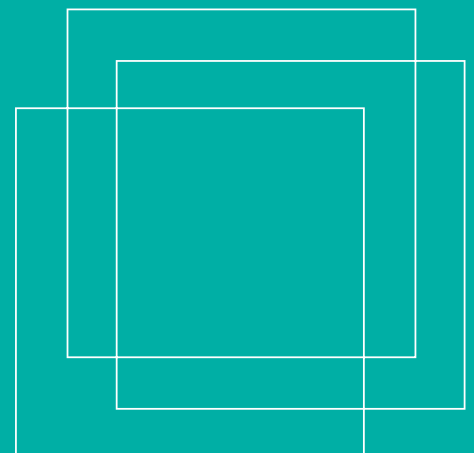




MANAGING SMALL BUSINESS ASSOCIATIONS



READER



Cambodia 2007

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2007**

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Preface

The Royal Government of Cambodia recognizes small enterprise development as a key strategy for poverty reduction and economic growth. Small enterprises create jobs for large numbers of women and men, they support the national economy and they meet a broad range of consumer demands.

Small business associations can potentially contribute a lot to the development of the small enterprise sector. A small business association is a voluntary alliance between small enterprises. It acts on behalf of its member businesses, protecting their interests and offering much-needed business development services. Business associations can help their members to increase their competitiveness and to grasp opportunities in the market place. Small business associations are an indispensable means for developing a market economy.

To date there is a limited number of business associations in Cambodia. Those that exist do not always operate in a very business-like fashion. Only a few of them have been able to carry out the two basic functions of an association: to be a representative voice and to provide business support services. In general their representative voice is weak, and does not contribute to policy formulation. Their support services do not always meet the needs of their members. Almost all business associations are lacking the necessary human and financial resources to have a real impact.

This reader on "Managing Small Business Associations" gives guidance on how to build strong and efficient business associations that respond to the needs of both men and women entrepreneurs. It introduces topics that are essential for existing business associations as well as for entrepreneurs that want to start up a new association.



Acknowledgements

This reader is based on materials prepared by the In-focus Programme on Small Enterprise Development (IFP/SEED) of the International Labour Organization (ILO). Between 1995 and 2005, the ILO studied the work and structures of business associations in various countries and identified the key issues that make for success when entrepreneurs work together.

The reader was conceived and coordinated by Mr. Kees van der Ree of IFP/SEED. Important inputs, especially on the gender equality aspects of association building, were received from Mr. Gerry Finnegan of IPF/SEED.

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The consultants who developed the case studies in this reader are:

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Chea Sophak	Cambodian Federation of Employers and Business Associations (CAMFEBA)
Nuth Sitann	Artisans Association of Cambodia (AAC)
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Morn Borina	World Vision Cambodia (WVC)
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Eam Chanmonny	Urban Sector Group (USG)
Thoeurn Bunith	Phnom Penh Small and Medium Industry Association (PSMIA)
Tun Leakhena	Cambodia Fuelwood Saving Project

MODULE 1: INTRODUCTION

1.1. Why business associations are important

In many countries the reduction in the number of formal jobs and the threat of poverty has forced people to start their own small businesses. Many of these businesses operate in what is called the informal economy and do not receive the kind of services available to formal enterprises: market information, financial services, legal protection etc. An important way for them to overcome this disadvantage is to work together and put in place some kind of self-help organization.

Small enterprises are often too weak to compete against bigger competitors. On their own they lack the capacity to protect their interests in the political arena in the presence of more powerful parties. Individual small enterprise do not benefit from the advantages that come with larger combinations of resources. Such advantages include favourable market linkages, different kinds of insurance and specialised staff. Forming an association can help small enterprises to increase the economic strength and social status of each individual entrepreneur and to take full advantage of the power of networking and cooperation.

Business associations are voluntary organizations of business people who cooperate to pursue common interests, help and support each other to develop their individual businesses and improve the business environment.

Small business associations include:

- Organizations that support members to develop their production and business activities;
- Organizations that protect the interest of their members and represent them;
- Organizations that coordinate and regulate the business activities of the members.

Referring to a directive of H.E. the Minister of Commerce, the Ministry of Commerce has printed procedures for the formulation of the constitution of a business association. This enables business associations to formalize their constitution with the Ministry of Commerce. The procedures define business association as follows:

- An entity of individuals that work in a common business sector or professional area who established an association to pursue their common interests.
- A business association is an independent, non-political organization that implements activities for the common interest of its members.



1.2. The purpose of the reader

Business associations that represent small enterprises often lack the skills and resources to manage the association properly. Many have sprung up in response to an urgent need, and have had to use improvised solutions to deal with a specific problem or issue. However if associations are to grow into effective bodies, they have to look carefully at all aspects of their organization, and at the challenges they are likely to face. Their leaders will need to develop their management skills and learn from the experience of other organizations.

This reader has been designed to help the leaders of new and existing business associations to:

- Understand the reasons and needs behind establishing an association through identifying the needs and problems of their members;
- Develop appropriate activities and services for their members;
- Negotiate with the Government and other bodies and participate in the formulation and implementation of policies affecting their members' interests;
- Manage their human and financial resources better;
- Plan strategically so as to expand their association.



1.3. Government and development agencies' interest in business associations

The Royal Government of Cambodia has a strong interest in promoting business associations because it considers them crucial for the development of micro, small and medium enterprises. The Government supports small business associations and drafted a decree to encourage small entrepreneurs to establish associations.

Development organizations are increasingly recognizing the value of helping business associations reach their maximum effectiveness:

- It is more cost effective, and therefore more sustainable, to work with one business association rather than with many individual businesses;
- Business associations help individual businesses learn from one another;
- By helping a business association, resources are more likely to be shared equally among many businesses rather than benefiting just one or two businesses.

The reader can be used in training courses or workshops. A separate Trainer's Guide "Managing Small Business Associations" has been developed for this purpose.

MODULE 2: THE NATURE OF BUSINESS ASSOCIATIONS

2.1. Reasons for creating a business association

Small business associations can serve three main purposes:

1. *To support members to develop their production and business activities, i.e.:*
 - To provide business development services to small enterprises such as training, advice, consultancy, information and networking services;
 - To develop markets and trade, for instance by organizing a common marketing campaign, providing members with market information or submitting a joint proposal for a large government tender;
 - To share resources for instance by developing a common production facility, or by sharing equipment or facilities.
2. *To protect the interests of the members and be their representative, i.e.:*
 - To solve a common problem that cannot be dealt with satisfactorily by entrepreneurs acting individually;
 - To defend specific rights or interests of small enterprises;
 - To represent the members in policy formulation and implementation.
3. *To coordinate or regulate the business activities of the members, i.e.:*
 - To set quality standards in order to improve the marketability of the products produced by the members;
 - To regulate prices to avoid that heavy competition undermines profits;
 - To regulate the production capacity of the member enterprises in order to keep prices stable.

There are different ways in which a business association can start up in Cambodia:

- Enterprises face a common problem or opportunity and decide to start an association to address this problem or opportunity collectively;
- Associations grow out of a series of exchanges and discussions between people or agencies;
- A development agency provides the means to organize meetings and discussions, and helps with the start-up costs such as office space or a secretariat;
- A Government agency gives directions to establish a business association.



Case study: Different ways how a business association can start up

The Cambodian Trucking Association (CAMTA) was established on 17 September 2004, with the support of the Ministry of Public Works and Transport. Its main purpose is to give transport companies a clear understanding of the relevant government laws and transport regulations, and to improve cooperation with the government. At present the association has 13 members, jointly owning 600 trucks.

The objectives of the association are:

1. To encourage individual transport companies to work together in order to professionalize the services provided to their clients in freedom and independence;
2. To participate in national meetings/conferences and express their opinions relevant to their business;
3. To contribute to the Royal Government's development goal of transport services: security, comfort, quickness and reasonable fees.

The association has made significant achievements since its establishment. The members work together sharing the transport services amongst them and gained a market share of 60-70% nation wide, and 80% on National Road No. 4.

The Rice Millers Association (RMA) in Banteay Meanchey Province was formed in 1998 with the support of the UNDP Private Sector Promotion Program. At present it has 24 members. The main objectives are:

1. To encourage all members to work together in order to solve common problems and provide mutual support;
2. To pursue the common benefits of its members;
3. To identify local and international markets;
4. To support members accessing financial services;
5. To improve production techniques.

The Cambodian Association of Travel Agents (CATA) was created in 1996. At present, the association has 119 members, including 17 Korean companies in Siem Reap Province. The main objective of the association is to promote the tourist industry, provide its members with tourism-related information, provide legal counselling services and protect the common interests of the members.

2.2. Different types of business associations

There can be various kinds of business associations:

- Those that are trade-specific (for example the members are all carpenters)
- Those that are location-specific, comprising enterprises in a particular neighbourhood or area versus national business associations
- Women-only, men-only or mixed business associations

Some small business associations are members of unions or federations at the national level. These unions or federations have a role in lobbying and advocacy at the national level, and they can help small business associations to develop a common position and strategy. Chambers of Commerce are organisations representing the business interests of a certain geographical area.

2.3. Associations of women entrepreneurs

It is often useful for women to become members of small business associations or to create their own women business association. In Cambodia there is a saying 'Women cannot move around the cooker' which means that women are not supposed to go anywhere far away from home because of their roles and responsibilities - taking care of family members and looking after the household. Participation in an association enables women to meet regularly, establish business contact and discuss common problems.

Within a business association with mixed membership, women are sometimes perceived and treated as inferior to men. When this is the case women are rarely allowed to occupy important posts but often take on responsibilities similar to their domestic chores. Women may lack the confidence to express their opinions in front of male colleagues. In addition, women often have dual obligations looking after their families and children while at the same time having economic responsibilities, like operating a small business. This may mean that women have less time for meetings and other activities of the association.

Setting up separate associations for female entrepreneurs may help women to become more confident, and may create better conditions for them to take full advantage of their capacities and resources.

Case study: Association of women entrepreneurs in Cambodia

The Women's Association for Small and Medium Businesses (WASMB) is the first women business association in Cambodia, established in 2005. This association supports business women through:

- Networking and solidarity;
- Access to a resource center;
- Participation in a forum for learning and sharing of experiences;
- Promotion of women's rights.

WASMB membership is open to all women who (a) have at least one year of work experience, (b) own a formal or informal business or are professionals, and (c) have been nominated or recommended by an existing member. There are two categories of membership: (a) corporate membership, and (b) individual membership. So far WASMB has 35 members from different business sectors. Some of the members represent their company whilst others represent themselves.

The WASMB Management Team comprises a president, two vice-presidents, a secretary and a treasurer. The Management Team is elected by the General Assembly. In order to be eligible, a committee member must have been a member in good standing for at least one year with a good reputation. The president serves a three years term.

WASMB has received both financial and technical support from the Mekong Private Sector Development Facility, the UNDP and relevant ministries.



2.4. Understanding social capital

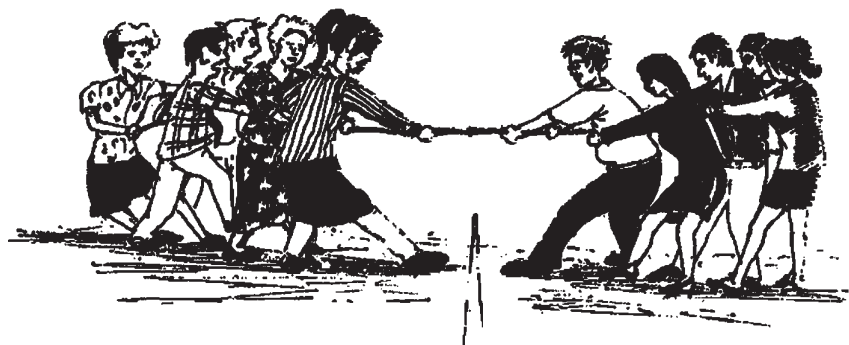
"Social capital" is a relatively new concept that has been increasingly studied in recent years. Social capital refers to the non-economic resources of cohesion and mutual support that exist among individuals in a society.

We all know that economic capital is an important necessity for a successful business, but it is something that by definition poor people lack. Poor people, however, may have something else of value: considerable networks of support. Hardship may have reinforced mutual reliance and self-help (though on occasion it may also have the reverse effect as people fight each other for access to the meagre resources available).

The ability to network with others, to draw on the resources and skills of families and neighbours and to be encouraged by them, amounts to another kind of wealth. On the basis of social capital, structures such as business associations can contribute to the development of economic capital.

One of the problems facing the individual small entrepreneur is being alone. When someone works in a large company, there are usually other people around to deal with different aspects of business management. Someone looks after the marketing, someone else sends out the invoices, yet another person takes care of the transport. A small entrepreneur must deal with all of these issues on his or her own. This is difficult if a person's is skilled in one area (e.g. craftsmanship in making a product) but not in others (e.g. marketing the product). In business associations, small entrepreneurs may be able to pool their resources and skills.

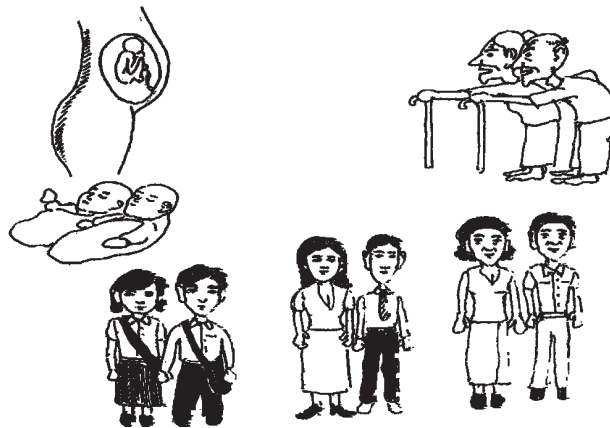
The individuals who join a business association will at times be competing against each other for customers and supplies. Each entrepreneur will have his or her business strategy that he or she will not want to share with competitors. The business association must tread a fine line. It should encourage members to share ideas and problems but it needs to respect that their members may not want to share everything. Some issues specific to individual businesses may be better discussed on a one-to-one basis in business counselling sessions, with the counsellors themselves signing a confidentiality agreement.



MODULE 3: DEVELOPING A SMALL BUSINESS ASSOCIATION

3.1 Life cycle of the business association

Associations are like human beings: they are born, they grow up, they learn, they work and expand, but they can also face problems, lose their vitality and even die. There are advantages and disadvantages to each of these stages in the development of a small business association.



The life cycle of a small business association:

- Birth
- Childhood
- Adolescence
- Prime of life
- Maturity
- Declining vitality leading to either closing down or renewal

Birth is when the business association is created. One, or several people, have the idea of forming an organization to deal with common problems. The founders are important in developing the commitment to form an association. Work is voluntary and membership is still very limited.

During *childhood*, activities get off the ground. The association becomes visible to the outside world. There is enthusiasm and commitment from members. At this stage it is important to set the rules and regulations for working together and to ensure that members benefit equally. During the childhood stage, there is scope for conflict since members may not agree on the purpose and ways of working of the association. Good communication is necessary to ensure that members work towards a common goal.

In its *adolescence*, the association still lacks experience and probably makes mistakes. However, many members join at this stage. The association now has to become a professional organisation, meaning that good systems for planning and administration have to be created. New means of communicating with members have to be developed to be able to guarantee



the effective participation of the expanding membership base.

By the time it is in the *prime of life*, the organization has gained sufficient experience. There is much goodwill from its members. It is capable of providing professional services and diversifying its activities. This is the most active and effective stage of the association.

When it reaches *maturity*, the association members may lose their earlier enthusiasm, since there are fewer challenges. Although the association continues to provide services to its members, it may be more difficult to mobilise members' effort and commitment. The association may deal with this challenge by expanding its stakeholder base and establishing constructive partnerships.

Decline will either prompt a renewal process or will lead to closure through either:

- "*Aristocracy*", when existing leaders are too caught up defending the status quo of their power base and fail to develop new activities or take risks;
- "*Bureaucracy*", when rules and regulations become more important than members' interests. Nobody dares to take new initiatives. The organization brings fewer benefits to the members and funding and government support become more difficult. If the association loses the benefits for its members, other organizations may emerge to take its place.
- "*Splitting up*" can occur when new members create their own branches or when services become independent.

3.2. Membership strategy

Depending on the kind of small business association, it may be important to attract a large number of members or, on the contrary, to concentrate on more active participation by a smaller group of members.

Increased numbers can be important when:

- The business association wants to show the government and partner organizations that it is the major body representing small enterprises;
- The activities of the association need the advantages of scale;
- The services of the association are under-utilised by the existing members.

Concentrating on quality participation by a smaller group of members is essential when:

- The viability of the organization depends on everyone carrying out a mutual agreement such as with the common marketing of products;
- The association wants to maintain stable prices for its members products or services by limiting the number of producers or service providers;
- The business association wants to protect its members' interests discreetly, and not become a high-profile organization. This could be the case where members already enjoy a preferential treatment that politicians would find difficult to defend if it became a public issue.

Case study: Membership strategy

The Women's Association for Small and Medium Businesses (WASMB) plans to have as many members as possible so that the association will have a strong voice representing the members and negotiating with other stakeholders.

