

Success Story (10):

“Gratis Foundation Ghana: From Totally Donor/ Government Dependent Organization to Self-Financing and Transformed Institution

by Mr. Kwabena Dankyi Darfoor / Ghana

The Gratis Foundation, established by the Government of Ghana in 1987 to promote technical training for entrepreneurs of domestic small scale industries, was incorporated as a company limited in 1999 and Mr. Darfoor was a former CEO. Then came an announcement that government subvention and funding by donors (i.e., the Canadian International Development Agency: CIDA, EU, etc.) would finish by 2006. To meet with this drastic change, management reform was carried out in cost, productivity, corporate culture and organizational behavior, and capacity building of the GRATIS staff. Specifically implemented measures included redefinition of the corporate objective and philosophy, introducing marketing methods, suggestion system for effective utilization of manpower, intensifying human resource development (QC activity, OJT/Off-JT, 6 key staff attended AOTS

management training) and upgrading public relations. These efforts from 2002 to 2006 spurred its transformation from a totally dependent organization to an income-generating and self-financing entity. Performance of GRATIS was well evaluated and approved US \$2.3million by overseas assistance organizations, and were awarded the “Ghana Millennium Excellence Award for Industrialization” in 2005. Mr. Darfoor was appointed as Program Manager for an EU Funded Microproject Program in 2006. He visited Japan for AOTS training of Program on Corporate Management for Africa in 2003 and says, “Practical knowledge that I gained in the course such as importance of clarifying the purpose of business and challenges as well as reinforcing executive leadership skills was extremely effective for me to address GRATIS management reform.”

Mr. Kwabena Dankyi Darfoor

A resident of Accra. From 2000 to 2006 Mr. Darfoor was engaged in technical support activities for domestic small businesses as director of the Gratis Foundation. His successful service at the foundation was so highly appreciated that Mr. Darfoor currently serves as program manager for Microprojects Management Unit, an EU-Ghana joint business.



Past experience of AOTS training:

Management Training Course in 2003 [the Program on Corporate Management for Africa]

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Story submitter: Mr. Kwabena Dankyi Darfoor
Country: Ghana
Field of activities: Social Contribution



Historical background

The GRATIS Project was established by the Government of Ghana (GoG) in 1987 with a mandate to promote small scale industrialisation in Ghana. To fulfill the mandate, GRATIS established Intermediate Technology Transfer Units (ITTUs), now designated as Regional Technology Transfer Centres (RTTCs), in nine regions of Ghana to transfer appropriate technologies to small-scale industrialists through training, manufacturing and the supply of tools, plant and equipment.

The GRATIS Foundation evolved out of the Ghana Regional Appropriate Technology Industrial Service (GRATIS) Project. In 1999 after the establishment of the RTTC network, the Government of Ghana and the other major stakeholders agreed that GRATIS should be incorporated as a Company Limited by Guarantee with the name “GRATIS Foundation”. GRATIS Head Office, located at Tema in the Greater Accra Region.

In the past, government and donor (i.e., The Canadian International Development Agency: CIDA, EU, etc.) funding directly supported all activities of GRATIS. However, the GRATIS Foundation is being hived off government subvention and automatic donor funding and therefore must fully operate as a commercial business. GRATIS is currently going through a transition period from a fully subvented agency to becoming a self-sufficient private non-profit foundation (GRATIS Foundation). The long-term goal of GRATIS is to support the development of small and medium scale companies as an engine for growth in Ghana. To fulfill the above objectives, GRATIS will need to adopt a new approach that is business driven, customer focused and market-oriented in order to achieve a sustainable competitive advantage.

Situation before I participated in the AOTS Management Training

It was generally recognized that GRATIS evolved very positively over the years, but the business culture as of 2003 gave rise to an attitude, at both corporate and employee level. The cause of this acquired attitude can be seen as a result of:

- The limitations imposed by the previous legal status of GRATIS and the consequence it had in terms of staff turnover.
- The continuous and widespread tendency to rely on external financial assistance to sustain the organization (GOG, CIDA and EU) that led GRATIS to develop an attitude of dependence toward these donors and ignore the necessity to become self-sufficient.
- A corporate culture that resulted from this attitude of dependency prevented GRATIS from being fully committed to develop and market new or improved technologies.
- A corporate culture also induced many staff members of the organization to wrongly believe that commercialization and search for self-sufficiency could only lead to jeopardizing GRATIS's ability to deliver its development services and programs which are its "reason to be."

With the above situation the organization's turnover in 2003 was US\$2.1 million per annum while it was owned 100% by the Government of Ghana and received support from the Government and donors for to 60% of budgeted expenditure. The company was generating 40% of expenditure from its own activities.

Turnaround strategies

The company was then faced with adopting many strategies because government and donor support were to cease by end of year 2006. The organization had to position itself to compete in the global marketplace in order to become self-financing and sustainable by end of year 2006.

