

# A Business Strengthening Model for Regional Global Fund Technical Support Providers

How Grant Management Solutions Created a Model for Strengthening its Regional Partners using a Business-Focused Approach

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**Abstract**—Grant Management Solutions (GMS) is experimenting with a business-focused approach for strengthening regional technical support organizations to provide independent, high-quality management-related technical assistance to the country coordinating mechanisms and principal recipients of grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria. This paper describes the approach, the challenges encountered, and the initial results from the 12 regional partner organizations.

**Index Terms**—regional institutional strengthening, technical support, the Global Fund to Fight AIDS, Tuberculosis and Malaria

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## I. INTRODUCTION

This paper provides background information on how a business strengthening model for regional partners was developed and how this model evolved during the project Grant Management Solutions (GMS). The authors describe the structure and functioning of a multistage approach that GMS deployed, the role of various organizational partners involved, and their competencies. The authors also explain how in the second contract for GMS (GMS2),<sup>1</sup> the project adopted a business approach to strengthening organizations in regions where it works. This paper also presents the current stage of implementation of the regional strengthening model.

<sup>1</sup> There was contract for GMS, referred to in this paper as “GMS1,” which ran from 2007 to 2012. A second contract for GMS began in 2012 and is referred to in this paper as “GMS2.” These contracts are further described below.

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This paper also presents the following business products and interventions: (1) strategic business assessments, (2) business plans, (3) business models, (4) business systems strengthening, (5) costing and pricing, (6) marketing plans, (7) proposal development, (8) jump-start efforts, (9) business intelligence, (10) local services, and (11) business coaching.

GMS2 is funded by a three-year contract that may be extended for up to two more years (2012-2017) by the United States Agency for International Development (USAID). The implementers of the project are Management Sciences for Health (MSH) and 28 U.S. and international partner organizations.<sup>2</sup> Its principal objective is to provide urgent short-term technical support (STTS) to country coordinating mechanisms (CCMs) and principal recipients (PRs) of grants from the Global Fund to Fight AIDS, Tuberculosis and Malaria (Global Fund). GMS2's second objective and organizational unit (Objective 2) is to build the capacity of individual consultants and regional technical support (TS) organizations to provide high-quality management and government TS services to Global Fund grant implementers as subcontractors under the aegis and brand of GMS and as independent TS contractors under their own brand. This paper describes the experimental approach developed by GMS since 2012 and the progress to date with the 12 regional TS partners that participate in business strengthening.

### A. Experience During the First GMS Project

The genesis of the idea for regional partner strengthening came from GMS (during the first contract for GMS,<sup>3</sup> referred to as "GMS1"). GMS1 required more consultants with language skills, regional expertise, and familiarity with countries, PRs, and management issues than were available. The priority was to enable regional and local consultation as part of "country ownership" and "south-to-south" philosophies of development.

Experience in GMS1 demonstrated that the most responsive sources of consultants were small regional consulting firms that were already providing TS to donor-funded programs and were able to refocus their expertise on Global Fund issues. Under GMS1, 24 partners of this type were selected through calls for expressions of interest; all subsequently supplied consultants for urgent TS assignments.

### B. Evolving Environment of Demand for TS and Associated Risk for TS Providers

USAID's second tender for Global Fund technical services (following GMS1) resulted in GMS2.<sup>4</sup> This tender called for an experimental approach to expanding the pool of high-quality regional TS through institutional strengthening and active business seeking from sources other than the U.S. government. The purpose of GMS's regional partner strengthening (an activity under Objective 2) is to continue to diversify offers of TS, strengthen TS suppliers that are geographically closer to CCMs and PRs, provide a greater variety of TS than GMS can offer, and encourage CCMs and PRs to select and contract with local and regional TS providers where appropriate.

This approach would test the willingness and ability of CCMs and PRs to contract directly for TS, and the ability of regional firms and nongovernmental organizations (NGOs) to identify, pursue and carry out TS contracts with technical and financial success. In this scenario, regional consulting firms and NGOs would test their capacity for greater risk by moving away from the relative technical and financial safety of GMS subcontracting to. The firms and NGOs, known as "regional partners" or "RPs," would still be eligible to carry out STTS under GMS at the same time.

Historically, TS was provided at no charge to country governments by bilateral donors and United Nations agencies, with some exceptions. To encourage country ownership of TS, in 2011 the Global Fund began including TS funds in its grants. PRs (and some CCMs) do, therefore, have Global Fund and sometimes national resources—and capacity—to contract directly with TS providers. However, this mode of obtaining assistance has yet to gain traction in the face of countries' habitual reliance on donor-driven mechanisms, even though they report a certain level of dissatisfaction with these mechanisms.

However, direct contracting can put small organizations in the position of having to finance their business until they are paid for their work.