Membership of some of the business groups supported by the Cambodian Association for Informal Economy Development (CAID) is limited. At the Phnom Penh International Airport,

for example, membership of the group of motorbike drivers is limited to 31 only. All drivers have uniforms and helmets provided by DED (a German Development Organization). The restrictions on membership are made according to customer demand, ensuring that all motorbike drivers have enough customers. The group maintains a standard service fee without competition among the group members.

There are a number of possible steps that can be taken to attract new members or to reinforce the commitment of existing members:

- Incentives, such as small gifts, for existing members who introduce new members;
- Development of activities for non-members that give them a taste of the advantages of being a business association member;
- Lower subscription fees for the first year of membership;
- A logo or sign that members recognize and that creates a feeling of belonging to a group;
- Free advertising space in the newsletter for new members;
- Sending information letters to potential members on important issues that affect their business;
- An orientation programme for new members giving them information on the association's services and products.

3.3. Strategy on federations, unions and networks

Many business associations are formed at the local level. In some instances, local business associations realise that a larger membership base, more financial and human resources or more political influence is necessary to respond to the needs of their members. They may see the advantage of collaborating with similar organizations, developing common initiatives. This then can become the basis for forming second level organizations such as federations, unions, and inter-professional organizations.

Typical activities of federations and unions, compared to local business associations are:

- Analyzing private sector policies;
- Co-ordinating lobbying in the field of macro-economics, regulations, fiscal issues;
- Organizing exchanges and visits to business associations locally or abroad;
- Developing international connections;
- Commissioning sector-specific studies on critical elements of small enterprise development.

Federations and unions have some problems that differ from those of business associations:

- Communication with members is more difficult;
- There can be contradictory interests between different groups of members;
- Costs can be higher since there is less voluntary work.

Unions and federations are separate legal structures with their own constitutions, general assemblies and management teams. In most cases small business associations are the founding members and send their representatives to work in the unions and federations.

In some instances it may not be necessary to set up a separate legal structure, as it may be sufficient to have a looser "network". When member associations of a network decide to launch a common activity, they will generally share responsibilities among the different participating associations. A contribution may be paid to cover common costs. One business association could be the lead agency for the network and co-ordinate network activities.



Case study: Federation, unions and networks

The Cambodian Federation of Employers and Business Associations (CAMFEBA) is an autonomous and independent business association registered and recognized by the Cambodian Royal Government. Established in 2000 due to the increasing need for the private sector to stand together with a unified voice, CAMFEBA is the largest association in Cambodia, representing over 700 companies, including small & medium enterprises, leading Cambodian businesses, multinational companies and Cambodia's major business Associations.

CAMFEBA's vision is to unify and strengthen the Cambodian Private Sector through effective representation and collaboration with the Royal Government of Cambodia and relevant global bodies. It aims to support its members to compete in the global economy. Its main objectives are:

1. Coordinate the private sector under one unified umbrella;
2. Promote good industrial relations to ensure a harmonious business environment;
3. Represent members where it matters most;
4. Provide advice, build capacity & disseminate information.

Members of CAMFEBA are entitled to receive access to services, in particular legal advice and counselling, information on the business and social environment, training and networking both inside and outside the country and representation during bilateral and multi-lateral conferences, with the government and international agencies.

3.4. Growing pains

A well managed association is able to expand its activities, attract new members and mobilize additional human and financial resources. The association will develop from an informal stage to that of a formal institution with social and economic responsibilities. During this process, the business association may experience a number of growing pains:

- New members will want to join the organization, but they may not have the same commitment and dynamism as the initial founders of the organization.
- Initially the organization may cover only one area or sector, but new members will mean expansion of activities into other areas and sectors. This will make it necessary to create separate committees for each area or sector (for example one committee for metalworking enterprises) and have representatives of these areas and sectors on the Board of Directors.
- Initially, most of the work will be done by a small group of volunteers. As the organization becomes bigger, professional staff needs to be recruited. Tensions may arise between the staff and the elected leaders as the staff will have more hands-on information and more contacts with members, while the Board of Directors has the decision-making power.
- As the business association develops different activities, it will be difficult for members, and even for the leaders to keep track of what is happening. Effort is needed to coordinate the different activities and keep members informed, perhaps through a newsletter.
- As the organization gets bigger, there is less contact between members and leaders. However busy they are, the leaders must keep in touch with reality and understand the interests of the members.
- As the organization grows, diversified funding becomes more important for the autonomy of the organization. Relying too much on one source of income makes the organization too vulnerable to changes of policy or personnel in the funding organization. A combination of membership fees, fee-based activities and donor funding enables the association to continue its activities independently, based on the priorities of its members and not those of its donors.

MODULE 4: THE ASSOCIATION MISSION STATEMENT AND OBJECTIVES

4.1. Vision of the organization:

The success of a business association depends on its members having a common vision of what the association stands for. One way to ensure that members share a common goal, is by agreeing on a vision statement.

A vision is like a dream, a picture of the ideal conditions for your members. A vision statement is a short phrase or sentence that conveys the members' hopes for the future. Catchy phrases such as "a competitive business sector" or "equal business opportunities for women and men" may be part of a vision statement.

The organization's vision may include the following characteristics:

- Values
- Challenges to overcome
- Morality

The vision statement should be:

- Understood and shared by all members
- Inspiring and motivating
- Easy to communicate



4.2. Mission statement

People in an organization need to be clear about what it is they are all working for. A mission statement is a simple clear set of words that sums up the key purpose of the organization. A mission statement is more specific than a vision statement. It answers the questions:

- Who are you, as an organization?
- Why do you exist?
- What do you do?
- Whom do you serve?



Some organizations combine their vision and mission statements, while others separate them. The vision element is usually more general, and aims to be motivational. The mission statement tends to be more practical defining the particular group for which the association works and the particular means it will use to meet the challenges of that group. It serves to remind everyone involved of the key focus of the organization.

While a vision statement inspires people to dream, a mission statement should inspire them to take action. All the members should be involved in some way in the agreement of what the mission statement should say.

4.3 Setting the objectives

Objectives are the specific, measurable steps that will help you to achieve your mission. Before setting the objectives of the business association, the members of the association need to identify their common problems. Once the common problems have been determined, it is easy to formulate the objectives by converting the problems into positive statements.

An example:

If one of the common problems of rice millers is that they cannot access financial services, one of the objectives of a rice millers association may be "to support members accessing financial services".

Another example:

If one of the common problems of silk weavers is that they are working with outdated technology, one of the objectives of the silk weavers association may be "to support members to improve their production techniques".

The objectives of the business association need to be challenging and relevant to the needs of the members. They need to include the kind of challenges that can not be dealt with by the individual entrepreneur, but that can be tackled by applying the common strength of the group.

The objectives of the association may change over time, as the problems faced by the members change. It is important for the leaders of the business association to monitor whether the objectives of the association remain relevant to the members.

Case study: Mission statement and objectives

CAMFEBA's mission statement is:

The Cambodian Federation of Employers and Business Association (CAMFEBA) is an autonomous and independent business association that aims to strengthen the Cambodian private sector and enable its members to compete in the global economy.

CAMFEBA's objectives are:

- 1) Coordinate the private sector under one unified umbrella
 - Effectively address challenges affecting the welfare and interests of our members and employers in general
 - Facilitate the effective distribution of updated laws and regulations
 - Provide networking and relationship building opportunities

- 2) Promote good industrial relations to ensure a harmonious business environment
 - Promote an ethical business environment amongst employers and employees
 - Promote workplace health and safety
- 3) Represent our members where it matters most
 - Seek recognition from and establish effective communication with the Royal Government and relevant Ministries
 - Seek seats on representative national tripartite bodies
 - Effectively co-ordinate with our union counterparts
 - Effectively represent the private sector at a regional and international level
- 4) Provide advice, build capacity & disseminate information
 - Provide advice, comments and guidelines to government on social and economic policies
 - Provide relevant training to our members
 - Provide up to date information on the business and social environment
 - Provide legal advice and counselling to our members



MODULE 5: THE ASSOCIATION CONSTITUTION

5.1. The constitution

A constitution gives an organization its structure and ground rules.

- It is what the founding members agree will be the nature of the organization, the way decisions are made and the rights and obligations of members and leaders;
- It provides the basis for any discussion on future expansion of the organization;
- It provides information to the outside world on how the organization is run;
- It helps the group gain official registration, if that is required.

Most constitutions contain the following information:

- Name of the association
- Place and date of establishment
- Address
- Mission statement and objectives
- The nature of the association
- Founding members
- Membership is open to
- New members may be admitted by
- Rights and obligations of members
- Roles of the general assembly, management team, and other structures -- and how they are elected
- How different groups within the organization (such as women, youth, or very small businesses) are to be represented at different levels of the structure (on committees, or working groups)
- How financial and other material resources are to be structured
- How profits are to be used or shared
- Procedures to be followed if the organization is wound up

Some of this information may also be included in a separate document containing the Internal Rules and Regulations.

For an example of a Constitution, see Annex A.



5.2. Rights and obligations of members

The rights and obligations of members of the business association are decided by the general assembly (particularly the constituent assembly that decides on the constitution). They should be written into the constitution.

Conditions for becoming a member can be very flexible in an open association, or very strict in a closed association. They may include:

- Operating a specific type of business;
- Living or working in a specified area or location;
- Having a certain size of enterprise: e.g. maximum turnover or number of employees.

Associations may decide to have different categories of membership, for example:

- Honorary members could for example be members who have greatly contributed to the business association in the past and do not have to pay membership fee;
- Active members may be members who actively participate in the work of the association, and who can be elected into the Board;
- Passive members could be members who pay a lower membership fee than active members. They may have voting rights but no rights to stand for election.

Whether or not it is necessary to have different categories of members depends on the size and nature of the association.

Obligations of the members may include:

- Paying an initial contribution for membership registration;
- Paying a monthly or annual contribution;
- Attending a minimum (specified) number of meetings;
- Respecting certain rules of good conduct and honest business practices;
- Holding certain levels of training or experience.

Rights of the members may include:

- Participating in the decision-making process;
- Voting in the General Assembly and electing members of the Board or other representative bodies;
- Benefiting from the services of the organizations on favourable terms;
- Equal treatment among members.

Case study: Rights and obligations of members

In order to become a member of the Rice Millers Association in Kampong Cham Province, a rice miller needs to: 1) have a rice mill in the province, 2) operate a business related to rice products, 3) register the business officially. Each member needs to pay 30,000 riels (USD 7) when joining the association. Members need to fulfil their membership tasks and support the association to build its reputation.

If a member wants to resign, he or she needs to give official notice one month in advance, and ensure not to be in debt with the association. The association has the right to dismiss members who do not respect the constitution.



MODULE 6: ENCOURAGING PARTICIPATION

6.1. Knowing the members

Leaders of associations need regular contacts and discussions with their members. They should keep track of why members join or not join the association and what their expectations are. They should know the answers to the following questions:

- What are the main reasons for members to join the business association?
- Which activities or services do the members consider most useful?
- Is the business association effective in solving the major problems facing the members? Do the members feel that the business association opens up important business - or other kinds of - opportunities for them?
- What are the main reasons for some enterprises not joining the business association?

Entrepreneurs might have different reasons for joining a business association. For some entrepreneurs the possibility to discuss the business environment with similar business owners may be most important. Others may wish to increase turnover in the business through the services that the association provides. Yet other entrepreneurs may be interested in joining a business association that can help facilitating access to credit.

6.2. Facilitating member's participation

Consultation with members should be an on-going activity and leaders need to continuously find ways to listen to the members and help them articulate their concerns. Even before the organization is created, there needs to be a thorough process of talking with the target membership.

Small entrepreneurs will join a business association when they feel that the organization is committed to working towards solving their problems and creating new opportunities for them. They will participate actively in the association if they feel that their leaders:

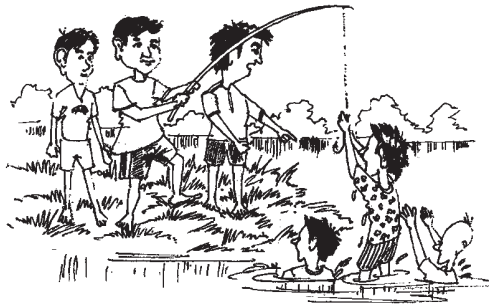
- Listen to them;
- Let them participate in the decision-making process;
- Count on them to develop activities to help achieve the organization's common objectives; and
- Give equal treatment to all categories of members: bigger/smaller, town-based/rural-based, domestic/foreign, male/female.

The business association can facilitate its members' participation in different ways:

- Creating a local committee in each area or sub-sector to discuss particular problems;
- Forming a working group to study a particular problem and propose decisions to the Board;
- Organizing conferences and debates on interesting topics;
- Facilitating members to bring up new ideas and supporting them to implement these ideas.

Activities that will involve members and strengthen the association include:

- Creating and distributing a directory of members: this will help the members to get to know each other and it can also serve to advertise their businesses;
- Publishing a newsletter: this will give members up-date information on developments in the organization, community and industry and will serve as a marketing tool to non-members;
- Organizing bazaars or trade fairs to promote members' products to new customers;
- Working with other associations, for example, to organize a trade fair or get them to feature your organization in their publications;
- Organizing meetings with other entrepreneurs and associations to expand the association's influence as well as providing a marketing opportunity for members;
- Where internet facilities exist, establishing an e-net forum to facilitate member's discussion on matters relating to the association and to members' interests.



Business associations may need to have specific policies with respect to members at different stages of involvement: existing, potential, active and inactive. The association should follow up on inactive members and find out the reasons for their lack of participation. This will improve the commitment of future members.

The members of the Board will have a higher level of responsibility than normal members and should be given a corresponding level of support and assistance. They should however be seen to observe the common obligations of all members and be transparent in the exercise of their powers.

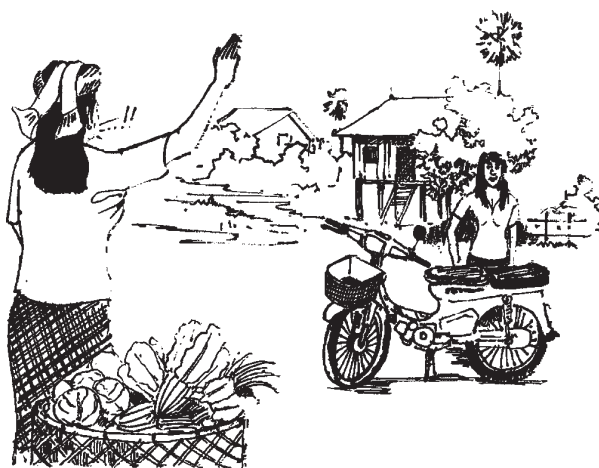
6.3. Women in business associations

Women and men sometimes face different problems as entrepreneurs and may therefore need the business association to provide some specific services. There are some issues to consider when facilitating women's participation in the organization:

- In most business associations with mixed membership, women rarely occupy important posts such as president or vice-president. It is important to realise that both women and men have significant contributions to make to an association and bring different values to the association. Therefore it is important that women take up more important positions.
- Women may find it hard to express their opinions before their male colleagues. It can therefore be a good idea to organize separate discussion groups for women and for men so that ideas can be worked through confidently and without interruption. A representative of each group can present the ideas to a plenary session.
- A women's committee could be established within the business association to discuss the problems of women entrepreneurs and develop practical solutions such as childcare.



- When involving women in decision-making, the business association should organise meetings at times and at a place that take into account their family obligations. Men might be more available at the end of the afternoon whereas women often (as is still the case in most households in Cambodia) are preparing the family meal along with other work in the home.
- The agenda of the business association should include women's issues such as childcare, security, and how to combine the development of the woman's enterprise with her obligations to her family. These issues should be regarded as important and not dropped to the end of the agenda. Special forums and workshops could also be organised.
- Since women's rates of illiteracy are higher than men's, the business association may need to ensure oral communication is a major means of discussion of issues. Training programmes and similar activities should also not rely inappropriately on written materials. At the same time literacy should be encouraged through programmes either run by the business association or by linking to government or NGO literacy programmes.
- The involvement of women in business makes good economic sense but may cause resistance among men who have to adjust to a different understanding of male roles than in their father's time. It may be useful for the business association to facilitate a men's group to discuss these issues.



Case study: Women in business associations

The Small and Medium Industry Association in Phnom Penh has 102 members, out of which 16 are female. These female members face a number of constraints caused by gender inequality in the Cambodian society. They often find it hard to establish contacts with other businesses or with potential clients. They also feel that other business operators tend to devalue their capacity, including the male members within their association. Women entrepreneurs often have to cope with pressure within the family. In many cases, their husbands make decisions without asking their wives, but expect their wives to do the opposite.

MODULE 7: LEADERSHIP

7.1. The importance of good leadership

Leadership is defined as the process of influencing people to direct their efforts toward the achievement of some particular goals or goals.