The organization had to develop a culture to faithfully fulfill its responsibilities as a technology transfer organization to the communities (SMEs) in which it operates.

GRATIS recognized that a major turnaround of the financial performance of the organization was necessary if self-sufficiency was to be achieved. This would require the adoption of numerous strategies to achieve self-sufficiency namely: (1) a Cost Effectiveness and Productivity Enhancement strategy to bring about a substantial increase in the sales volume (by modifying the range, type and scope of training and services provided by the GRATIS to better suit market needs), the profit margin as well as to keep a tight control on the expenditures, and (2) an Organizational Behavior strategy to implement a vigorous change in the management process to achieve a major turnaround in GRATIS culture; (3) Implementing an energetic restructuring program including organizational restructuring, systems (MIS and Financial) strengthening, strategies and policies redefinition and improving the capacity and capabilities of the GRATIS staff, carrying out staff redeployment and an enhanced remuneration policy; and (4) Devoting major market and business development efforts to vigorously pursue commercialization in a business-like fashion, with the expectation of income generation.

Personal objectives for the AOTS Management Training

In 2003, I participated in the Program on Corporate Management for Africa (AFCM-2). Faced with the above challenges as the Chief Executive Officer of GRATIS, I joined the program with the following target:

- To learn the effective way to analyze how successful organizations link strategy to performance through exceptional leadership skills.
- To identify my own personal styles which will enable me to use leadership skills effectively and efficiently with my team.
- To bring into focus elements necessary for successful management.
- To understand the dynamics of change management issues and practices in a business to business environment.
- To master analytical tools that will allow me to make decisions which will maximize profitability.

Things that left the greatest impression from the AOTS Management Training

Though many things were learnt, what struck me from the course and the cultural exchange of interacting with the Japanese people is that when confronted with a problem, successful people tend to question why they should spend their time and effort in solving the problem at all. A common characteristic of these successful people is that they intuitively approach a problem by first questioning the purpose of solving it. In doing so, they reduce their chances of wasting time and effort on the wrong problem. Instead, turning their attention to the steps that really achieve their purpose, they greatly increase both their chances of success and their personal effectiveness. I found this approach in contrast with the usual approach of focusing on what is wrong with a problem situation.

Process of achieving success

With the insights gained from successful people I had to introduce new ways of dealing with the company's transformation process. First of all the corporate objective had to be redefined from "Transfer of appropriate technologies to small-scale industrialists through training, manufacturing, and the supply of tools, plant and equipment." to "devote ourselves to the progress and development of society and the well-being of people through the development, promotion and dissemination of technologies to SME's on a sustainable basis."

With this new objective came realizing that only through customer satisfaction can we achieve our tangible goals so we had to reform our corporate philosophy to cater for and focus on our customers' needs, starting from the Organizational Concept through to our detailed departmental functions. Secondly while we were focusing on our products, we also needed a paradigm shift in our organizational concept, in other words, organizational transformation, thereby allocating the customer as the central focus of the organization. The following corporate philosophy was adopted. Captioned the "Gratis Management System (GMS)", we sought to follow the principle that

Our management and employees would share a common way of conducting our daily activities: We adopted the Japanese 5K (Kansatu, Kiroku, Kufu, Keisan and Kodo: Observation, Recording, Artifice, Calculate and Action) approach, i.e., we sought to observe situations before we changed, then kept record of our observations, created ideas, calculated the cost benefit of each idea and improvement and finally took action, i.e., implemented the change. We set excellence standards for

our human resource and production units and for waste elimination and achieved them by adopting the Japanese 5S concept (Seiri, Seiton, Seisou, Seiketsu and Shituke: Sorting, Set in order, Cleaning, Standardizing and Discipline).

Elaborating the above-mentioned “process of achieving success” that GRATIS had, we can summarize as the following:

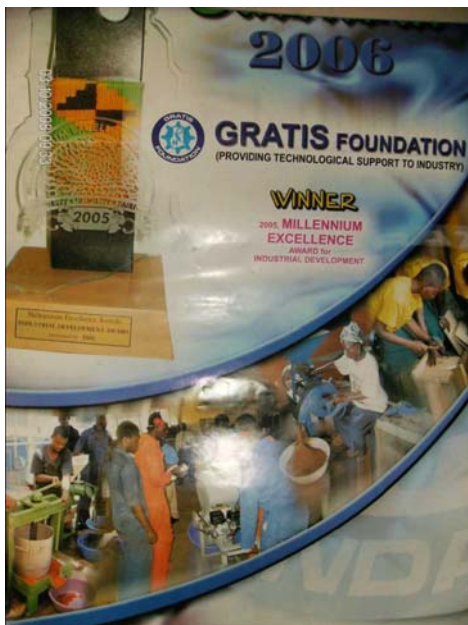
- To stimulate the organization by developing its human resources.
- 6 key staff attended other AOTS programs between 2003 and 2006.
- In addition we had to clarify and restate the common objective of the organization, i.e., management philosophy, rationalize the organization structure.
- Organize systems to enhance employees morale and development of human resources (On-the job training & Off-the job training.)
- Establish structure for continuous training and formulate HR development program (QC activities.)
- Establish suggestion and performance related incentive/reward schemes.
- To develop excellent customer management process.
- To ensure that the organization uses resources, systems and methods that enables it to be compete in the market.
- To utilize appropriate technologies that enables it to create new products that will benefit society with best-in-class functionality.
- To develop growth strategies as indicated in our situation analysis vertically within our current activities, horizontally by relating to other sectors of the industry.
- To define marketing mix and product strategy.
- Product positioning (functionality, low price and quality)-training (applicability, low priced and quality)
- Product improvement (quality, functionally and quality and appearance)
- Product Branding
- Pricing strategies
- Communication strategies (new brochures and a GRATIS documentary prepared and aired on Ghana Television at prime time viewing hours)
- Marketing Research

Direct effects resulting from success

Over a period of four years, GRATIS was able to go through a transformation process from being a totally dependent (on government and donor funding) organization to an income generating entity which was geared to becoming self financing in the very near future. There were challenges and good moments, and I am glad to mention a few milestones reached among others during the period as follows:

- A restructuring exercise was successfully undertaken.
- A comprehensive market study was undertaken which led to the formulation of a sustainability/business plan which is now being implemented.

- Initiation of a Change Management process to influence attitudes to work and responsibility
- Setting up structures and the building of a team that has bought into the destiny of GRATIS becoming self- financing organization
- Opening up trade channels locally and in the West African sub-region with regular exports to Burkina Faso, Liberia and Sierra Leone and Togo
- Improving the image of GRATIS- product brochures, video documentaries, creation of GRATIS website (www.gratisghana.com)
- Increasing the Internal Generated Income (IGF) from ₵4.8 billion in year 2000 to ₵21.5 billion in year 2006 (*Based on the exchange rate at that time)
- Employee remuneration package enhanced by 75% as incentive for increased productivity.
- Workers representation made manifest and recognized as social partners carrying the destiny of GRATIS in our hands. (GRATIS was awarded the best employer for human relations by the Commercial and Industrial Workers Union at the year 2006 May Day workers rally in Tema.)
- All the above culminated in GRATIS being awarded the Ghana Millennium Excellence award for industrialization in year 2005.
- Negotiated and got approval for a re-allocation of funds for GRATIS retooling for the supply of various workshop equipment worth US\$ 2.3 million (made up of EU US\$1.5m and CIDA US\$800,000) by end of July 2006.



GRATIS was awarded the best employer for human relations by the Commercial and Industrial Workers Union in 2006.

Analysis of Factors Leading To Success

- I believe the success achieved can be attributed to the changed attitude of the employees as to the purpose of the existence of the company, why we must change the way we solve problems and adopting the necessary breakthrough thinking principles as follows:

- Purpose Principle: i.e., focusing on purposes and this helped the organization strip away non-essential aspects to avoid working on the wrong problems. Getting started meant getting the right purpose for the transformation process and setting up the planning systems to achieve it.
- The Solution after Next Principle: We believed that innovation can be stimulated and solutions made more effective by working backward from an ideal target solution what we wanted to achieve.
- The Systems Principle: We approached our work with the every problem we were confronted with was part of a larger problem. Hence we sought to understand the elements and dimensions of our transformation process and that allowed us to determine in advance the complexities we needed to incorporate in the implementation of the solution.
- The People Design Principle: We involved all the employees in the developing of the solutions and the process of the transformation, allowing a bit of flexibility in applying the solution.

Career advancement

Following the success achieved at GRATIS and personal managerial attributes, I was given a promotion to made a bigger European Union Project and have since May 2006 been working as Program Manager for an EU Funded Microproject Program 2005-2009 (EDF Content Euro 25.0 million). General duties include provision of program management services that will ensure a high level of efficiency of implementation and high degree of sustainability of planned interventions under the 6th Microproject Program Specifically I have to prepare annual/phase work programs, provide leadership and guidance to stakeholders and providers of services, works and supplies to ensure efficient implementation of the Program. I have to manage an accounting system and procedures and ensure that financial management is per 9th EDF rules and procedures, as well as monitor and evaluate program activities and prepare financial and physical progress and annual reports.

Advice to other ex-participants of AOTS Management Training

The program followed at AOTS helps to reinforce executive leadership skills in the management of people for results. It gives you better understanding of why businesses exist, and the principles taught work if they are practiced. The impressions I had from field visits and the way Japanese companies were presented to visitors moved me to achieve the same level of excellence over a four-year period.