On the one hand, contracting directly with CCMs and PRs involves a major investment of time and resources, which together represent significant risk generated by potentially long periods between service delivery and payment by the recipient.

On the other hand, contracting with beneficiary country governments may involve less of an investment of time and resources and thus be a highly desirable option for some RPs. But national procurement processes are often extremely cumbersome and equally dilatory with regard to payment for contracted services.

<sup>2</sup> Contract No. AID-OAA-C-12-00040

<sup>3</sup> This contract, between MSH (prime contractor, with subcontractors Abt Associates, Futures Group, International Program Assistance, and MIDEGO), followed from USAID's first tender for "GFTS," or Global Fund technical services. At contract signature, there were 25 U.S. and international partner organizations; as contract terms have been executed, MSH now has 28 U.S. and international partner organizations implementing GMS2.

<sup>4</sup> USAID's second tender for "GFTS," or Global Fund technical services, resulted in a contract between MSH (prime contractor, with subcontractors Abt Associates, Futures Group, International HIV/AIDS Alliance (Alliance), MIDEGO, PACT, and Training Resources Group (TRG)).

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*Table 1. Regional Partner Characteristics*

Region	Type of Organization	Years of Experience	Countries in Which Organization Has Provided Global Fund TS	Number of GMS-Certified Consultants
<b>Eastern Africa</b>				
Almaco Management Consultants Limited (Almaco)	Private	20	Armenia, Bhutan, Egypt, Ethiopia, Ghana, Jamaica, Kenya, Lesotho, Namibia, Nepal, Nigeria, Philippines, Sierra Leone, Somalia, South Africa, South Sudan, Swaziland, Tanzania, Uganda, Zanzibar, Zambia, Zimbabwe	4
Advantech Consulting	Private	17	Ethiopia, Kenya, Lesotho, Tanzania, Zambia	0
Upward Bound Company Limited	Private	12		0
<b>West Africa</b>				
OASYS Financial and Management Services (OASYS)	Private	5	Burkina Faso, Burundi, Cameroon, Central African Republic, Congo, Cote d'Ivoire, Democratic Republic of the Congo, Djibouti, Gabon, Ghana, Guinea, Liberia, Madagascar, Mali, Mauritania, Morocco, Niger, Pakistan, Rwanda, Senegal, Sierra Leone, Tanzania, Togo	3
Global Challenge Corporation (GCC)	Private	7	Benin, Burkina Faso, Burundi, Cameroon, Central African Republic, Republic of the Congo, Democratic Republic of the Congo, Djibouti, Guinea, Mali, Mauritania, Morocco, Niger, Senegal, Sierra Leone, Togo Cote d'Ivoire	2
IRESKO	NGO	21	Benin, Burundi, Cameroon, Central African Republic, Chad, Democratic Republic of the Congo, Gabon, Guinea, Mauritania, Niger, Sierra Leone	2
<b>Southern Africa</b>				
Q Partnership	Partnership	14	Angola, Botswana, Burkina Faso, Malawi, Mozambique, Rwanda, Sao Tome and Principe, Serbia, Sierra Leone, South Africa, South Sudan, Swaziland, Tanzania, Uganda, Zimbabwe	2
Khulisa Management Services	Private	21	Cameroon, Comoros, Ethiopia, Ghana, Haiti, Kenya, Lesotho, Malawi, Namibia, Solomon Islands, South Africa, Swaziland, Tanzania, Zambia, Zimbabwe	1
<b>Eastern Europe</b>				
CURATIO International Foundation	NGO	20	Azerbaijan, Bosnia and Herzegovina, Cambodia, Georgia, Kazakhstan, Kyrgyzstan, Tajikistan, Ukraine	0
Eurasia Foundation of Central Asia	NGO	8		0
<b>Central Asia</b>				
Technical Assistance Inc. (TAI)	Private	28	Bangladesh, Bhutan, Cambodia, Fiji, India, Nepal, Pakistan, Papua New Guinea, Solomon Islands, Sri Lanka, Thailand, Timor-Leste, Uganda	2
<b>Latin American and Caribbean</b>				
Plenitud	NGO	12	Dominican Republic, Nicaragua	0

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In addition, other funding mechanisms exist that offer greater flexibility and low or insignificant risk. Existing TS providers, such as the Technical Support Facilities (TSF) of the Joint United Nations Programme on HIV/AIDS and the BACKUP Initiative of the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ), have historically provided rapid and easily accessible funding for TS interventions of varying scope. In addition, the French government launched its “Initiative 5%” in October 2010 to leverage part of France’s contribution to the Global Fund in the form of funded TS projects. All these mechanisms contract with regional consulting capacity.

In July 2013, the Global Fund issued the first of a series of indefinite quantity contracts (IQCs) for local and regional entities to provide TS to beneficiary countries. Additional IQCs were issued in early 2014, and others may follow.