Leadership and management are two different things:

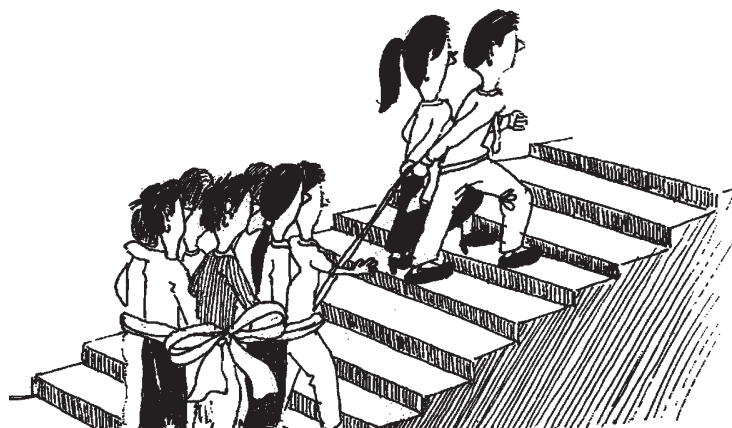
- To lead is to go in front so as to show the way - therefore a leader is a person who guides or directs the group.
- To manage is to be in charge of the affairs of the organisations - therefore a manager is a person who controls the affairs of the organisation.

Some business associations have both a leader (President or Chairperson) and a manager (or Secretary General), with different roles and responsibilities. In other business organisations the two functions are combined. This means the leader also needs to have strong management skills.

The success of business associations and professional organizations depends on good leadership. Dynamic, honest leaders give members confidence in their association.

What are the characteristics of good leadership? A good leader should:

- Know the organization in detail, including the needs and opinions of members;
- Understand the political, social and legal environment that affects the members;
- Identify and access external support that the organization needs;
- Be one step ahead of events by good planning, but also act quickly in emergencies;
- Build a consensus within the organization by articulating a clear vision of its future;
- Be good at solving problems and taking decisions;
- Communicate well and motivate members and staff;
- Take criticism and learn from it;
- Be easily accessible to the members.





Management involves the following functions:

- decision-making: choosing actions from alternatives available;
- organizing: structuring and allocating tasks;
- staffing: selecting, training and promoting staff;
- planning: anticipating the future, and thinking of alternatives;
- controlling: measuring performance against agreed realistic indicators;
- communicating: transmitting ideas, information and instructions effectively;
- directing: guiding and supervising subordinates towards a common goal.

7.2. Leadership styles

Although each leader has his or her own individual style, we can make a distinction between two very different styles of leadership: the hierarchical leadership style and the people-centred leadership style.

Hierarchical leadership style	Emphasis on reaching the goal - no matter what! Leaders tend to make hierarchical decisions and dictate work methods from 'above'.
People-centred leadership style	Emphasis on motivating people, teamwork and on involving the group in decision-making.

Generally speaking, the people-centred leadership style has many advantages. It will ensure that the members of the business association feel ownership of the association and are motivated to contribute what they can. Leaders that apply a hierarchical leadership style, will often create an environment in which people follow orders without thinking for themselves.

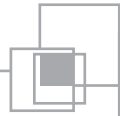
Good leaders though, are flexible, and able to use a leadership style that is appropriate for the situation. In emergency situations, for example, leaders may have to shift from a people-centred style to a more hierarchical leadership style.

7.3. Specific leadership problems

The experience of small business associations in several countries shows that:

- Leaders that are too close to the government may not safeguard the autonomy of the association. Choosing a leader who is at the same time employed by the Government can create a conflict of interest which may be detrimental for the association. At the same time it is important to choose a leader who is acceptable to the main stakeholders, including the Government. Where the expertise of Government staff is needed it is better that they act as advisers either on a committee or temporarily seconded to the association.
- Some leaders become too powerful and the association becomes too dependent on them. It is necessary that responsibilities are shared and the leadership potential of others is encouraged.
- Some organizations with a large membership of women have only male leaders. The organization should encourage both women and men to take up leadership responsibilities.
- Influential people such as local traditional leaders do not necessarily have to be the leaders of the association. They can be asked to play a moral or a dignified role and may only be involved in major events or ceremonies.

A business association should be able to count on a group of leaders who are assigned different responsibilities, based on complementary capabilities and interests. In Cambodia, persons who are respected in the community and have commitment to the association, are often chosen to be leaders. These individuals are often chosen among leaders of enterprises, retired civil servants or experienced specialists.



MODULE 8: COMMUNICATION

8.1. Effective communication

Communication is transfer of understanding. Effective communication within the organization and with external partners is a key element of the success of association. There are two basic kinds of communication:

Internal communication: communication within the association. Everyone in the business association, including leaders, staff and members need to share a common understanding of where the association is heading and what needs to be done to get there.

External communication: communication outside the association. An association needs to inform the outside world about its existence, its objectives and its opinions. Even more important, it needs to communicate the common interests and needs of its members to important stakeholders.

Communication has two essential elements - sending and receiving. It is a two-way process that both the sender and the receiver must work at. Until the receiver has fully understood the sender's message, good communication has not taken place.



The sender should:

- Think about what he or she wants to communicate;
- Present the message in a clear and concise way;
- Check if the receiver has understood;
- Not make assumptions.

The receiver should:

- Pay attention;
- Not jump to conclusions;
- Ask questions to clarify things that are not clear;
- Check that he or she has fully understood.

The receiver filters the message through perceptions and life experiences which are different to those of the sender, so both have to concentrate on checking out what is being understood. The more accurately the receiver gets the message, the less likelihood there is for conflict and misunderstanding, and the more likelihood there is of the sender achieving his or her purpose.

Using different communication styles

Even though all members may belong to the same culture, they may have different ways of communicating. This is especially so when an association has both men and women members. Some people will be polite and shy, while others will interrupt and speak loudly.

When members have different communication styles, they frequently misunderstand one another. What may seem like a suggestion to one person may appear to someone else like an order. One member may misinterpret another person's silence as agreement, when actually the quiet member is angry and in disagreement.

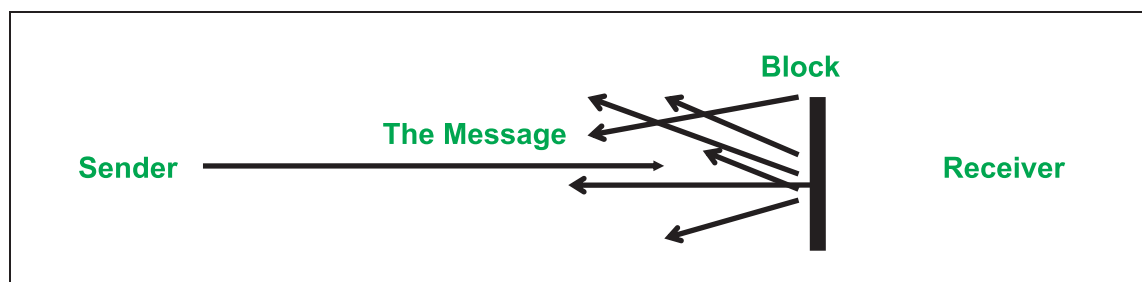
Different styles can also lead to undemocratic meetings. Members who interrupt, speaking directly or think quickly, will often dominate other members who speak in a more reserved, cautious and reflective style. As a result, the more forceful members may finish up benefiting the most from the association's decisions.

The leader should stress to members the importance of allowing everyone a fair and equal opportunity to speak in meetings. After all, successful association action requires the full commitment of all members - not just the more talkative ones. Therefore, the job of the chairperson of a meeting is like that of a referee in a football game - to ensure that the game is played fairly. If the game is not played fairly, then the members should find a better referee!

From: FAO, The Inter-group Resource Book, A guide to building small farmer group associations and networks

8.2. Blocks to communication

Although most people understand that good communication is needed in small business associations, often it does not happen. This is because things get in the way - these things can be referred to as "blocks", and they stop the message getting through. The sender may think that he or she has sent a message, but the receiver has not received it.



It is important to know about the blocks so that they can be recognised when they occur and dealt with effectively. Some of the things that have been identified as blocks to good communication are:

- Language, including using jargon that the receiver does not know
- Status and hierarchy
- Location difficulties, e.g. noise or security problems
- Lack of time
- Gender issues
- Bad atmosphere
- Cultural differences
- Different purposes and different expectations



- Body language
- Interruptions



Apart from these blocks to good communication, there are also listening barriers that stop us from listening to the message being sent:

On-off listening:

Most people think about 4 times faster than they can speak. This means that the listener has $\frac{3}{4}$ of a minute of 'spare thinking time' per listening minute. Sometimes the listener 'tunes out' during this $\frac{3}{4}$ minute to think about other things, thus missing out on verbal and non-verbal information. The listener can overcome this barrier by paying attention to more than the words, reading non verbal signals and body language (gestures, hesitation etc.).

Emotional words:

For some people, certain words cause an emotional reaction. When we hear these words (e.g. communist, corruption, feminist) we get upset and stop listening. We lose contact with the sender and fail to develop an understanding of that person. The first step in overcoming this barrier is to recognise which are the 'emotional words' for us personally and make an effort to listen with an open mind, even when the words are used.

Jumping to conclusions:

Sometimes we decide quickly that the subject or the speaker is boring, irrelevant or not making sense, and stop listening. Often we jump to conclusions about what the sender will say next, what the conclusion will be, and assume we therefore need not listen because we will hear nothing new if we do. It is much better to keep an open mind and listen to find out whether this is true or not.

Glassy eyed listening:

Sometimes we look as if we are listening but we are not. In stead we are day-dreaming. Though we may look at the sender intently, we get 'glassy-eyed', with a dreamy expression on our faces, and the sender can see we are not really listening. If you find yourself day dreaming, or if you are the sender and you see the listener looking glassy eyed, suggest a break or a change of pace or environment.

Too-hard-for-me listening:

Sometimes we decide the topic is 'too hard for me' and stop listening. When we are listening to ideas that are complex or complicated, we need to work harder to follow and understand what the sender is saying. If we find it hard to understand, others probably do too. If you are in a group situation you can help others as well as yourself to understand by asking for clarification and examples.

'I don't believe it' listening:

People do not like to have their favourite ideas, opinions, prejudices and points of view challenged or overturned. So, when a speaker says something that clashes with what we think or believe, we may unconsciously stop listening or even become defensive and plan a counter-attack. The first step in overcoming this barrier is to recognise our prejudices and opinions then put them to one side, so we can listen with an open mind to what is being said. Then we can do a better job of understanding the message and responding constructively.

8.3. Improving communication

Some tips to improve the means of internal communication within the association:

- Distribute newsletters with information that is directly useful to the members;
- Set up a system for members to express their concern or their ideas to improve the operations of the business association;
- Share information, especially financial information, on time to everyone;
- Organise short but regular meetings;
- In these meetings, make sure that everyone understands, contributes and agrees.

Some tips to improve the external communication between the association and others:

- Print a brochure with the mission statement, objectives and services of the association;
- Make use of the press including newspapers, radio and television;
- Print the financial reports for interested stakeholders;
- Grasp the opportunities to build relationships with other organisation during meetings, workshop or trade fairs.

8.4. Organizing a meeting

A meeting is when two or more people come together to give and receive information, share ideas, discuss issues affecting them or make decisions. Meetings are an essential part of members' participation and of democracy in practice. They take up much time in the life of a business association, so it is essential to make the best use of this time.

People like meetings that have a clear objective, and result in clear decisions.

Steps in organizing meetings

Step 1: Preparing the meeting

Preparatory activities for a meeting include:

- Decide what the objective is. Is it informing members? Collecting information? Discussing a particular issue? Deciding how to implement an activity?
- Make the objectives **SMART**, that is to say: **Specific, Measurable, Attainable, Realisable, Time limited.**
- Choose the right people to participate in the meeting: people who have a stake in the discussion and who are capable of transmitting the information to and from others.
- What is the most appropriate time - for women as well as for men? What is the most appropriate place for the meeting - accessible, quiet, with the necessary facilities?



- Decide who will run or chair the meeting, and who will write the report;
- Set the agenda for the meeting and include all the topics to be discussed;
- Send out an invitation that clearly sets out the purpose of the meeting, the topics to be discussed, the time and place of the meeting, how to find the place, and what to bring.

Step 2: Conducting the meeting

- Select a facilitator who can communicate well and listen to others;
- Prepare the room: arrange chairs in a circle to encourage open communication and allow each person to see who's speaking without having to turn around;
- Ensure that the facilitator and participants are introduced;
- Open the discussion and provide the necessary information in a succinct fashion;
- Explain the agenda and agree on the topics and the order of discussing them;
- If necessary, read the report of the previous meeting and agree on its contents;
- Guide the debates, ensuring that everybody can participate and nobody dominates the discussion;
- Ensure that each key topic results in an agreement: try to reach decisions by consensus or by voting. If the participants do not have all the information for a good decision, decide how to collect the additional information.

Step 3: Ending the meeting

- Review the key decisions and plans for action;
- Assign people to the tasks that need to be done and set a timeframe and deadlines;
- Ask for feedback about the meeting;
- Agree on the schedule for the next meeting.

Step 4: Report of the meeting

- Include the name of the organization that called the meeting, the objectives, the place, date and time, the list of participants;
- Describe the different decisions that were made and the main elements of the discussion that led to these decisions.

MODULE 9: DECIDING ON THE BUSINESS ASSOCIATION'S SERVICES

9.1. Common services offered by business associations

Leaders of business associations need to understand the range of services their members need in order to develop their individual businesses. Associations that deliver a broad range of services can become quite complex organizations. Such associations also need a lot of commitment and support from their members in order to meet the demands.

Major services that associations usually decide to provide (or arrange access to) are:

1. Services that help with developing members' businesses
2. Activities that promote and protect members' interests
3. Coordination or regulation of the business activities of the members
4. Services that answer members' social needs

1. Examples of services that help with developing members' businesses:

- Collection and sharing of market information
- Business advice services (technical, legal, financial etc.)
- Education and training
- Collective marketing programmes (for example trade fairs)
- Joint buying of inputs
- Joint sales of products
- Joint management of equipment or premises
- Supporting access to financial services

2. Examples of activities that promote and protect members' interests

- Lobbying and advocacy
- Dialogue with government agencies to protect the legitimate interests of enterprises

3. Examples of activities for coordination or regulation of the business activities of the members

- Setting prices
- Setting quality standards and labelling
- Regulating production capacity
- Setting safety standards

4. Examples of services that answer members' social needs

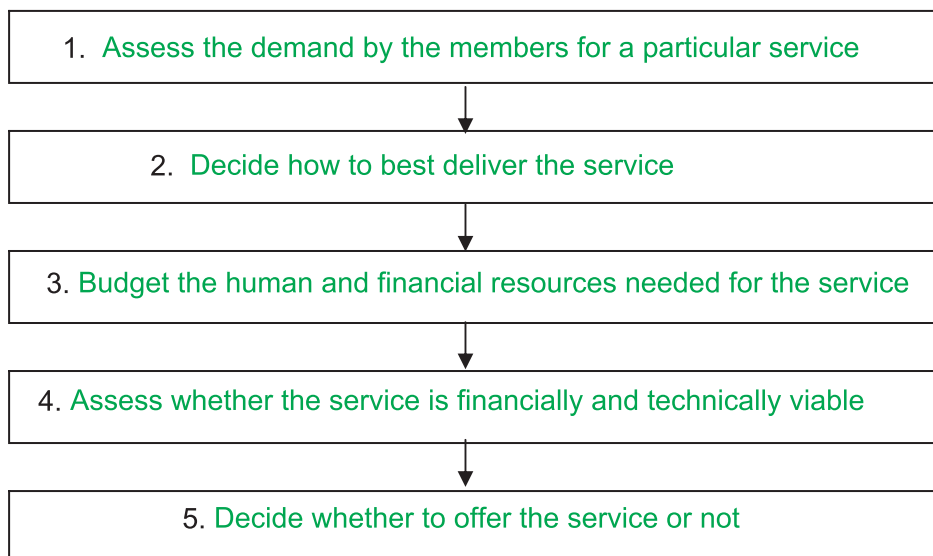
- Social activities
- Social insurance (e.g. health insurance)

9.2. Deciding on the business association's services

The business association cannot hope to solve all the problems of all its members. Its management and financial capacity will always be limited and it will have to make choices as to what kind of services it will offer.



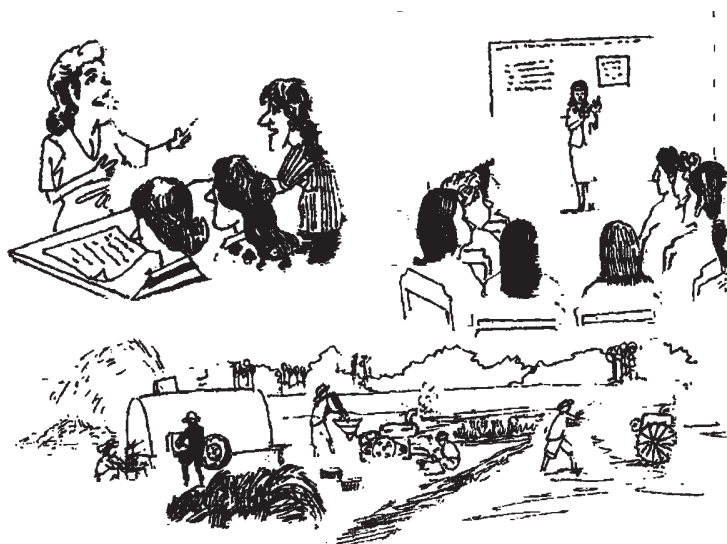
Before deciding what services to provide, the association should:



Depending on how these questions are answered, the business association may decide to:

- Make a more detailed plan for implementation;
- Abandon the project;
- Collaborate with other business associations, other partners or the Government to implement the activity;
- Negotiate with other partners to allow business association members to access their services and activities;

As a general rule, it is better to concentrate on just one or a few activities and offer a real advantage to members instead of offering a range of services of poor quality and reliability.



