of a seed capital fund with resources for technical assistance. A part of the resources could be devoted to the traditional technical assistance, while the other part to a "smart" seed capital fund.

The advantages of a "smart seed capital" fund commit the entrepreneur in a win-win environment to an efficient accompaniment, which allows the recapitalization of the technical assistance and do not indebt the company in the initial phase.

In another group activity, participants represented difficulties and solutions that their respective companies may find when requesting funding.

There are two types of business incubators: academic incubators, which are created within the universities, and the business ones, known as second generation incubators. The model of business incubators must be part of an entrepreneurial ecosystem.

The programme First Step FastTrac[®], presented by Ximena Pacheco, is a practical educational programme for low or moderate-income entrepreneurs who want to develop a business. The first step of the programme provides the foundation and tools for participants to explore if they are able and ready to become entrepreneurs.

The programme is designed to help entrepreneurs strengthen the skills they need to evaluate their business idea, create, manage, and grow successful companies.

Participants noted, through a workshop and based on the features exposed by the facilitator, the methodology for the viability of the products presented. Through dynamics, participants practiced the concept of the business idea and identified the benefits of the products.

III. Conclusions

1. Most programmes and public policies to promote entrepreneurship focus on the last stage of the entrepreneurial process: when the enterprise is established. In addition, they are based on the entrepreneur's indebtedness, perpetuating a situation of inadequate resources and support. Therefore, it is advisable to design a public policy that considers the development of enterprises other than SMEs, such as the creation of second-generation business incubators, education, training and the promotion of business networks, among others.

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2. There is a statistically significant correlation between entrepreneurship and economic growth. The greater the entrepreneurial activity, the greater the dynamism of the local community economy.
3. It is important to consider people within the value chain of entrepreneurship. The human dimension of the entrepreneur defines the characteristics of the type of entrepreneurship that can be generated and the culture of the enterprise. The entrepreneur must have leadership, capacity for teamwork and perseverance, and must be adaptive, creative and dynamic, among other qualities.
4. According to statistics, entrepreneurs develop a business motivated by a business opportunity that enables them to be independent or improve their income. However, in most Latin American countries, a large number of people become entrepreneurs out of necessity, since they have no other way to survive, or want to improve their income.
5. The subsistence entrepreneurship generates sufficient income for the survival of individuals and their family, can be run by any person, does not require prior knowledge and has a low level of technology.
6. The opportunity or citizen-centred entrepreneurship generates sufficient revenues to live on, allowing accumulation of capital and improving the quality of life. This type of entrepreneurship requires knowledge, know-how, equipment and techniques.
7. The subsistence entrepreneurship can be enhanced and scaled up by adding value to the value chain with new technologies, an organizational scheme, and training, among others.
8. Before starting an entrepreneurial programme, it should be noted that each activity has its own cycle. One-day or one-week life cycles should be differently treated from one-month or one-year cycles.
9. To overcome informality and move to formality, it is necessary to address the scale factor and the added value. The process should be gradual as a strategy to increase the opportunities for business development.
10. Entrepreneurship also needs strategies for cooperation with other sectors. Popular enterprises, besides cooperation, need a special stimulus programme.

IV. Proposals for future actions

Among the most relevant aspects pointed out by participants is the fact that the implementation of such knowledge in their areas of work requires the promotion of business incubators, which not only support the student, in the case of universities, but also form links among universities, the private sector and other actors. To that end, some participants stressed the need for a law that encourages the creation of incubators. Social entrepreneurship and popular cooperatives were also presented as an inclusion strategy to be considered by government institutions. In terms of advice, account will be taken of the cycles of economic return for the preparation of sustainable entrepreneurship projects, as well as the methodology to analyze the entrepreneur's characteristics.

In this connection, SELA will serve as an observer and recipient of the progress made by institutions in the implementation of these new experiences. Participants are invited to send relevant information on specific results and experiences of their institutions, which could provide an example of best practice for future activities. These experiences will be documented and disseminated in order to promote the entrepreneurial spirit. In addition, the speakers will be informed of these results.

V. General assessment

The proposals presented during this event provide options to strategically work on proposals to promote the entrepreneurial culture, contributing to poverty reduction and greater value with social inclusion.

Participants were provided with the necessary tools to assimilate the information received, disseminate it and implement it in their work environment. These participants include university professors, members of governmental organizations, NGOs and entrepreneurs.

Finally, participants thanked the Latin American and Caribbean Economic System (SELA), the Training Centre of the Spanish Agency of International Cooperation for Development (AECID) in Antigua, Guatemala, and experts Marcelo Lebendiker of Parquetec Costa Rica; Gonzalo Guimarães of the Technology Incubator of Popular Cooperatives (ITCP) of Brazil; and Ximena Pacheco of the Kauffman Foundation for their effort to develop this Course. All of them appreciated the hospitality and organization by the AECID, which contributed to the success of this important activity in support of the development of Latin American entrepreneurs.