

Guide for enterprises interested in the Enterprise Growth Programme (EGP)



European Bank
for Reconstruction and Development

EGP – what is it?

The Enterprise Growth Programme (EGP) is a technical assistance programme operated by the European Bank for Reconstruction and Development (EBRD) and is run on a not for profit basis. The objective of EGP is to assist small and medium-sized enterprises (SMEs) to operate successfully and help to develop new business skills at the senior management level in order to be able to compete in a market economy. The EGP introduces industry-specific management expertise by providing the advisory services of experienced senior executives from economically developed countries. These advisers transfer management and technical know-how to enterprises, sharing their commercial experience directly with the CEOs and senior managers. In this way, the EGP creates a vibrant SME sector in transition economies.



EGP builds stronger businesses.

What does an EGP project entail?

An EGP project will usually last 12-18 months and is led by a highly skilled Senior Industrial Adviser (SIA), who will have at least 15 years' experience at senior executive level in the relevant industry sector. Each project is unique and tailored to the requirements of the individual enterprise. The EGP will often help companies to prepare a new way of doing business, develop sales and marketing strategies, explore export opportunities, attract finance, undertake financial and strategic planning, restructure the organisation, upgrade production and design capabilities, and comply with industrial legislation and international environmental practices.

Which companies qualify for an EGP project?

For an enterprise to qualify for the EGP assistance, it must be able to demonstrate potential for growth and a genuine need for business advice. The senior management must have the ability to absorb the assistance given and be prepared to commit the necessary time and effort. If the company management is not ready to cooperate and commit to the project, the project will not succeed. EGP companies have less than €50 million turnover and preferably between 100-500 employees.

Furthermore, companies must:

- ▶ be private companies or have an irrevocable government commitment to privatisation
- ▶ have an acceptable debt structure
- ▶ be majority locally owned
- ▶ be in any industry sector, except military products or services, gambling, strong alcohol or tobacco, banking and financial services.

Enterprises are selected by the EGP Management, after direct screening by EGP Team Coordinators (TCs).

How does EGP select its advisory teams?

All the senior executives that are involved as advisers in EGP projects have been thoroughly screened, which includes an interview and submission of CV, references, passport, medical check, and so on. EGP only selects candidates who have extensive hands-on, industry-specific backgrounds, which differentiates EGP from traditional business management consultants. In addition to the Team Coordinator and Senior Adviser, EGP project teams often involve Specialists, who have expertise in one specific business area, for example finance, production, marketing, human resources and environmental protection. EGP currently has a database with around 1,000 advisers.

What can a company expect from an EGP project?

During the first screening visit to the company, the areas of initial assistance to be provided by the EGP are discussed and agreed between the company management and the Team Coordinator. The assistance is tailored specifically to the needs of the enterprise. The main objectives usually include:

- ▶ to assist enterprises to establish a strategic direction and, in particular, to install the standards and processes necessary to comply with the industrial legislation in their export markets



EGP uses advisers who have hands-on, industry-specific backgrounds at the senior executive level.

- ▶ to support and advise the CEOs in the preparation of a realistic business plan, based on best international business practices and, where relevant, to act as the vehicle for attracting equity investment and/or external debt finance
- ▶ to show how the competitive position of the enterprise can be improved by the development of marketing strategies for specific products and markets as well as the implementation of market-driven sales activities
- ▶ to help enterprises to establish and develop a network of international contacts with customers, suppliers, distributors, investors and foreign partners
- ▶ to assist management to introduce and develop sound environmental practices and improve energy efficiency
- ▶ to assist companies to reach quality standards that comply with the EU and other developed countries' regulations
- ▶ to build the confidence of the CEOs and senior management in their own ability to manage their businesses successfully in a market-driven economy and to adapt to the demands of international markets.

For each project, EGP attempts to find the “perfect” match between the needs of the enterprise and the expertise of an adviser, ensuring that the Senior Adviser has the industry-specific experience that is needed.

Each EGP team usually spends 60 days with the enterprise over a period of 12-18 months. After the project is completed, the company CEO gives his rating of the project, and the impact on the company's business performance is independently evaluated and rated.

Throughout the project there is a continuous dialogue between the company and the EGP team, and objectives are reviewed and action points agreed.

What information does the company need to share with EGP?

- ▶ Information on ownership structure, the company statistics and financials
- ▶ Copy of the company registration certificate.

All this information is confidential, only the EGP advisory team and the EGP management team hold this information, and it is not shared with third parties or other division of the EBRD.

Who funds EGP?

The Enterprise Growth Programme is funded by donors and by the EBRD. EGP receives funding from approximately 20 bilateral donors, that is, individual governments, who are shareholders of the EBRD. The Programme also is funded by organisations such as the EU, and various regional initiatives, such as the EBRD's Early Transition Countries (ETC) fund.

What are the costs involved for the company?

EGP encourages co-sharing of its project costs between donors and the beneficiary enterprise. This brings more continuity in funding and enables the client to have more ownership, while enhancing the client's commitment. Cost-sharing percentages are determined following a guideline, which asks for more cost-share for repeat clients and a minimum contribution of ~10% of total project costs for new clients. The client must provide translators if needed and local travel for the EGP team.

What is the success rate of EGP's projects?

Overall, 85 per cent of EGP projects have been rated as “successful” or “highly successful” by an independent evaluator. In a separate study, the EBRD's Evaluation Department indicated a 91 per cent success rate for the enterprises reviewed. On average, the productivity (turnover per employee) of these enterprises has increased by 29 per cent, while turnover has increased by 18 per cent.



By building stronger businesses, EGP makes companies more attractive for investment, both from the EBRD and other financing sources. EGP refers companies as potential clients for direct EBRD investment and for financing instruments through intermediaries on a regular basis.

We want to apply for an EGP project with our company, what do we do now?

Companies can contact EGP via the web site www.ebrd.com/sbs, where there is also further information about the Programme and case studies. Once we receive your application, the EGP management team at the EBRD Headquarters in London will review your request. This is followed by an initial meeting with a Team Coordinator, where the main terms of cooperation are discussed. The Team Coordinator and the EGP management team then decide whether the project can go ahead.

Contacts

Enterprise Growth Programme (EGP)
EBRD
One Exchange Square,
London EC2A 2JN, UK
Tel: +44 20 7338 7356
Fax: +44 207 7338 7742
E-mail: egp@ebrd.com

More information
www.ebrd.com/sbs

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