9.3. Level of implementation

Some activities can best be organised at the level of a local neighbourhood, whereas others are best organized at the level of the whole business association or at the national level. It depends on:

- What scale of activity is needed to deliver the advantages;
- What degree of involvement by the members themselves is necessary or desirable to deliver the service - e.g. managing shared equipment;

- The location or size of the economic partners: are there several local suppliers or one main company that imports the products from overseas?
- At what level are the key decisions made: nationally or locally? (This is particularly important for lobbying and advocacy activities);
- The transaction and control costs: at what level is communication easy and cheap? At what level is it easiest to control or supervise the activities?

Examples:

- If decisions on land use are made at local government level, then that is the level at which the business association needs to organize its lobbying campaign for, say, the creation of industrial zones for small enterprises;
- Solidarity mechanisms where people support each other in case of unforeseen problems such as death, fire, etc. can best be organised at the local level where both the transaction costs and the costs of control against moral hazard are low.

When the business association is too small or its geographical coverage too limited, it could join efforts with other business associations to implement the activity.

9.4. Contract the services out

It often happens that business associations are keen to provide a wide range of services but do not have the necessary financial and human resources to do so. Often other organizations can do the job equally good and in many cases better. In such cases it is wiser to contract out.

When an association wants to contract out some of its activities or services, it has to:

- Have a good selection process for the individuals or organizations that can deliver the services: examine a variety of options; ask the advice of others; call for tenders;
- Check the quality of the services offered by the third party and how acceptable they are to the members;
- Have a close look at the costs of the proposed service. Can members pay this amount? Is it possible to add a small margin to cover the business association's administrative costs?

The contract between the business association and the third party should clearly define the obligations of both parties: how often a service is delivered, its minimum quality, the competence of the people who will provide the services, costs to be paid by the members (directly or via the business association), the duration of the contract, and mechanisms of control and communication.

There may be services which the business association does not provide itself nor wishes to contract out formally because of the limited number of members that need them (as with certain kinds of technical information or servicing). In this case the best available resources can be researched by the business association and then "signposted" for the members.

9.5. Business advice and consultancy

A frequent need of small enterprises is business advice and guidance both in technical and administrative areas. The business association can set up a small counselling unit to provide personalised advice, information and problem solving. Depending on the needs of the members, such a counselling unit may focus on one or more of the following services:

Legal advice:

Small enterprises need information on the legal and regulatory framework: how to register a company, how to fulfil their obligations as employers, how to obtain authorizations from local and



national governments, how to write a contract, and how to settle commercial disputes between members and third parties. The business association can collect all the necessary information and train one of its staff members to pass it on to members or it can organize access to legal resources such as specialists in particular areas of interest.

Financial and administrative advice:

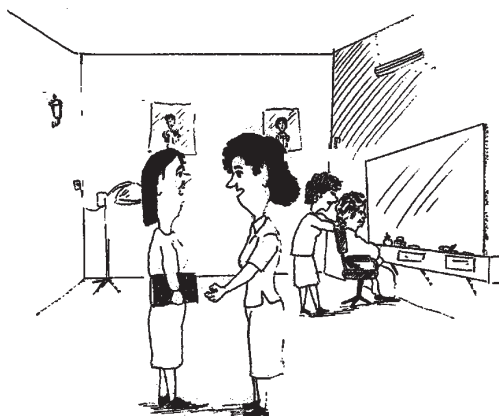
Small enterprises often need sound advice on issues as bookkeeping, taxation and finance. A small business advisor may be employed to provide these services and can also assist in preparing loan applications.

Technical advice:

A business association that brings together members working in a specific sector or industry can be an important source of technical support to its members. The services offered may include information and advice on technology upgrading, quality standards and environmental regulations.

Lessons learned with regard to consultancy and counselling include:²

- Ensure that staff are skilled, appropriately specialised and experienced;
- Avoid services that are one-size-fits-all; ensure they are personalized and relevant;
- Provide services in a professional manner; the willingness of the members to pay will be a good indicator of how relevant the services are for them;
- Be cost effective by organizing group activities rather than only individual counselling;
- Link up with other organizations that provide similar services.



In order for the services to be sustainable in the long term, the members who benefit from the services should make a financial contribution. The fee may be charged for each individual service or an overall fee may be charged for members who then have access to all of the services for an limited or unlimited length of time.

9.6. Trade promotion and market development

Individual entrepreneurs usually don't have the time and the means to undertake thorough and regular market research. It is also difficult for individual enterprises to find an affordable way to promote their products or services. There are many ways in which a business association can help its members to get information about (potential) markets and to develop common marketing campaigns.

² Based on: Business Development Services for SMEs: Preliminary Guidelines for Donor-Funded Interventions, Summary of the report to the Donor Committee for Small Enterprise Development, January 1998, p. 15.

Marketing research and information:

Business associations can collect information about potential markets for their clients and about suppliers, both in their own country and abroad. This can consist of telephone books, directories of larger professional organizations, or sector specific studies.

Promoting export for members:

An association can support its members to participate in study tours surveying foreign markets or to participate in trade-fairs abroad; it can organize meetings with foreign business delegations to Cambodia, collect information on the needs and tastes of foreign markets; and organize marketing campaigns abroad for its members.

Trade Fairs:

Participation at trade fairs can be an important way to promote small enterprise products. If trade fairs are already organised by the Government or by larger professional organizations, the business association can organise a common area where their members can exhibit their products. Costs of such participation can be shared amongst the participating enterprises. The business association can also organize its own trade fair to promote its members products.

Internet marketing:

The business association may support its members in creating a website on which the services or products of the member businesses are promoted.

Case study: Website of hotels and guesthouses in Siem Reap

With the support of the Mekong Private Sector Development Facility (MPDF), the Siem Reap Angkor Hotel and Guest House Association (SRAHGA) created a website linking visitors to the individual websites of SRAHGA members. The website displays photographs of the different hotels and guesthouses, rate information and location maps. For smaller hotels that do not have a web-linked booking system, SRAHGA takes bookings and confirms them via email within 24 hours. SRAHGA's website also provides general information about Siem Reap, Angkor and Cambodia as a whole. To make sure that visitors know about the website, SRAHGA advertises it widely in tourism guides and magazines.

9.7. Training

Training can have a direct impact on the success of the members' businesses. Training programmes could respond to various training needs of the individual enterprises, such as how to manage a business, market goods, or use new production techniques.

The business association can arrange for its members to attend training courses run by specialist training institutions, but in some cases it may be useful for the association to organize its own training programme. This can be more cost effective, more attuned to the needs of the membership or it may reinforce the credibility of the business association. In training workshops, members have a chance to meet one another, and share experiences.



Case study: The importance of training

The Women Entrepreneurs Federation (WEF) - in Phnom Penh has organized and formed six communities in six markets. Some of the members received training on 'Start Your Business' and 'GET Ahead for Women in Enterprise'. They share their business experience and knowledge with each other through meetings, demonstration and coaching. As a result, their members know more about product promotion, keeping business records, costing, pricing and overall business management.

The different steps in organising a training programme are:

1. Determining the training needs

Before organizing a training course on any topic, it is essential to determine whether the members of the association really need training in the subject or not. This information is very important to ensure the success and effectiveness of the course. A training needs survey among members can be implemented separately or during a previous training course. This can be done by distributing questionnaires to participants; or through other channels such as meetings with members or visits to their workplaces.

2. What is the aim of the training session?

In order to identify the purpose of the training session, the organiser should ask three questions:

- What does the association want to achieve by organizing this training session?
- What are the needs and problems the training session aims to address?
- Do women and men have the same needs and problems?

3. Who will be trained?

Establish what the criteria are for selecting participants:

- Who will benefit most from the training?
- Who will be able to put into practice the skills that the training will give them?
- Will men and women benefit equally from the training?
- Who will best be able to transfer the training to others?

Some training courses may target experienced entrepreneurs while other courses may be for newcomers. Some training sessions will be open to most of the members while others will be restricted to those with particular business problems. Some training will be for those with particular responsibilities within the business association, such as the directors or leaders of certain units.

People who are in a position to transfer their skills to others could attend a "Training of Trainers" course. In addition to technical business subjects, this training would cover techniques on adult education so that they pass on their knowledge in the most effective way.

4. When is the best time for a training session?

In order to identify the best time to organise the training session, the following questions should be asked:

- In which period of the year do participants have more time available?
- What time of the day is most appropriate - particularly for women members?
- How much time should be spent per day?
- How many days are needed or are possible for a course?

- Is it more convenient for learning to take place during or outside of working hours?

5. How to train?

Training of adults needs to be practical and useful. Adult participants also learn a great deal from each other.

- Ask members to identify particular problems they want to solve during the training;
- Agree on ground rules among participants for effective learning during the training: including punctuality, attendance, interruptions and full participation.
- Allow enough time for participants to describe their own situation;
- Organise practical demonstrations or exchange visits;
- Do some hands-on training, perhaps in the workplace of one of the participants;
- Include as many practical experiences and examples as possible; the best approach is to use the real experiences of the participants for discussion;
- Use visual training aids: pictures, slides, drawings, diagrams, overhead projector, video. This makes the training livelier, helps to better understand certain topics and makes them more easily remembered by the participants. However it is important not to raise either costs or expectations by using expensive technology when simpler means such as flip charts are more suitable.



6. Who will do the training?

The trainers can be staff of the business association or experienced business association members. The trainers can also be successful businessmen, staff of other associations, officials from government agencies, or foreign specialists. In some cases the business association may hire one or two independent trainers who have a good rapport with the association members and identify with the business association's objectives.

In other cases it might be better to involve a training institution to organise the training on behalf of the business association. It is important that the training institution's management and training staff understand the particular problems of small enterprises. The leaders of the business association should regularly monitor the training programme being run on their behalf to ensure that the quality of training and the responsiveness to their members' needs remains consistent.



A great deal of time and money can be wasted on training that in the end has no real effect on the skills and performance of those who receive it. To ensure that training programmes are effective, the following points should be taken into account:

- Training should be designed according to the specific needs of the target group;
- Training sessions should be based as much as possible on "learning by doing" in the real-life situation of small enterprises;
- All sessions should be highly participative;
- Trainers should be able to upgrade their training and technical skills through additional learning and refresher courses;
- The impact of the training should be monitored and evaluated;
- The association should provide follow-up visits to help members apply their new skills;
- The association should charge training fees to ensure the commitment of the participants and the financial viability of the programme.

9.8. Social services

Social services that a business association can provide include:

- Social activities: Social or cultural events give members the opportunity to meet, share experience and establish business contacts.
- Health insurance services: Some associations regularly collect small sums of money from their members to create a health insurance fund. In case members or their family get sick, they will receive health benefits according to the agreed regulations. So far no business association in Cambodia is providing these services.

MODULE 10: DELIVERING COMMERCIAL SERVICES

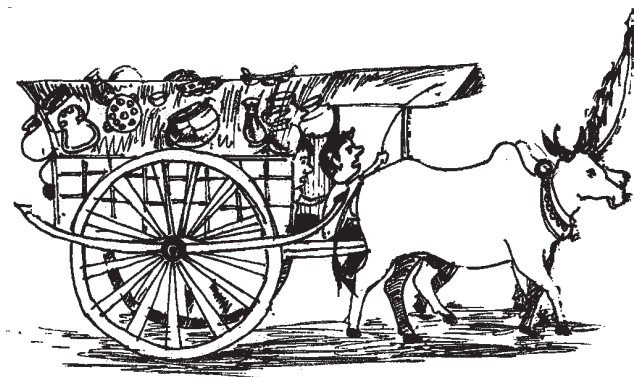
10.1. Improving competitiveness

With the globalisation of the economies of most countries, small entrepreneurs face stiff competition from imported products. Reduced tariffs and simplified customs procedures make it easier to import both consumer products and raw materials. Export products must usually comply with the standards imposed by foreign markets. There may also be strict requirements as to packaging, product uniformity, and delivery deadlines.

Much more emphasis needs to be placed on improving the competitiveness of micro and small enterprises in Cambodia. Improved technology and innovation are necessary to improve quality and productivity. More conducive, simple and transparent government regulations are needed for Cambodian enterprises to become more competitive. Individual small enterprises are often unable to take advantage of market opportunities which require large production quantities, uniform standards and regular supply. They also have difficulty in achieving economies of scale in the purchase of inputs and lack the ability to introduce innovative improvements.

10.2. Common commercial activities

Many business associations act as "intermediaries", buying inputs for their members or selling their products. Because they deal in large rather than small quantities, the association is able to get a higher profit margin. This higher profit margin will partly be passed on to the members and will partly cover the operational costs of the association.



Collective marketing allows members to share the cost of transporting their product to the market or to the client. It also helps to negotiate with local or international buyers for a better sales price than they could obtain by marketing their product individually. Bulk marketing can be a big generator of income and profit for the association and its members, but it needs a high level of internal cooperation, organisation and trust.



The different steps in collective marketing of products are:

- Collect information about the production capacity of the members;
- Analyse the orders from potential clients;
- Identify technical specifications of the products to be sold; ask the clients to give the business association the necessary specifications in the orders;
- Organise a meeting with producers to discuss the conditions to be negotiated with buyers: price, quality, delivery period, and payment conditions;
- Ensure that everyone has agreed to the parameters of the negotiations: the minimum and maximum prices, quantities and delivery dates that all are happy with;
- Determine who will lead the negotiations;
- Set out a written preliminary agreement with the members involved that specifies their obligations and rights; ensure each member understand his or her commitments;
- Start negotiations with different commercial partners and keep members informed of the outcome of the negotiations;
- Develop sales contracts with the buyers;
- Develop agreements with each member, specifying their obligations and rights;
- Monitor the production of the different members in the case of common sales.

The different steps in collective buying of inputs are:

- Estimate the members' total needs for inputs for the season;
- Identify reliable and "best-price" suppliers of inputs;
- Prepare bulk purchase orders and negotiate the bulk sales price;
- Collect members' pre-payments to finance the bulk purchase;
- Arrange transport;
- Pay the supplier;
- Deliver the inputs to the association;
- Settle the accounts and handling fees;
- Distribute the inputs to the members.

Both in the case of joint marketing and joint buying of inputs, the association needs to charge a fair service fee to its members to cover its cost.

Case study: Example of joint marketing

Artisans' Association of Cambodia (AAC) is a membership based organization established in 2000. AAC promotes employment opportunities for Cambodian citizens including people with disabilities and vulnerable women through small and medium craft sale and production. By 2006, AAC's membership consisted of 32 members, both NGOs and individuals, throughout the country.

AAC assists its members in seeking and expanding their markets both nationally and internationally. Currently, international markets include the USA, Europe (France, Italy and Germany) and Asia (Australia, Singapore, Japan and Malaysia). The accumulated sales by mid 2005 to these markets totalled USD 450,000.

When AAC receives big orders from overseas clients, it issues subcontracts to its members. AAC ensures that all products meet the customers' requirements in terms of quality and price.

10.3. Business linkages

Small business associations can help their members in establishing business linkages. Some of the most common types of business linkages are:

Subcontracting and out-sourcing arrangements

Subcontracting and out-sourcing arrangements have become increasingly important in recent years. These often involve large manufacturers contracting out work to smaller suppliers, but they can also involve contracts between small enterprises.

Franchising

This is becoming more popular in developing countries. In a franchising arrangement an enterprise (the franchisor) sells another enterprise (the franchisee) the right to produce and sell a commodity or deliver a service under standards and procedures laid out by the franchisor. The franchisor often provides the necessary training, production standards and marketing technology.

Business clusters and collaborative production networks

Business clusters or networks can bring together enterprises of very different sizes. A "cluster" is a concentration of enterprises involved in similar or complementary activities, that develops inter-firm cooperation or subcontracting. This results in economies of scale and scope similar to those of large scale companies.

- Location clusters share physical nearness to their raw materials supply, production venues or customers. Through the network, small enterprises gain information about new technologies, markets and opportunities for subcontracting.
- Market clusters share information on markets and pursue common orders.
- Labour clusters allow firms to specialise in different complementary operations that require different labour skills.
- Innovative clusters allow for shared learning, exchange of ideas and knowledge so as to improve product quality and to occupy more profitable market segments.

In all these areas a business association can play a facilitating role. It may bring different potential partners together to see if and how collaboration would be of mutual advantage. The business association often already has experience in building and sustaining networks. Trust is essential and the business association can build this by helping to set up a legally enforceable framework for the contracts between the partners.

Local governments also play an important role in promoting clusters by stimulating geographical concentration of enterprises in industrial sites, by starting innovation centres and by promoting sub-contracting. They may facilitate access to government orders and credit lines for enterprises involved in cooperative arrangements and clusters.