### C. Selection of the Twelve Regional Partners

The GMS2 contract stipulated recruitment of 12 RPs in USAID’s priority Global Fund regions.<sup>5</sup> This recruitment was carried out in two waves. The first six RPs (called “Tier 2, Wave 1” RPs) were selected from among the locally owned subcontractors recruited by GMS1 through calls for expression of interest in 2009 and 2010. All qualified RPs met the following selection criteria defined by USAID in the GMS2 contract:

- Small business or small NGO, institution, or consulting group (“small” is defined as having annual revenues of US\$14 million or less)
- In operation for at least five years and able to demonstrate relevant activity during that period
- Not affiliated with any multilateral organization or existing GMS TS partner
- Founded and still headquartered in its respective region
- Having a core business (defined as 50% or more of total revenues in the last year) other than provision of management-related TS to Global Fund grantees
- Not a PR or subrecipient of an active Global Fund grant.

The second six RPs (called “Tier2, Wave 2” RPs) was selected in project year 2 (PY2) of GMS2 through calls for expressions of interest in compliance with the same guidelines in the GMS2 contract. In addition, Tier 2, Wave 2, RPs were required to provide a substantial roster of experts with at least 10 years of experience in relevant technical areas and at least five years of experience working at national and regional levels. Local and regional organizations were strongly encouraged to provide consultants who were fluent in one or more of the following languages: Arabic, English, French, Portuguese, Russian, and Spanish.

The 12 Tier 2 RPs chosen under Objective 2 as future independent providers of TS to Global Fund beneficiaries are

<sup>5</sup> MENA was excluded.

small consulting companies and NGOs. See Table 1 for details on the regions they cover, organizational types, years of experience, Global Fund countries in which they have worked, and number of GMS-certified consultants.

## II. ORGANIZATIONAL DEVELOPMENT AND BUSINESS-STRENGTHENING VS. NGO CAPACITY-BUILDING APPROACH

To respond effectively to the Objective 2 challenge, RPs must be nimble and sustain their business over the long term. GMS chose as RPs existing regional businesses and TS groups that were ready to make, and capable of making, a business decision to pursue a mixed portfolio of Global Fund work.

GMS could have chosen to carry out capacity-building activities. Instead, GMS decided to focus on organizational development (OD) activities.

“Capacity building” refers to activities that strengthen a nonprofit organization and help it better fulfill its mission. These activities include strategic planning, upgrading technology, improving operations, and board development.<sup>6</sup> Capacity building of NGOs is often perceived as being “done to” an organization.

According to organizational development pioneer Richard Bechard, OD is “an effort that is (1) *planned*, (2) *organization wide*, and (3) *managed from top*, to (4) *increase organization effectiveness and health* through (5) *planned interventions* in the organization’s ‘processes’ using *behavioral science knowledge*.”<sup>7</sup>

Thus the concepts of capacity building and OD share certain elements, notably the emphasis on strategic planning and systems improvement while at the same time having a different locus for strengthening of an organization. For example, capacity building might take place in an NGO in response to weaknesses identified by an external funder or other evaluator. In contrast, OD is initiated and implemented from within the organization, although the process is usually supported by outsourced expertise in specific technical areas.

In light of their profiles, GMS adopted a business-focused OD approach for its RPs, regardless of whether they had for-profit or nonprofit status. GMS based this approach on each organization’s willingness and ability to review and revise its strategy, business model, and positioning to meet the stated objective.

Thus, before addressing functional strengthening needs,<sup>8</sup> each RP reviewed and revised (or, in some cases, formally developed) its business vision, business model, and strategic and operational plans. The goal was for each RP to sustainably integrate the new or enhanced Global Fund business line into its portfolio of services.

Because considerable time and effort must be invested by the members of each RP to achieve this objective, it follows

<sup>6</sup> *Strengthening Nonprofit Performance: A Funder’s Guide to Capacity Building*, Paul Connolly, Carol Lukas, 2001

<sup>7</sup> *Organization Development: Strategies and Models*: Richard Bechard, 1969

<sup>8</sup> Staff and consultant development, business systems optimization, technology upgrades, etc.

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that this investment both reflects and implies full commitment.. As a nonfinancial incentive to RPs to follow through on their commitment, GMS2 offers RPs work on GMS TS assignments, which are the domain of GMS's first contractual requirement and organizational unit, or "Objective 1." GMS also offers a broad range of supportive interventions requiring that RPs invest in themselves by contributing considerable hours of sweat equity. Thus, not only are RPs not remunerated for their OD efforts, but they are likely to incur opportunity costs associated with declining some work in order to focus on OD activities. This approach tests the ability of RPs to cope with business risk.

### III. REGIONAL PARTNER STRENGTHENING

GMS has identified the following requirements for high-quality regional TS provider organizations: technical expertise and rigorous quality control coupled with effective business systems and processes.

