

## Activity Update

# Selecting Clients – Identifying Leading Enterprises

**The USAID-funded Cambodia MSME Project works with more than 1,500 leading enterprises across three value chains. By wisely choosing the most motivated clients, the impact of the project is significantly broadened.**



*Clients of the MSME Project include a wide strata of rural entrepreneurs, including the poorest residence as well as advanced farmers, traders, and tile makers.*

***The term “leading enterprise” is sometimes misinterpreted as being the wealthiest or most advanced. In fact, the term “leading” is more related to the desire and willingness of business owner to accept and apply technical and business advice. Even the***

***poorest of the poor are clients of the MSME Project.***

The Cambodia MSME Project follows a relatively straightforward model – begin by identifying market requirements, then choose and work with the leading firms across the entire value chain to meet those market requirements. The key to high performance is dependent on the MSME Project Team choosing the leading firms and then assisting them to acquire skills, knowledge and confidence. This activity update describes how the project defines and selects those leading firms.

The term *leading firm* can easily be misunderstood. The MSME Project defines them as firms managed by leading entrepreneurs who exhibit a set of required characteristics that enable them to grow their businesses faster than other competitors. This set of characteristics includes:

1. willingness to invest time to learn more about what markets need and how to meet those needs,
2. desire to acquire technical and business skills and apply those skills immediately to improve business performance,
3. ability to understand how to invest limited

in the most cost-efficient manner, and

4. confidence to compete in a market with many participants.
5. devotion to share information and build relationships with others.

Leading managers can be experienced persons who have already made considerable investments in their enterprises, such as tile manufacturers in Kampong Cham, who may have three kilns and 50 employees. But they can also be inexperienced persons, such as single mothers with two pigs and a small patch of land in Prey Veng. The MSME Project works with any firm that exhibits the required characteristics and applies the knowledge and skills gained through Project activities.

MSME works across the income strata and across the value chains – no enterprise is too small or too large. During the past two and a half years, the Project Team has learned that when choosing leading firms, current enterprise investments are not always the best indicator of whether or not the entrepreneur has the required characteristics. Experience has demonstrated to the Team to increasingly depend on subjective assessments of potential clients based on the expressed desires of enterprise owners themselves to grow their enterprises.

During Project-facilitated technical trainings initiated and cost-shared with leading input supply firms, the MSME Team engages in discussions with uninvited guests who show up after hearing about the training from



# Cambodia MSME Project

one of the previously-selected leading firms. The Team interviews them, caring less about their previous investments and listening more carefully to the words and actions that indicate a willingness and desire to learn, invest to improve their business, and share information with others.