Case study: Example of a business network

The Cooker Manufacturing and Distribution Association has 16 members who are either craftsmen or cooker distributors in different provinces. The cookers or "Changkran Lov Thmey" can save as much as 30% firewood and charcoal, to the benefit of their users and the overall environment. The association studies ways of improving the technology so that their cookers become even more efficient. At the same time it is a network through which the craftsmen and distributors promote their products. The brand name and logo is stuck on all cookers to show and guarantee quality. Each month the association makes between 5,000 and 6,000 cookers and the number of their sales agents has increased from 2,000 to 3,000.

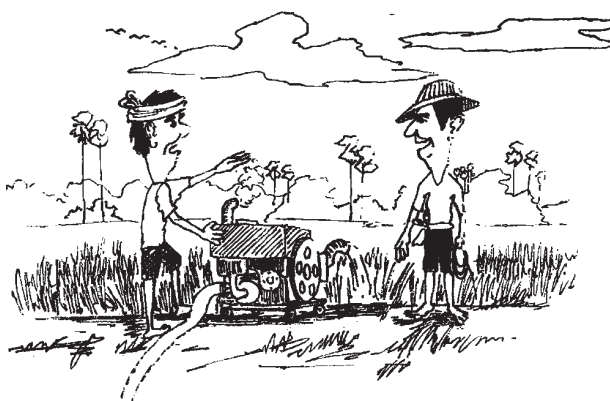


10.4. Joint management of premises and equipment

In many cases, meeting the demands of a complex market, especially at the higher quality end, requires equipment that is too costly for individual enterprises. A business association could purchase this equipment and rent it to its members at a fee - per hour, per day, or per number of pieces produced. The business association covers the costs of energy, repairs and maintenance.

Some business associations deal with the problem of controlling the common use of the equipment by:

- Hiring out the equipment on a monthly basis to a private entrepreneur who then manages the equipment on his own account (after paying for the hire);
- Making an agreement with a private entrepreneur for members to hire the equipment on favourable terms.



Some business associations provide their members access to joint premises or storage facilities. Joint premises may include showrooms, joint selling points or offices where members have access to computers or communication facilities they may not be able to afford themselves.

MODULE 11: DELIVERING ADVOCACY SERVICES

The association's function of representing and protecting the interests of its members is usually directed at powerful agencies and groupings whose influence can either harm or help the development of small enterprises. These agencies will usually be government agencies but they can include other associations, community groups, international agencies and in some instances even groups of competitors.

The association will implement these functions principally through:

- Lobbying and advocacy on specific issues; and
- Dialogue and consultation on general matters.

11.1. Lobbying and advocacy: preparing a campaign

Lobbying is trying to influence policy makers in favour of a specific cause. The different stages in preparing a lobbying campaign are:

Stage 1: Identify the issues

Before starting any lobbying activities, the business association should clearly define the objectives of the campaign, for example:

- Simplification of registration procedures for small enterprises;
- Reduction of tax or simplification of tax procedures;
- Better protection for the working premises of micro and small enterprises;
- Specific measures to enable market women to carry out their business.

Stage 2: Identify the major stakeholders

The association needs to study which organizations or government bodies influence decision-making, and must find out:

- The objectives and policies of these organizations, and if there are any hidden agendas;
- The people with the most influence in this field (for example, the head of the concerned government department, the director of a company, the president of an association);
- The other forces that can exert contradictory influence; to whom do your opponents talk?

Stage 3: Study the subject

- Study in depth the various standpoints and elements of the discussion;
- Collect information on similar situations or regulations in other provinces or other countries and the impact that these have had on small enterprises.

Stage 4: Develop a lobby strategy



- What is the message and information that the association has to convey to convince others? What are the main arguments?
- Which other organizations, with similar interests, could be involved in the lobbying campaign?
- How to develop direct contacts with some of the decision-makers, on an informal basis, as well as on a formal basis?
- How best to put pressure on the decision-makers? Through publicity campaigns and rallies, through articles in local newspapers, through negotiations, or through a combination of different means?
- Design a clear plan of action, indicating the different steps, the resources needed to develop the proposed activities, and the responsibilities of the different people.

Stage 5: Implement the lobby strategy

- During implementation, new information or new ideas on how to tackle the issue may arise.
- Evaluate the effectiveness of the different activities and be prepared to rethink and adapt the initial lobbying strategy accordingly.

Case study: Lobbying and advocacy

The Goods Transport and Labour Protection Association (GTLPA) of Cambodia was registered with the Ministry of Interior in November 2001. After three years of operation, the association decided to change its name to "Cambodian Association for Informal Economy Development (CAID)", registered in March 2004. At present its membership consists of 350 members: 5 groups of tuk-tuk drivers, motorbike drivers, taxi drivers, entrepreneurs and farmers. CAID supports its members through lobbying and advocacy, strengthening their capacity and identifying potential markets.

For some reasons, tuk-tuk drivers were prohibited to do business in Phnom Penh City in November 2001. The drivers tried to negotiate with the Phnom Penh Municipal Authority, but were not successful. After receiving their case, CAID tried to make an appointment with the Municipal Authority, but failed again. After CAID submitted a request to have a demonstration, the Phnom Penh Municipality verbally agreed to let tuk-tuk drivers provide transport services in Phnom Penh. Still some traffic police stopped them from time to time.

The advocacy campaign continued until August 2005 when the Department of Public Works and Transport with approval from the Phnom Penh Municipality permitted Tuk-tuk drivers to do business in Phnom Penh.

11.2. Dialogue and consultation

Rather than having to lobby to change regulations and policies once they have been made, it is an even better approach to be involved in drafting the regulations and policies before they are in place. This means establishing the association as a recognized voice that participates in the policy-making process.

This can be done either by the association taking the initiative and asking to discuss issues face to face with the relevant authorities, or by seeking a more permanent role as a member of an existing body or forum that the authorities regularly consult.

It is important for business associations to seek representation on bodies that formulate policies and administer the legislation and policies that affect their members. In order to do this, it is necessary to:

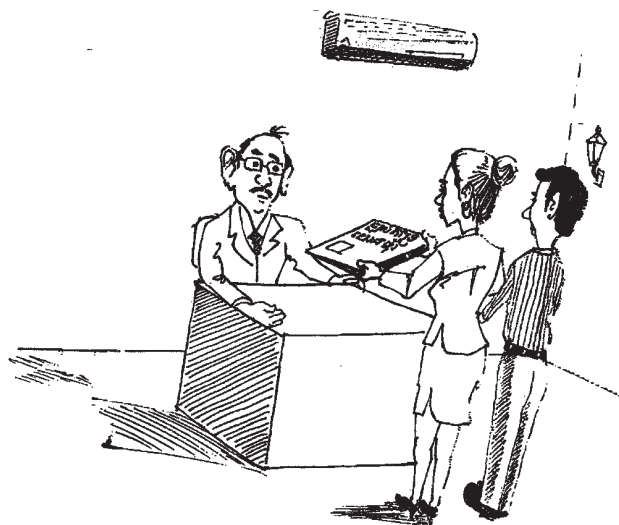
- Identify the forums and agencies at national and local levels that cover the issues that the business association wants to influence;
- Select the most important organizations - in order to avoid spreading too much energy over different bodies;
- Request official representation or the right to be consulted;
- Select competent representatives and ensure they have sufficient back-up through appropriate research, meetings with members, advice from experts;
- Ensure that these representatives report back regularly to the management team and other relevant committees on the discussions they are having.

Case study: Seeking representation

The Phnom Penh Small & Medium Industry Association (PSMI) was created in May 2003. Its membership consists of 96 members, mostly manufacturers and producers of fish sauce, bean sauce, fruit juice, drinking water, wine, cakes, metal and plastic products. The association's mission is to protect the rights and interests of its members by representing them in negotiations with policy makers. Some of its activities include: 1) participation in the development of laws for factories and small and medium enterprises, 2) membership of an advisory committee to develop policy and national strategies for export growth. Through these activities, the association has made significant achievements, such as import tax exemptions on some raw materials, and simplifications in business registration.

11.3. Lobbying for gender-friendly legislation

Women's organizations can play a critical role in influencing the passage of legislation to benefit women-led businesses. Besides ensuring that the issues of women entrepreneurs are addressed within their own organization, a business association should form strategic links with bodies that represent women on general issues.





There may be a need to establish or modify legislation that directly affects women, such as legislation affecting property rights and access to formal credit sources. Business associations can also advocate for services such as care of children and care for the elderly that need to improve if greater numbers of women entrepreneurs are to succeed in business. As more issues like these are addressed, women entrepreneurs can gain strength, credibility and legitimacy and work more effectively.

A women's organization can also provide its members with information on government officials, how the political process works, and how to gain access to policymakers. Contacting officeholders can be through various means such as letters, phone calls, office visits, and seminars. The most effective method is to meet privately with key legislators or regulatory officials, such as tax officers, customs officers or market management officers. Whenever the position is presented publicly it should be in a concise and factual manner.

Case study: Lobbying for gender friendly legislation

A group of women tailors and souvenir makers - located in the Cambodia Women's Crisis Centre (CWCC) - has formed a network to study tailoring and learn from each other so that they can earn a living, maintain their rights and freedom and avoid domestic violence. They selected a team leader to study potential markets and look for solutions to resolve the problems encountered by the members. Through CWCC's efforts to seek for support and cooperation from organizations working on legal issues in Cambodia, a draft law on domestic violence is in the process of approval by the National Assembly.

MODULE 12: RESPONSIBILITIES AND TASKS WITHIN THE ASSOCIATION

12.1. Roles and responsibilities of the different parts of the association

For external stakeholders, it is important to see that the organization is well managed and structured in an accountable and transparent manner. Without organizational efficiency and transparent governance, the association will lose credibility in the eyes of the wider community and also in the eyes of its members.

Associations usually have the following bodies:

1. The General Assembly

The General Assembly (GA) is the supreme body of the business association. It meets at least once a year to:

- Examine the activities and finances of the previous year;
- Evaluate the current strategy of the organization and decide on the future strategy;
- Decide on how to allocate the organization's resources;
- Approve the work plan and budget for the period ahead;
- Elect the members of the Board and the Audit Committee.

For a meeting to be legal there must be a quorum. This is the smallest number of members below which the meeting would be unrepresentative and should not take place. This number - or a formula for calculating it (e.g. a percentage of contributing members) - should be written in the constitution. Usually the decisions of the General Assembly are binding; in other words another General Assembly meeting is needed to overturn them. This doesn't mean it is necessary to wait until the following year's meeting. The Board can call an extraordinary General Assembly meeting. If it refuses, most constitutions will allow the members to force it to do so, but will stipulate the minimum number of members who have to sign a petition before the Board is obliged to call the meeting.

2. The Board

The Board is elected by the General Assembly and represents the members in between the General Assembly meetings:

- It usually comprises 5 or 7 members, including a President or Chairperson;
- It meets regularly, every month or every two months;
- It makes strategic decisions and advises the management team.

3. The Management Team

The Management Team is in charge of the management of the business association:

- It is responsible for the efficient management of day-to day activities;
- It usually comprises a Secretary General or Manager, a Treasurer and a Secretary:



The Manager (or Secretary General):

- Is responsible for the day-to-day management of the business association;
- Manages the staff of the business association;
- Reports to the Board.

The Secretary:

- Is responsible for the administration;
- Makes the minutes of meetings;
- Is responsible for keeping for all correspondence;
- Keeps all information and records safe;
- Ensures that the group has the required approvals, permits and documentation.

The Treasurer:

- Supervises the financial affairs of the association and keeps all financial records;
- Is responsible for the safe-keeping of all cash assets;
- Administers the bank accounts.

It is important to motivate women members to stand for election for the Board as well as for the Management Team and it may be necessary to reserve a certain number of seats for women members.

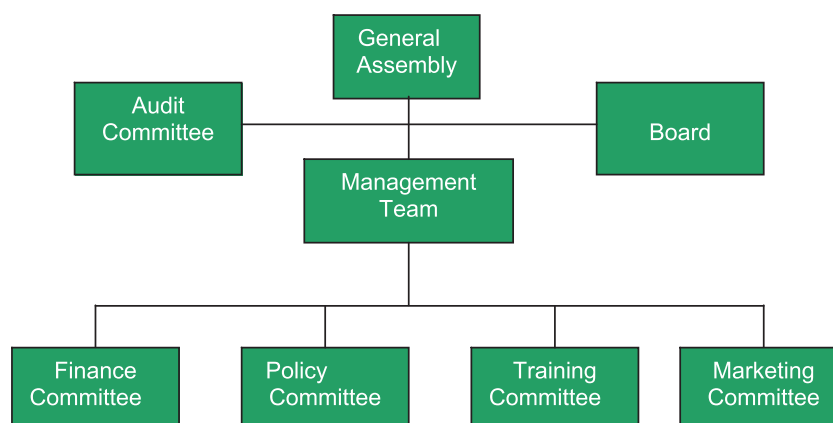
4. The Audit Committee:

The internal auditors or Audit Committee:

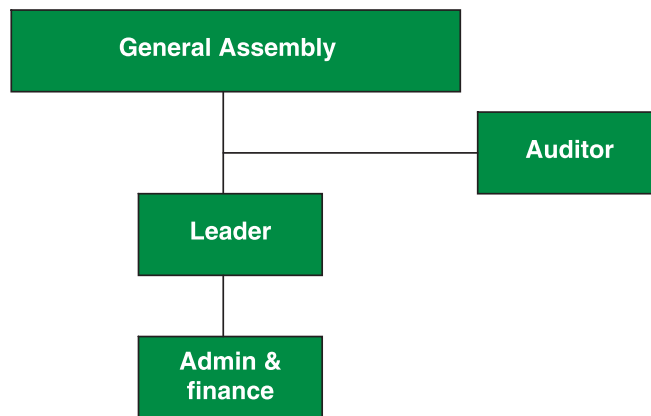
- Are selected during the General Assembly;
- Supervise the activities of the association and ensure that the Board leads the association in accordance to the decisions made in the General Assembly;
- Ensure that the annual financial audit is conducted for the association. The audit may be conducted by an internal or external auditor.

Apart from these bodies, many associations in Cambodia have an advisory group of consultants which - officially or unofficially - assists the Board. The advisory group may include representatives of local government agencies, social or political organizations or experienced specialists.

An organization chart reflects the hierarchical relationship within the organization with the most important authority generally at the top of the chart.



Smaller business associations or newly established associations may not need all of the above mentioned bodies. Their organisation chart can be much simpler as follows:



In most associations in Cambodia, members of the Board and the Management Team are volunteers, elected for a set period of time. Larger organisations need to appoint paid staff. Usually the positions within the Management Team (manager, treasurer, secretary) will then be filled with paid staff while membership of the Board remains voluntary.

Women and youth as leaders

Experience has shown that women and youth, if given the chance, often make very good board members or managers. Since women often tend to be more careful with money than men, they often make good treasurers as well. Young people, especially if they are well schooled, can make a big contribution as vice-treasurers, secretaries or assistant committee members, and can thus be trained to become the association's leaders of the future!

From: FAO, The Intergroup Resource Book, A guide to building small farmer group associations and networks

12.2. Decision making

In the association, decisions are made in three different ways³ :

- At the meeting of the General Assembly (usually held once or twice a year), where all the members together make major policy decisions;
- At the Board meetings (usually held once a month), where short-term guidance is given to the Management Team; and
- In the more frequent meetings of the Management Team, where daily decisions are made by the manager and other team members.

The association needs rules and procedures on how decisions will be made. If not, dominant members will try to make all decisions, and other members may lose confidence as a result. Possible ways of taking decisions are:

³ From: FAO, The Intergroup Resource Book, A guide to building small farmer group associations and networks



- By consensus, or full agreement. This procedure ensures support for decisions by all members and it protects minorities from a stronger majority, but it can result in long meetings and delays.
- By majority. Under majority rule, a decision needs the agreement of a majority (51% or more) of the total voters. This procedure is often quick but it can result in the creation of factions, and a dominant majority, within the association.
- Through mixed approaches. An association may use different approaches for different types of decisions. For many routine decisions, a simple majority vote is quickest and best. But for more important decisions that may directly affect the entire base membership, a consensus approach is better.



12.3. Job descriptions

A job description describes the tasks and responsibilities of particular employees. It helps them know exactly what is expected from them and understand how they relate to the rest of the organization. A good job description assists in the accurate recruitment and evaluation of staff. It also avoids overlapping between different jobs. It should include:

- The title and key objectives of the job;
- The relationships with other staff (who to report to, who to communicate with);
- The activities that this person will have to carry out;
- The qualifications, capabilities and knowledge that the person needs to have;
- Specific working conditions, such as travel or late hours.

Job Title: Secretary General

Key objectives of the post

The association's Secretary General promotes and safeguards the association's growth and interests. He/she ensures the daily management of the association.

Key functions

- Manage the day-to-day affairs of the association
- Manage the staff of the association
- Build alliances and partnerships with external organizations
- Etc

Tasks

This paragraph includes specific activities to be carried out during the next mandate. Depending on the association, tasks could include: design and implementation of a strategic plan, mobilizing resources and funds, bringing on-going association projects to a satisfactory conclusion (e.g. trade fair, annual report) staff management, etc.

Reporting and communication

The Secretary General works under the supervision of the General Assembly and in close collaboration with the members of the Board and members of special committees.

Required qualifications and skills

- In depth knowledge of the association and its members
- Good understanding of the political, social and legal environment in which the association operates
- Strategic planning skills
- Ability to react efficiently in emergencies
- Ability to mobilize and motivate people
- Strong communication skills
- Etc.

Profile

Given the association's strong regional connection and its predominantly female member base, preferably, the post would be filled by a woman from the region.

Job title: Secretary**Key objectives of the post**

The secretary of the association ensures that its secretarial administration is managed in an efficient and effective manner.

Key functions

- Responsible for secretarial and financial administration
- Taking minutes at all the meetings
- Responsible for keeping all correspondence
- Keeps all information and records safe
- Ensures that the group has all the required approvals, permits and documentation
- Etc.

Tasks

This paragraph includes specific activities to be carried out during the following 6 to 12 months. Depending on the needs of the association, tasks could include: the introduction of a computerized archive system, ensuring distribution of the newsletter, obtaining a construction permit, etc.

Reporting and communication

As a member of the Management Team, the secretary works under direct supervision of the Secretary General and in close cooperation with the members of the Board and members of special committees.

Required qualifications and skills

- Knowledge of the association and its members
- Experience in administration
- Good writing and organizational skills
- Accuracy
- Reliability
- Etc.

**Job title: Treasurer****Key objectives of the Post**

The Treasurer documents and safeguards the financial situation of the association and promotes its financial health.

Key functions

- Supervise the financial affairs of the association and keep all financial records
- Responsible for the safekeeping of all cash assets
- Administer bank accounts

Tasks

This paragraph includes specific activities to be carried out during the following 6-12 months. Depending on the association, tasks could include: contribute to the financial management of specific projects; contribute to the annual report of the association, etc.

Reporting and communication

As a member of the Management Team, the treasurer works under direct supervision of the Secretary General and in close cooperation with members of the Board and members of special committees.

Required qualifications and skills

- Knowledge of the association and its members
- Experience in financial administration and management
- Accuracy
- Reliability
- Good reporting skills
- Etc.

MODULE 13: MANAGING ASSOCIATION FINANCES

13.1. The importance of good financial management

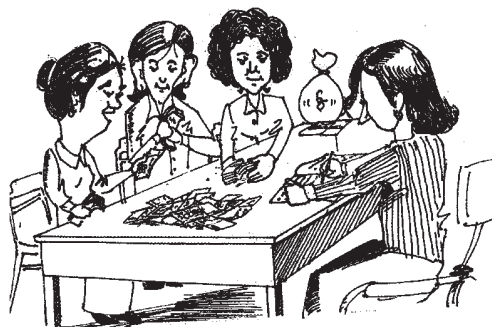
A sound system of financial management is essential for a business association. The association needs to provide its members clear information on the costs incurred and the income generated. Therefore, it needs a simple but effective method for recording financial transactions.

One of the most common causes of decline of associations is disagreement or distrust over financial matters. Without a transparent, comprehensible and workable financial system, leaders and members cannot take appropriate decisions. Incompetence in managing the financial affairs of an organization is the fastest way to breed suspicion that money is going missing and to undermine the credibility of the association.

This chapter does not provide a complete training for accountants and bookkeepers. It only gives the basic elements of a bookkeeping system so that leaders can better understand the financial information that is available. The treasurer and/or bookkeeper of the association will need more specific training and support.

The characteristics of a good accounting system are:

- Information on income and expenditure is collected in a systematic way;
- Data collection is always kept up to date; the time between when a transaction is made and when it is recorded in the accounts is kept to a minimum;
- The information is processed and given to the relevant personnel in the organization;
- No payment is made unless forecasted in the budget or authorised according to the association's rules;
- All records and account books are kept under lock and key when not in use;
- All entries in the record are written in ink and no erasures are made;
- The system is transparent and members and leaders easily understand it;
- Key financial reports are available for members to view.





Business associations need to have clear procedures stipulating who can authorize certain payments. Usually a double signature is needed for any payment as an extra layer of security. The treasurer and the bookkeeper can normally authorize small amounts up to a certain ceiling. Larger payments need to be authorized by the president and the treasurer. Important expenditures need approval from the executive committee. Usually the bank will need specimens of the signatures of the authorized committee members to be able to verify that the cheques have been properly signed. If members of the executive committee resign or are replaced at an election, the bank must be advised and the new names and signatures must be given to the bank.

13.2. The budget

A budget is a financial plan that shows the business association's expected income and expenditure over a period of time - usually one year. It reflects the planning of activities and includes both a projection of how much they will cost and an estimate of expected income on the basis of previous income and the projected income from new activities. A budget is "in balance" when expenditures and incomes are almost at the same level. This means that the association will probably be able to cover all its expenditure from its expected income. The annual budget should be approved by the general assembly.

During the year - for example, every quarter - the actual income and expenditure should be compared to what was forecast in the budget. If major differences appear between the two or if there are unexpected developments, like emergency expenditure or the discontinuation of a major income-earning activity, leaders must take appropriate decisions to correct the situation. Such decisions should not be put off, otherwise a bad situation could become much worse.

Example budget 1 January - 31 December year ...

EXPENSES		INCOME	
Office supplies	200,000	Member registration fees...	3,000,000
Salaries.....	45,000,000	Member annual fees	45,000,000
Travel	2,000,000	Subsidies	20,000,000
Trainer's fee.	20,000,000	Incomes from training	9,000,000
Office rent	7,200,000		
Communication	300,000		
Annual depreciation	1,800,000		
Sundries	500,000		
Total:	77,000,000	Total:	77,000,000

13.3. The cash flow forecast

Business associations that have considerable amounts of income and expenditure should make regular cash flow forecasts to ensure that the association has enough cash available at the time when expenditures are due. A forecast plan allows the association to see how much cash will come in and how much will be spent over the coming months. It can then anticipate cash shortages and take remedial measures such as borrowing money or arranging later payment of a bill. This ensures there is always more "cash in" than "cash out" and enough cash in hand.

An example of a cash flow plan is as follows:

Cash Flow Plan						
Items	January	February	March	April	May	June
<i>Cash receipts</i>						
Membership fees	30000	35000				
Incomes from sales	10000	8000				
Provision of services	3000	4000				
Total receipts	43000	47000				
<i>Cash disbursements</i>						
Salaries	25000	25000				
Rental	5000	5000				
Office supplies	3000	4000				
Equipment	8000	10000				
Total disbursements	41000	44000				
Balance	2000	3000				
Add: beginning balance		+2000				
Ending balance	2000	5000				

13.4. The cash book and ledger

The cash book and ledger show the cash received and spent by the association. The balance of the cash book shows the amount of cash in hand. The ledger shows the source of the cash received and the purpose of the cash spent.

Small business associations that maintain a bank account, need to maintain a "bank book" which looks similar to the cash book. It also shows the source of the money received in the bank account and the purpose of the money paid out of the bank account.

At the end of each reporting period, the totals of each column are carried over to the profit and loss statement.

Entry 1:
Money in-out

Entry 2:
Money in-out per category

Date	Details	Cash			Member Fees	Sales	Salaries	Office supplies	Travel
		In	Out	Balance						

For each transaction that takes place, enter the amount of the income or expenditure in the cash columns.

You need to know what you spent money on, and what you received money for. For each transaction, enter the amount in the column that tells you what the money was spent on / received for. At the end of the month, you can now easily see what you spent on the different cost categories and what you received from different sources.



The recorded amount of cash in hand needs to be checked regularly against the physical amount of cash in hand. The maximum amount of physical cash that the treasurer is allowed to hold should also be stipulated. For security reasons, all large sums of money are deposited promptly in the business association's bank account.

The bookkeeper of the association needs to keep the receipts for all money paid out, as well as copies of the receipts that were given out for all monies received. The receipts for money received are pre-numbered and bear the name of the business association. In other words, every time that money is handed over (in or out) a piece of paper authenticating that transaction is kept.

13.5. Financial statements

The leaders of the business association must periodically report to the members about the financial situation of the association. The information should be presented in a clear and coherent way, to enable the members to understand the situation of their association. Confused or inaccurate information can lead to mistrust amongst the members. The most common way to present the financial results over a certain period is through a profit and loss statement (also called income and expenditure statement). The most common way to present the financial position of the business association at a certain point in time (i.e. the end of the year) is through a balance sheet.

The **profit and loss statement** shows whether your association has earned a profit or made a loss over a certain period - usually six months or one year.

Profit and loss statement 1 January - 31 December year ...

EXPENSES	INCOME
Office supplies 300,000	Member registration fees3,000,000
Salaries 12,000,000	Member annual fees 24,000,000
Office rent 8,000,000	Sales of goods25,000,000
Travel 6,000,000	
Purchase of goods 22,500,000	
Annual depreciation 2,000,000	
Miscellaneous 400,000	
Total51,200,000	Total52,000,000

The **balance sheet** shows the financial situation of the association at a given point in time (usually at the end of the year's accounts). It shows the cash in hand, the amount of money the association has in the bank, the fixed assets owned by the association, outstanding loans, etc.

The **net worth** of the association is calculated by adding up all that the association owns (the assets) and subtracting all the money it owes (the liabilities and other financial obligations). This provides a picture of the financial health of the organization.

Balance sheet 31 December year...

ASSETS	LIABILITIES
Cash in hand 1,302,500	Creditors:
Cash in bank..... 80,500,200	Electricity to be paid.....1,850,000
Debtors and Advances paid:	Loans:
Membership dues.....38,000,000	Loan from bank.....100,000,000
Rent paid in advance.....3,000,000	Capital.....130,152,700
Stocks of raw materials and goods:	Retained earning 2005.....800,000
Cotton.....18,000,000	
Products for sale.....22,000,000	
Fixed assets:	
Office equipment.....70,000,000	
Total: 232,802,700	Total:232,802,700

13. 6 Membership Administration

Business associations need to maintain their membership administration using either a simple register book or a computer. All members should be recorded in the membership database with their date of joining, the amount of their subscription, and other relevant information. The book-keeper of the association registers the amount of membership fee due and received from each member.

Some guidelines for collecting membership fees are:

- The general assembly or the executive committee should set the membership subscription fees to be paid annually (or quarterly). They should be set at a reasonable level in order to ensure the financial viability of the association.
- All members must pay their subscription fee when it falls due. In small organizations the fees can be collected by the treasurer; in larger ones, by the local branch leaders. Follow-up such as reminder letters and personal visits may be necessary.
- Members who have not paid their membership fee may lose their voting rights as well as access to the association's services.
- The member must be given a receipt and the payment must be recorded in the membership register as well as in the cash book.
- The auditors must verify that the reception of fees has been duly recorded in the cashbook and member register.

Membership Administration

Member: Ms. Samaath				
		Due	Paid	Balance
1 March 04	Registration fee	8,000		8,000
1 March 04	Membership fee 2004	200,000		208,000
2 March 04	Registration and membership fee		208,000	0
1 Jan 05	Membership fee 2005	240,000		240,000
17 Jan 05	Membership fee 2005		240,000	0
1 Jan 06	Membership fee 2006	240,000		240,000



13.7 Audit procedures

An audit is an inspection of the accounts of the association. An auditor checks whether the accounts of the association are correct and detects and reports fraud. The audit can be "internal" that is to say it is done by the internal auditors of the organization or trustees, or "external" when it is done by a specialist company of auditors.

In both cases, the report is presented to the General Assembly so that all the members will know whether the auditors think the financial reports of the business association are accurate.

An auditor will generally:

- Arrange with the treasurer to get access to all the account books and records;
- Check that the columns of figures in the cashbook add up correctly and that no payments have been made contrary to the organization's rules;
- Check the cash in the cash-box against the cash position in the cash-book;
- Check the receipts' side of the cash book against the receipts issued and ascertain that all money received has been listed;
- Check the payment side of the cash book against the payment vouchers, invoices and other supporting data such as the members' register;
- Compare the balance of money in the bank according to the association's accounts with the amount recorded in the bank statement (Some "reconciliation" entries will be necessary to adjust payments of interest, charges, and cheques which have not yet been declared);
- Examine the equipment inventory;
- Examine and certify the balance sheet.

MODULE 14: SOURCES OF REVENUE

14.1. Internal and external sources of funds

Small business associations need to create revenue in order to offer services and organise activities for their members. Most Cambodian business associations find it difficult to cover their operational costs. Associations that want to survive and grow, need to find stable sources of income. These sources of income can either be internal or external.

Internal sources of income:

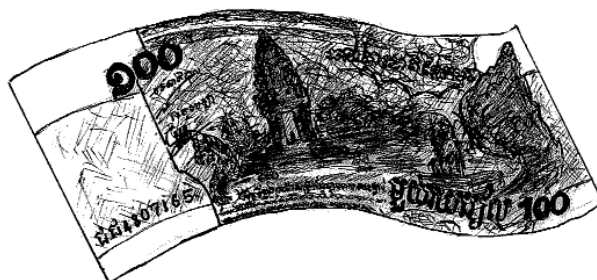
- Membership fees (annual, monthly);
- Income from regular activities of the organization such as renting out machinery, or levying commissions on commercial transactions;
- Income from services to members;
- Income from the capital and assets of the organization: such as rent from buildings, interest on savings deposited in the bank;
- Income from rebates in commercial activities.

External sources of income

- Subsidies from national government or local authorities;
- Project support from international donors or development organizations;
- Support from local development organizations such as NGOs;
- Donations from companies.

The internal sources of income are very important for the long term stability of the association. Mature business associations should be able to cover the costs of their core activities through internal sources of income. As a rule of thumb, membership fee should represent about 40% of the internal resources, the other 60% coming from service fees and other activities.

It is important to have various sources of income and different sponsors or donors. Depending too much on one donor makes the business association very vulnerable.





14.2. How to present your business association

Associations that want to attract donor funding, need to present their business association and its plans for the future. Donors will usually ask for the following basic information:

- Name of the association;
- Vision, mission statement and objectives;
- Legal status and some information about the constitution;
- Membership (number, characteristics);
- Organizational structure (committees, staff, working groups);
- Services that the association offers to its members;
- Relevant details: address, telephone and fax number, e-mail address, bank account.

It may be useful for the association to print a leaflet that can be distributed to all potential partners and for general public relations purposes.

It is important also to establish personal contacts with the representatives of potential donors or partners. This can be done by inviting them to visit the association and some of its members, or to participate in workshops and seminars.

14.3. The project proposal

Most international donors will not be interested to give general grants to the business association, but would be looking for a specific project to support (i.e. a training programme or a trade fair). They would expect the business association to prepare a project proposal, including objectives, specific activities, outputs and resources required. Associations that want to attract funding from government or donor agencies, should therefore take the initiative to submit a project proposal.

The project proposal should include:

- Project title: reflecting the overall idea of the project;
- Justification: the main reason why the business association wants to launch the project;
- Description of the association: its mission, membership, activities;
- The objectives of the project:
 - General (overall) objective;
 - Specific objective: What is the problem that the project should address? What is the opportunity that it wants to exploit?
- The target group: the number of beneficiaries, characteristics, social and economic conditions, sex, age, location, level of skill and income;
- Expected results: what will be the effect of the project on the target population? How will this be measured?
- Activities: description of the activities that will be organised under the project;
- Expected cost of the activities: How much money is needed? Will the organization make a contribution? Are there other sources?
- Who will execute the project and how: staff or volunteers? What are their qualifications and experience?
- Sustainability of the project: How will the association continue its activities at the end of the project, with what resources?

When analysing the project proposal, the donors will be particularly interested in:

- The experience of the association in managing projects;
- The capacity of the association to manage this particular project;
- The financial management of the organization, its transparency and accountability;
- The impact of the proposed project on the members;
- The sustainability of the project: will the impact of the project be sustained after the withdrawal of the donor?

MODULE 15: REGISTERING YOUR BUSINESS ASSOCIATION IN CAMBODIA

15.1 Government guidelines

Business associations in Cambodia can register their constitution with the Department of Domestic Trade of the Ministry of Commerce. Annex B gives the translation of a guidebook prepared by the Ministry of Commerce on the process of registration. The main articles are:

Article 1: Constitutions of business associations can be registered with the purpose to encourage associations to operate sustainably and to facilitate their interaction with other organisations in Cambodia and abroad.

Article 2: "Business" means any activity in agriculture, commerce, handicraft, services, industry or other allowed by law.

"Business Association" means an entity of individuals working in a common sector or professional area who established an association to pursue their common interests.

A business association is an independent, non-political organization that implements activities for the common interest of its members.

Article 3: The documents for the formation of an association should be line with the format provided by the Department of Domestic Trade.

Article 4: In case an association needs to amend its constitution, it needs to submit the amendments to the Ministry of Commerce (MOC) within 30 days after the decision of the association. The MOC will ratify the amendments.

Article 5: A business association that has been registered needs to submit annual reports to the MOC so that the MOC can provide the necessary support to the association.





15.2. The benefits of official registration

Registering the association officially entails administrative costs, including time, additional taxes and fees. The association may also have to put up with bureaucracy, harassment interference or even corruption.

Registration, however, brings certain advantages: recognition by the government as a discussion partner, the right to take legal action if needed, the right to open a bank account the right to carry out official transactions, and bid for tenders on behalf of the members. Registration also brings social status and community respect for the organization and its members. Without registration it may not be possible to access certain donor or government funding programmes.

MODULE 16: GROWTH AND OUTREACH

This module gives a number of tools for analysis and strategic planning as follows:

- SWOT Analysis
- Stakeholder Analysis
- The Strategic Plan

16.1. SWOT Analysis

SWOT Analysis is a good tool for analysing the association and its environment. SWOT stands for Strengths, Weaknesses, Opportunities and Strengths. Strengths and weaknesses are internal factors. Opportunities and Strengths are external factors. Undertaking a SWOT Analysis can help the business association to focus on its strengths, to find solutions for its weaknesses and to make the best possible advantage of opportunities available.

Strengths and weaknesses can relate to different aspects of the business association, i.e. its management capacity, its financial situation, the quality of services offered, its communication strategy or its reputation amongst stakeholders.

Opportunities and threats may be identified in different areas, for example:

- The general economic situation of the country or region: growth, inflation, etc;
- The political situation: stability, political unrest, events in neighbouring countries;
- The effect of potential natural disasters;
- Regulations, taxes;
- Marketing opportunities, problems or trends;
- Monopoly or strong commercial positions of clients or suppliers;
- Transport: distance, cost;
- Technology;
- Access to credit.

Case study 17: SWOT Analysis of the Artisans Association of Cambodia (AAC)

The Artisans Association of Cambodia carried out a SWOT analysis with the participation of a large number of members. Some of the examples of strengths, weaknesses, opportunities and strengths identified are:

Strengths:

- High quality training for members
- Good information sharing and communication with members and clients
- Access to international markets
- Access to information on potential buyers
- Good reputation among donors



- Good management, right skills and committed staff
- Good relationships with government agencies

Weaknesses:

- Not enough follow-up to training for members in remote provinces
- Not enough technical support to meet the needs of the members
- Not good enough information system

Opportunities:

- Increased popularity of Khmer handicrafts both at national and international markets
- Products are of good enough quality to be sold outside the "fair trade" market
- Potential to sell more using the charity aspect, since buyers may like to support people living with disabilities

Threats:

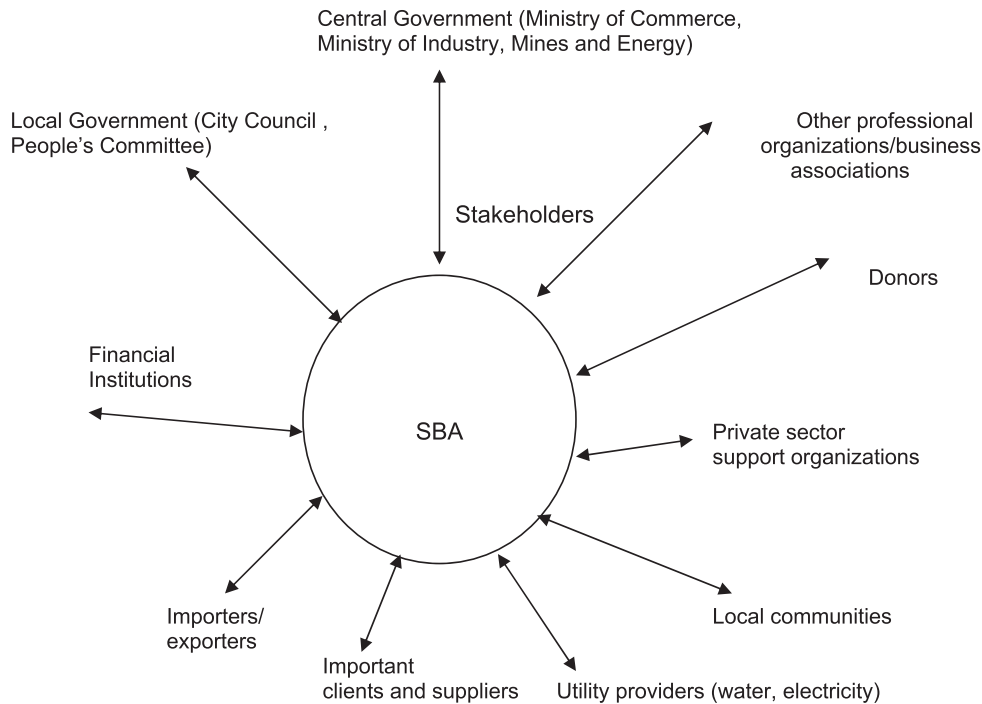
- Domestic political tensions, bird flue and the threat of terrorism can have a negative impact on the number of tourists to Cambodia who are potential buyers of AAC products
- Two new competitors operating in Cambodia
- Products made in neighbouring countries are cheaper than products made by AAC members

It is important to involve women entrepreneurs in the SWOT Analysis and include their views. Women entrepreneurs may face different threats and opportunities in their business environment from men, and these differences need to be reflected in the outcome of the SWOT Analysis. Women may also have different views on the strengths and weaknesses of the association. There may for instance be situations where male members consider the internal communication of the business association as a strong point, while female members consider it as a weak point. Such differences put important information on the table as to what extent male and female members benefit from the activities of the business association.

16.2. Stakeholder analysis

Different people and organizations are interested in the activities of the business association for different reasons. Some people or organisations may share a common interest such as the growth of the small business sector. But people or organisations can also have conflicting interests, for example there may be persons who would not like to see the association becoming too big or powerful. All these people or organizations are called "stakeholders".

A stakeholder analysis shows the key stakeholders and assesses what impact their action may have on the business association.



The steps in doing a stakeholder analysis are:

1. Identify all stakeholders:

- National and local relevant government agencies
- Major service providers
- Big enterprises
- Other business associations
- Important suppliers
- Important clients
- Workers and employers organizations
- Women's organizations
- Donors
- NGOs
- Financial institutions
- Etc.

2. For each stakeholder, assess the interest in or the influence over the association:

- What is their interest in the association?
- How do they influence the business association or its members?
- What do they expect from the business association?
- What can they offer?
- What could be their hidden interests or objectives?

16.3. The strategic plan

A strategic plan is a document outlining the objectives of the association and the activities that it wants to implement within a certain time frame (say 1 to 3 years) and how it will take into account the different favourable and unfavourable conditions it will face.



The strategic plan covers all the activities of the association, whether funded from its own resources or from external resources. For some activities, the association may want to attract external funding and will need to prepare a project proposal for donors.

A good strategic plan has the following characteristics:

- It is guided by the mission statement of the association.
- Its starting point is the interests, needs and priorities of the members. In small organizations, it will be easier to get members' views on these things. In larger organizations, a full consultative process will be necessary.
- It is based on an analysis of the environment in which the business association operates, particularly its major threats and opportunities.
- It sets out the clear priorities of the association. In some cases, it will be equally important to specify what the business association is not going to do.
- It takes into account the available structure and realistic resources, including financial and human resources, and additional resources that the business association plans to mobilize. Resources required should be measured against resources available.
- The planning documents should be comprehensive and clear so that they are understood and can be discussed by all members and stakeholders.

The strategic plan must be able to answer the following questions:

- What are the objectives of the association?
- What does it want to achieve over the coming years?
- What activities will be undertaken to ensure outcomes are achieved?
- Who will benefit?
- When will the activities be implemented (set out in a detailed time table)?
- Who will responsible for each activity?
- How will the progress be measured and monitored? What are key "milestones"?

The different steps in strategic planning are:

1. Get organized

- Note the main concerns of the business association that must be taken into account in the planning;
- Select a steering group and determine if outside help is needed;
- Outline the planning process;
- Get the commitment of members and leaders to proceed.

2. Analysis

- Pull together the necessary background information about the association;
- Review its past, present and future situation, including the environment and the main stakeholders;
- Identify key issues and choices.

3. Strategic direction

- Develop a vision of the organization's future;

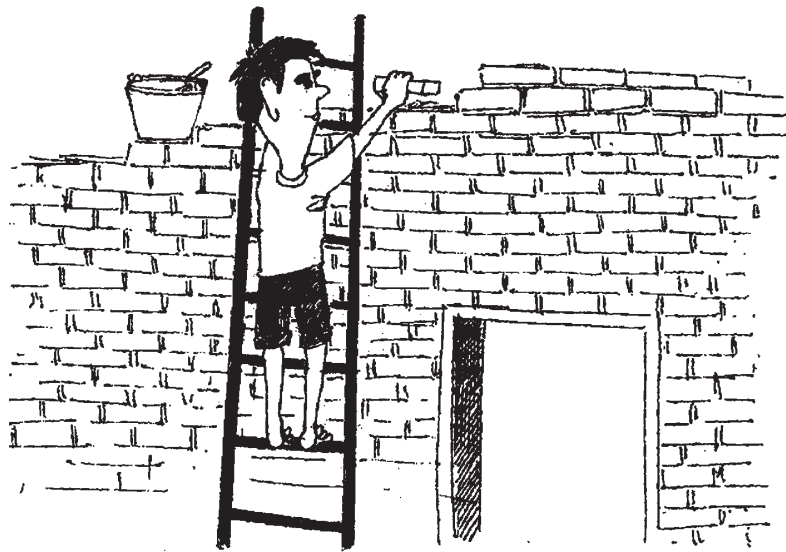
- Determine how to move the organization towards this future;
- Develop a first draft of the plan.

4. Review and adopt the plan

- Review and refine the plan;
- Adopt the plan (General Assembly).

5. Implement and monitor the plan:

- Implement the plan;
- Monitor progress;
- Make adjustments;
- Periodically update the plan.





Annex A: Example constitution of a Cambodian business association (unofficial translation)

CONSTITUTION OF PHNOM PENH SMALL AND MEDIUM INDUSTRY ASSOCIATION

CHAPTER I

Purposes

- Article 1:** The Phnom Penh Small and Medium Industry Association was founded as an independent, non-political organization and acts in the interest of the members of the Association.
- Article 2:** The Association aims to bring together producers, industrialists, and craftsmen irrespective of their political affiliation.
- Article 3:** The Phnom Penh Small and Medium Industry Association operates for the industry and handicraft sectors in Phnom Penh City.
- Article 4:** This Association will exist for an unlimited period of time.

CHAPTER II

Name and Address

- Article 5:** The Association is known as the Phnom Penh Small and Medium Industry Association. The abbreviation in English is "PSMIA".
The address is: N° 552-556, National Road 2, Sangkat Chak Angreleu, Khan Meancheay, Phnom Penh.
At its own discretion, the name and address can be changed by the decision of the Board of Directors.

CHAPTER III

Objectives of Association

- Article 6:** The Association has the following objectives:
- To mobilize producers, industrialists, craft persons for production, business, stability and prosperity in society.
 - To promote mutual cooperation in production and business and to establish linkages between markets and producers.
 - To maintain relations with stakeholders and business development service providers.
 - To enhance the competitiveness of production enterprises, industries and craftsmen on the foreign market.
 - To supply market information and technology updates, and to release documents and bulletins concerning the activities of the Association.
 - To give policy advice and direction the Royal Government for the development of production, business, industry and craft.
 - To support employment creation.
 - To protect the legal rights of its members.

CHAPTER IV

Membership

- Article 7:** Membership of the Association is open to individuals or legal entities representing production enterprises, industries and crafts throughout Phnom Penh city.

There are four categories of the Association membership:

- Founding members
- Distinguished members
- Active members
- Normal members

1. Founding members are active members who took the initiative to establish the Association and draft the constitution.
2. Distinguished members pay a yearly contribution in cash or in kind equivalent to at least 500,000 Riels.
3. Active members participate in general activities and contribute at least 20,000 Riels per month.
4. Normal members are observers who pay voluntary contributions to the Association.
5. All legal entities or individuals who wish to be members of the Association, need to apply for membership in accordance with the directives of the Association.

Article 8: Membership of the Association will be discontinued in the following ways:

- Resignation or
- Death or
- Decision by majority vote of the Board of Directors' meeting.

A dismissed member can refer the case to the court if the dismissal was considered illegal.

CHAPTER V

Rights and obligations of members

Article 9: Members have the right:

- To join the Association's meeting by invitation.
- To attend the Association's activities in accordance with the decisions of the conference.
- To develop proposals based on their resources and submit them to the association.

Article 10: Only the active members can stand for election and elect the Board of Directors.

Article 11: Members have to follow the decisions of the Association's conference.

CHAPTER VI

Conference

Article 12: The Association is guided by conference, including ordinary and extraordinary conference. The conference is attended by active members, distinguished members, founder members, representatives of concerned administrative entities and normal members through the invitation of the Board of Directors. The representatives of administrative entities and normal members invited to join will have the right to comment only.

Article 13: The Conference:

- Selects the Association's Board of Directors.
- Adopts the annual budget of the Association.
- Verifies financial reports and decides on the Association's development program and policy.
- The Chairperson of the Association needs to adhere to the decisions made in the conference.



Article 14: Procedure of conference

- An ordinary conference shall be held annually in accordance with the invitation of Board of Directors.
- The Chairperson of the Association can propose extraordinary conferences.
- The Chairperson has to provide the members the agenda at least seven days prior to the conference.
- The conference shall be presided by the Chairperson or the high-ranking person in the event that the Chairperson is absent. The Vice Chairperson shall preside in the absence of Chairperson. The eldest council member shall preside in the absence of both the Chairperson and the Vice Chairperson.
- A quorum requires the presence of more than 50 percent of the Association's members.
- If the quorum is not met, the Association's Chairperson shall hold the second meeting within 7 days and the quorum will be 1/3 of the Association's members.
- In case the quorum is not met in the second meeting, the Board of Directors shall hold the third meeting within 3 days and this meeting doesn't need a quorum.

Article 15: Decisions of the conference:

- Are made by majority of present members, or by the Chairperson in case of equal vote
- Shall be noted in the conference report.
- Information on the conference can only be released with the permission of the Chairperson.

CHAPTER VII
Board of Directors

Article 16: The Board of Directors of the Association has at least 5 persons, and at most 25 persons. The Board of Directors is led by:

- 1 - Chairperson: 1 person
 - 2 - Vice Chairperson: 1 or more persons
 - 3 - Secretary: 1 or more persons
 - 4 - Treasurer: 1 or more persons
 - 5 - Under Treasurer: 1 or more persons
- The Board of Directors is elected by the conference for a 3-years term.
 - Sitting Board members can stand for re-election.
 - The Board of Directors is elected through a general and secret election by the General Assembly. In case of equal vote for the position of Chairperson, the elder candidate will become Chairperson whilst the youngest candidate will become Vice Chairperson.

Article 17: If deemed necessary, the Board of Directors can appoint commissions to perform certain activities in the name of the Association. The head of and commissions members are chosen by the Board members and among the Board members.

Article 18: Responsibilities of the Board members:

- A - Chairperson:
- The Chairperson is responsible for guiding all activities of the Association.
- B - Vice Chairperson:
- The Vice Chairperson is the assistant to the Chairperson and responsible in lieu of the Chairperson at the absence of Chairperson or his or her loss of membership.
- C - Treasurer:
- The Treasurer manages the budget of the Association and maintains financial reports.

D - Secretary:

- The Secretary is responsible for administrative affairs and as a secretary to the Association.

Article 19: Duties of the Board of Directors:

- To organize the conference, determine the agenda, the schedule and the venue
- To write activity reports for the conference
- To write minutes of the conference
- To make decisions during the conference
- To apply the decisions of the conference
- Unpaid performance
- To resolve daily issues

Article 20: The Board of Directors shall hold meet every 3 months, following the rules and regulations of the Association.

CHAPTER VIII

Budget and Sources

Article 21: The resources of the Association can be derived from:

- Contribution of the members.
- Grants or donations of generous people or local and international organizations.
- Fees charged on the Association's services.

Article 22: All the expenses must have the permission of the Association's Chairperson.

CHAPTER IX

Constitution Amendment, Dissolution and Liquidation

Article 23: This Constitution can be changed with a majority vote of conference's participants. A proposal to amend the constitution must be supported by at least 25 percents of assigned members and needs to be submitted to the Board of Directors at least a month before the conference.

Article 24: The Constitution can be complemented by Association Directives.

Article 25: Should Board of Directors find that this Association is not possible to continue The Board of Directors needs to hold the extraordinary conference in order to:

- Wind up the Association by election.
- Form the committee to liquidate the asset and property of the Association.

A decision to dissolve the Association can only be taken by a 2/3 majority of the present members.

CHAPTER X

Final Provisions

Article 26: Members of the Association shall strictly comply with the Constitution and the Directives of Association.

Article 27: All members of the Association shall respect the constitution of the Kingdom of Cambodia, the regulations and provisions of the Royal government, as well as related international laws.

Phnom Penh, May 22, 2005
Chairperson

Heng Heang



Annex B: Procedures for registering the constitution of a business association (unofficial translation)

Preface

The Domestic Trade Department of the Ministry of Commerce has printed this guidebook to facilitate registration of business associations with the Ministry of Commerce. The aim of this guide book is to explain the procedures for registering the constitution of a business association.

We hope that this book will be useful for entrepreneurs, service providers, handicraft producers and farmers in Cambodia who want to establish business associations in accordance with the law.

Yi Kimseng
Chief of the Department of Domestic Trade

Contents

Chapter I:	Preamble
Chapter II:	Guidance on the procedures for registering the constitution of a business association
Chapter III:	Letter from the Minister of Commerce
Chapter IV:	Example minutes of a General Assembly meeting
Chapter V:	Example constitution
Chapter VI:	Application forms
Chapter VII:	Certificate
Chapter VIII:	Summary guidance to Province and City



Chapter I

Preamble

On registration of the constitution of a business association

- With reference to the Constitution of the Kingdom of Cambodia;
- With reference to the Royal Decree no. 1198/69 dated 25-11-98 on the nomination of the Prime Minister of the Kingdom of Cambodia;
- With reference to the Royal Decree no. 1198/72 dated 30-11-98 on the nomination of the Royal Government of the Kingdom of Cambodia;
- With reference to the Royal law no. 02/94 dated 20-07-94 on the organization and procedures of the Council of Ministers;
- With reference to the Royal law no. 0196/16 dated 24-01-96 on the establishment of the Ministry of Commerce;
- With reference to the Sub-decree no. dated 22-09-97 on the organization and procedures of the Ministry of Commerce;

Decision

Article 1: Constitutions of business associations can be registered with the purpose to encourage associations to operate sustainably and to facilitate their interaction with other organisations in Cambodia and abroad.

Article 2: "Business" means any activity in agriculture, commerce, handicraft, services, industry or other allowed by law.

"Business Association" means an entity of individuals working in a common sector or professional area who established an association to pursue their common interests.

A business association is an independent, non-political organization that implements activities for the common interest of its members.

Article 3: The documents for the formation of an association should be line with the format provided by the Department of Domestic Trade.

Article 4: In case an association needs to amend its constitution, it needs to submit the amendments to the Ministry of Commerce (MOC) within 30 days after the decision of the association. The MOC will ratify the amendments.

Article 5: A business association that has been registered needs to submit annual reports to the MOC so that the MOC can provide the necessary support to the association.

Article 6: The General Director of Cabinet, the General Director of Technical Departments, the General Director of Administration and Finance, the Inspection and the Provincial Departments of Commerce in the Kingdom of Cambodia shall apply this article, which is effective from the signing date.

Copy to:

- Council of Ministers
- Prime Minister's Cabinet
- Ministry of Interior
- Registry

Senior Minister
Ministry of Commerce
Signature and Stamp

CHAM PRASIDH

Chapter II

Guidance on the procedures for registering the constitution of a business association

With reference to article no. 267 dated 21/09/2000 on the registration of the constitution of a business association,

Whereas the Ministry of Commerce has observed that many businesspeople, service providers, handicraft producers and farmers do not form groups to coordinate activities, or form informal groups,

Whereas the Royal Government aims to provide appropriate guidance and marketing support;

Whereas, the Royal Government would like to encourage efficient and sustainable business operations, make it easy for entrepreneurs to work together, and facilitate access to financial support;

Therefore, the Ministry of Commerce has issued article no. 267, dated 21-09-2000, on the procedures for registering the constitutions of business associations and has assigned the Domestic Trade Department (DTD) to implementing this task.

The guidance of the Ministry of Commerce is as follows:

- 1- The Ministry of Commerce will register the constitutions of business associations.
- 2- This announcement covers business associations representing for-profit business activities in commerce, services, agro-industry and others.
- 3- Business associations are formalised if they have registered their constitution at the Domestic Trade Department (MOC).
- 4- Three copies of all documents, including the constitution, should be submitted to the Domestic Trade Department, including two copies for the local authorities and for the association.
- 5- The Ministry of Commerce will issue a certificate to the business association after the successful registration of the constitution.
- 6- The Provincial Departments of Commerce will explain the advantages of registration to businesspeople.
- 7- The example constitution and application forms will be provided by the DTD.

The Ministry hopes that both established and new business associations will follow this guidance effectively.

Senior Minister
Secretary of State
Signature and Stamp

Copies to:

- Council of Ministers
- Cabinet of Prime Minister
- Ministry of Interior
- Municipality (provinces, city)
- Department of Commerce (province, city)
- Registry

SOK SIPHANNA



Chapter III

Minister of Commerce

Kind attention to

Chairpersons of Business Associations

With reference to article no. 267, dated 21/09/2000, on the registration of the constitution of a business association;

With reference to guidance No. 3560, dated 10/10/2000, on the procedures for registering the constitution of a business association;

With the purpose to encourage all entrepreneurs, service providers, handicraft producers, and farmers to carry out their businesses efficiently and sustainability, to interact with other organizations including financial institutions, the Ministry of Commerce has issued article No. 267 with guidance on the procedures to register the constitutions of business associations;

Therefore, Chairpersons of business associations who have established their associations should register their business association at the Domestic Trade Department to conform to the law to carry out the association activities.

The Ministry of Commerce hopes and expects that Chairpersons of business associations will endeavor to implement this guidance effectively.

Minister
Secretary of State
Signature and Stamp

SOK SIPHANNA

Chapter IV

Example minutes of a General Assembly meeting

On (date) at (place) the General Assembly was held on the establishment of the business association (name) and the selection of the Board of Directors, including a Chairperson, Vice- Chairperson Treasurer and Secretary by the members of association.

The following officials from the Department of Commerce and local Authority participated in the meeting:

- Mr. / Ms.from
- Mr. / Ms.from
- Mr. / Ms.from
- Mr. / Ms.from

and the list of members as attached.

The agenda of the assembly was as follows:

- Discussion on the establishment of the association with all stakeholders.
- Election of the Board of Directors.

The results of the assembly are as follows:

- All stakeholder agreed to the establishment of the association
- The following persons were elected to the Board of Directors:
 - 1 - Mr. / Ms.was elected with votes as Chairperson
 - 2 - Mr. / Ms.was elected with votes as Vice Chairperson
 - 3 - Mr. / Ms.was elected with votes as Vice Chairperson
 - 4 - Mr. / Ms.was elected with votes as Secretary
 - 5 - Mr. / Ms.was elected with votes as Treasurer

At (time) on the same date, the Board of Directors adopted the final constitution. The name of the association isThe address of the association is and (number) members voted to agree with the constitution of the association, its name and its address.

After a thorough discussion on the advantages of registering the business association, the Chairperson decided to submit the constitution of the association to the Ministry of Commerce.

The General Assembly ended at (time) on the same day.

Date:
Chairperson



List of Members of the Association

[illegible]

Chapter V

EXAMPLE CONSTITUTION

CHAPTER I

Purposes

- Article 1:** The Association was founded as an independent, non-political organization and acts in the interest of the members of the Association.
- Article 2:** The Association aims to bring together producers, industrialists, and craftsmen irrespective of their political affiliation.
- Article 3:** The Phnom Penh Small and Medium Industry Association in
- Article 4:** This Association will exist for an unlimited period of time.

CHAPTER II

Name and Address

- Article 5:** The Association is known as
In English language
The abbreviation in Khmer is
The abbreviation in English is
The address is:
At its own discretion, the name and address can be changed by the decision of the Board of Directors.

CHAPTER III

Objectives of Association

- Article 6:** The Association has the following objectives:
- To mobilize producers, industrialists, craft persons for production, business, stability and prosperity in society.
 - To promote mutual cooperation in production and business and to establish linkages between markets and producers.
 - To maintain relations with stakeholders and business development service providers.
 - To enhance the competitiveness of production enterprises, industries and craftsmen on the foreign market.
 - To supply market information and technology updates, and to release documents and bulletins concerning the activities of the Association.
 - To give policy advice and direction the Royal Government for the development of production, business, industry and craft.
 - To support employment creation.
 - To protect the legal rights of its members.

CHAPTER IV

Membership'

- Article 7:** Membership of the Association is open to individuals or legal entities representing production enterprises, industries and crafts in Phnom Penh City.
There are four categories of the Association membership:
- Founding members
 - Distinguished members
 - Active members
 - Normal members



1. Founding members are active members who took the initiative to establish the Association and draft the constitution.
2. Distinguished members pay a yearly contribution in cash or in kind equivalent to at least 500,000 Riels.
3. Active members participate in general activities and contribute at least 20,000 Riels per month.
4. Normal members are observers who pay voluntary contributions to the Association.
5. All legal entities or individuals who wish to be members of the Association, need to apply for membership in accordance with the directives of the Association.

Article 8: Membership of the Association will be discontinued in the following ways:

- Resignation or
- Death or
- Decision by majority vote of the Board of Directors' meeting.

A dismissed member can refer the case to the court if the dismissal was considered illegal.

CHAPTER V

Rights and obligations of members

Article 9: Members have the right:

- To join the Association's meeting by invitation.
- To attend the Association's activities in accordance with the decisions of the conference.
- To develop proposals based on their resources and submit them to the association.

Article 10: Members have to follow the decisions of the Association's conference.

CHAPTER VI

Conference

Article 11: The Association is guided by conference, including ordinary and extraordinary conference. The conference is attended by active members, distinguished members, founder members, representatives of concerned administrative entities and normal members through the invitation of the Board of Directors. The representatives of administrative entities and normal members invited to join will have the right to comment only.

Article 12: The Conference:

- Selects the Association's Board of Directors.
- Adopts the annual budget of the Association.
- Verifies financial reports and decides on the Association's development program and policy.
- The Chairperson of the Association needs to adhere to the decisions made in the conference.

Article 13: Procedure of conference

- An ordinary conference shall be held annually in accordance with the invitation of Board of Directors.
- The Chairperson of the Association can propose extraordinary conferences.
- The Chairperson has to provide the members the agenda at least seven days prior to the conference.
- The conference shall be presided by the Chairperson or the high-ranking person in the event that the Chairperson is absent. The Vice Chairperson shall preside in the absence of Chairperson. The eldest council member shall preside in the absence of both the Chairperson and the Vice Chairperson.

- A quorum requires the presence of more than 50 percent of the Association's members.
- If the quorum is not met, the Association's Chairperson shall hold the second meeting within 7 days and the quorum will be 1/3 of the Association's members.
- In case the quorum is not met in the second meeting, the Board of Directors shall hold the third meeting within 3 days and this meeting doesn't need a quorum.

Article 14: Decisions of the conference:

- Are made by majority of present members, or by the Chairperson in case of equal vote
- Shall be noted in the conference report.
- Information on the conference can only be released with the permission of the Chairperson.

CHAPTER VII

Board of Directors

Article 15: The Board of Directors of the Association has at least 5 persons, and at most 25 persons. The Board of Directors is led by:

- 1 - Chairperson: 1 person
 - 2 - Vice Chairperson: 1 or more persons
 - 3 - Secretary: 1 or more persons
 - 4 - Treasurer: 1 or more persons
 - 5 - Under Treasurer: 1 or more persons
- The Board of Directors is elected by the conference for a 3-years term.
 - Sitting Board members can stand for re-election.
 - The Board of Directors is elected through a general and secret election by the General Assembly. In case of equal vote for the position of Chairperson, the elder candidate will become Chairperson whilst the youngest candidate will become Vice Chairperson.

Article 16: If deemed necessary, the Board of Directors can appoint commissions to perform certain activities in the name of the Association. The head of and commissions members are chosen by the Board members and among the Board members.

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 - Form the committee to liquidate the asset and property of the Association.
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CHAPTER X

Final Provisions

- Article 24:** Members of the Association shall strictly comply with the Constitution and the Directives of Association.
- Article 25:** All members of the Association shall respect the constitution of the Kingdom of Cambodia, the regulations and provisions of the Royal government, as well as related international laws.

Date
Chairperson

Chapter VI

Application Form

Form for the registration of the constitution of a business association

From (name in Khmer and English),
Chairperson of the association (name),
Date of birth: , Sex ,
Nationality..... ,
Address:

Kind attention to

Senior Minister, Ministry of Commerce

Subject: Request for registration of the constitution of a business association

With reference to the above subject, as Chairperson of the association, I would appreciate if Your Excellency Minister could kindly check and approve the constitution of our business association with the following qualifications:

- Trade Association ☐
- Industry Association ☐
- Farmers Association ☐
- Service Association ☐
- Handicrafts Association ☐
- ☐

Name of the association:

Address of the association:

Tel:Fax:

Attachments:

- 1- Original Certificate of the association (If available): 1 copy
- 2- Constitution of the association: 1 copy
- 3- Minute of assembly: 1 copy
- 4- Copy passport or ID card (photocopy): 1 copy
- 5- Picture 4 × 6: 3 copy
- 6- Thumb print or signature: 1 copy
- 7- Ownership documents (land title, lease agreement)(photocopy): 1 copy

Please accept, Your Excellency, the assurances of my high consideration.

Date:

Signature



Receipt of business association registration form

Domestic Trade Department Business Services and Fair Competition Management Office

Received the document for the registration of the constitution of a business association:

Original name of the association:

Current name of Association:

Permanent address of the association:

Name of the chairperson:

Registration documents

1- Application form	<input type="checkbox"/>
2- Constitution and regulation of the association	<input type="checkbox"/>
3- Minutes of General Assembly meeting	<input type="checkbox"/>
4- Copy passport or ID card (photocopy)	<input type="checkbox"/>
5- Picture 4×6	<input type="checkbox"/>
6- Stamp or signature	<input type="checkbox"/>
7- Application form in official notice	<input type="checkbox"/>
8- Ownership documents (Land title, lease agreement (photocopy)	<input type="checkbox"/>

In case the registration documents are not complete, the person requesting registration needs to complete the application within 30 days after the issuing of this receipt.

Phnom Penh,
Date:
Chief of Bureau

The person requesting registration:

I certify that my above statements are true and complete to the best of my knowledge and belief.

Date:

**Kingdom of Cambodia
Nation Religion King**

Chairperson of association:

Kind attention to

Director of Domestic Trade Department

As the Chairperson of the association, I kindly request the Director to publish an announcement on the registration of the constitution of the business association in .your papers.

Content of text to publish

Announcement on the registration of the constitution business association

- Name of association:
- No. of constitution:
- Name of Chairperson: Occupation: Nationality:
- Address of the association:
- Subject:

This announcement is considered as a formal notification to the public. The association can be contacted at the above address.

Please accept the assurances of my high consideration.

Date:

Chairperson

Accepted and agreed:

- In newspaper:
- Number:
- Print date:

Director of Domestic Trade Department



**Kingdom of Cambodia
Nation Religion King**

Stamp and signature

Chairperson of association:

Sample of stamp	Sample of signature

Chapter VII

Senior Minister, Ministry of Commerce

certifies that:

The constitution of the association has been formally registered and accepted with the following conditions:

Name of association:

ID Number of association:

Chairperson:

Address of the association:

Type of association:

The person responsible for the association must follow the law of the Kingdom of Cambodia.

Senior Minister,
Ministry of Commerce

Copy to:

- Council of Ministers
- Prime Minister's Cabinet
- Ministry of Interior
- General Director of Administration and Finance
- Municipality (Province, City)
- Department of Commerce (Province, City)



Chapter VIII

To: H.E the Minister of Commerce

By: H.E. the General Director

Objective: Summary report on the procedures for registering business associations at the Domestic Trade Department

Ref: - Article no. 267 dated 21/09/2000
- Guidance no. 3560 dated 10/10/2000

With reference to the above, the Domestic Trade Department has the responsibility to register business associations. Therefore, the Domestic Trade Department would like to inform the procedures for registration as follows:

After explaining the importance of the formation of business associations, and after guiding the entrepreneurs to meet and elect their representatives and decide on the name of their association, the Domestic Trade Department needs to:

1- Draft an official minute of the General Assembly meeting, leaving space for the thumb prints of the Assembly members, certifying the election of the Board of Directors, the Chairperson of the Board of Directors, the Vice Chairperson, the Treasurer etc.....

2- Print a complete set of documents for the Department of Commerce at the Provincial level to implement their tasks and send the documents to the association.

3- Fill in the forms for business association registration according to the standard following the guidance of the Ministry of Commerce (the Domestic Trade Department).

4- The Chairperson of the association or the Chairperson of the Board of Directors, who has been elected, shall complete the registration documents by thumb printing the documents prepared by the Domestic Trade Department. After signature/thumb print of the Chairperson of the Association or the Chairperson of the Board of Directors on the documents, the association is established.

5- The staff of the Department of Commerce at the Provincial level will check whether the documents are complete and then draft a letter to the Ministry of Commerce (the Domestic Trade Department). The Domestic Trade Department will prepare 9 copies of the constitution (one for the Provincial Department of Commerce, one for the Municipality, three for the association and one for Commune, two for the Ministry of Commerce, and one for the Ministry of Interior), will design the association stamp to be used officially and issue the certificate of registration of the association.

All documents are prepared by the Domestic Trade Department. The Provincial Department of Commerce only coordinates and facilitates signatures/thumb prints.

After having an official letter from the Ministry, the association can contact microfinance institutions such as the Rural Development Bank, other financial institutions to be established in the future, and international companies who aim to support them (so far we have experience with the development of an association known as the Cambodia Federation for Rural Development).

As described above, please Your Excellency Minister, accept this report.

Director

Yi Kim Seng