#### A. Technical Strengthening

Objective 2 has two streams of work: (1) consultant development and certification and (2) RP strengthening.

All RPs (Tier 2, Wave 1, and Tier 2, Wave 2) contribute STTS to Objective 1 intervention teams by providing consultants from their roster who are also eligible for GMS training and certification. Technical strengthening of individual consultants (including from the rosters of RPs) is carried out through GMS's training (face-to-face boot camps, specialty workshops, and refreshers as well as continuous learning modules and webinars).

Technical strengthening of RPs is carried out in person and virtually by consultants selected from Tier 1 partners or by consultants and service providers identified locally. Consultants and local service providers serve as advisers or subject matter experts to support an RP's efforts to develop strategic and business plans, business models, costing and pricing models, market analysis and marketing plans, and analyses of business systems. They may also serve as business coaches, provide legal advice, and design RP websites and marketing materials.

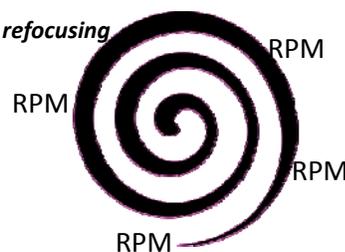
#### B. Organizational Strengthening: An Evolving Model

The process of RP organizational strengthening may best be described as a collaborative process in which a strategy is developed, reviewed and revised over time. Each such cycle can be seen as a spiral. For example, in GMS1, a strategy for organizational strengthening was developed; it was reviewed and revised, giving rise to the strategy now in use in GMS.

Major milestones in the organizational-strengthening process are the annual RP meetings (RPMs), where the past year's activities and results are reviewed and goals for the coming year are set (see Figure 1). As necessary, the intervention package for RPs is revised to align more effectively with overall organizational aims and achievements. The Objective 2 team, working with RPs, regularly

reprioritizes interventions to reflect the evolution of both the RPs and the TS environment.

Figure 1 – Evolving spiral of periodic refocusing based on RPMs



In the original GMS2 design for institutional strengthening, USAID proposed that GMS use a two-phased approach. At the first RPM, designed to launch the initiative, it was envisaged that during phase 1 (18-24 months) RPs would undergo strengthening and capacity development focused mainly on five core organizational competency areas (see section III.C.) After completing this phase, successful RPs would "graduate" (become "phase II ready") and begin to market themselves as direct TS contractors to Global Fund beneficiaries while continuing to subcontract for Objective 1 TS for the remainder of the GMS project.<sup>9</sup>

A one-on-one<sup>10</sup> mentor-mentee model between Tier 1 partners and Tier 2 RPs was proposed and a comprehensive capacity assessment tool was developed as the first stage in development of a phase 1 strengthening plan.

However, events forced a series of revisions to this initial vision. The external TS financing environment was evolving rapidly. New time-bound opportunities precluded a long, slow strengthening process. Furthermore, the mentoring approach was producing highly variable results in fit and efficacy.

By the end of PY1, GMS2 had designed an approach encompassing a range of organizational strengthening activities carried out as needed at the same time as RPs developed active new business. GMS called this a "staggered marketplace approach."

The redesign process and rationale are described in greater detail in Section IV.

<sup>9</sup> It was even thought that partners that were Phase II ready might ultimately subcontract part or all of a GMS STTS assignment in their regions after a "shadow" phase in Arlington or with long-distance support from GMS technical, financial operations and logistics staff. This idea was abandoned early on due to RPs' financial, logistical, and capacity gaps, which were too great to be bridged within the scope of GMS.

<sup>10</sup> MIDEGO is classified as a woman-owned small business under section 8(a) of the U.S. Small Business Administration's Business Development Program. As such MIDEGO was paired with Futures Group to optimize capacity.

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### C. Business-Focused Approach

In a first stage of the strengthening process (initiated in GMS1) the project focused on initial screening, due-diligence visits, and administration of a baseline assessment tool. The goal was to assess the capacity of each regional organization in five core organizational competencies: (1) business development, (2) finance, (3) contracts, (4) operations and administration, and (5) technical oversight.

In the second stage, begun in GMS2, the regional organization (now Tier 2, Wave1, RPs) used the results of this assessment to codevelop a customized strengthening plan and time line. The strengthening plan focuses on aligning high-priority capacity gaps with the organization's unique vision and business model.

Subsequently, RPs participate in a "business marketplace" in which they select capacity-strengthening partners for specific business services offered by GMS.

Strengthening interventions are carried out either by GMS2 Tier 1 partners or, as appropriate, by local service providers. GMS systematically monitors the progress and business results of RPs as they implement the strengthening plan and build their capacity to achieve business results by providing high-quality, management-related TS to Global Fund

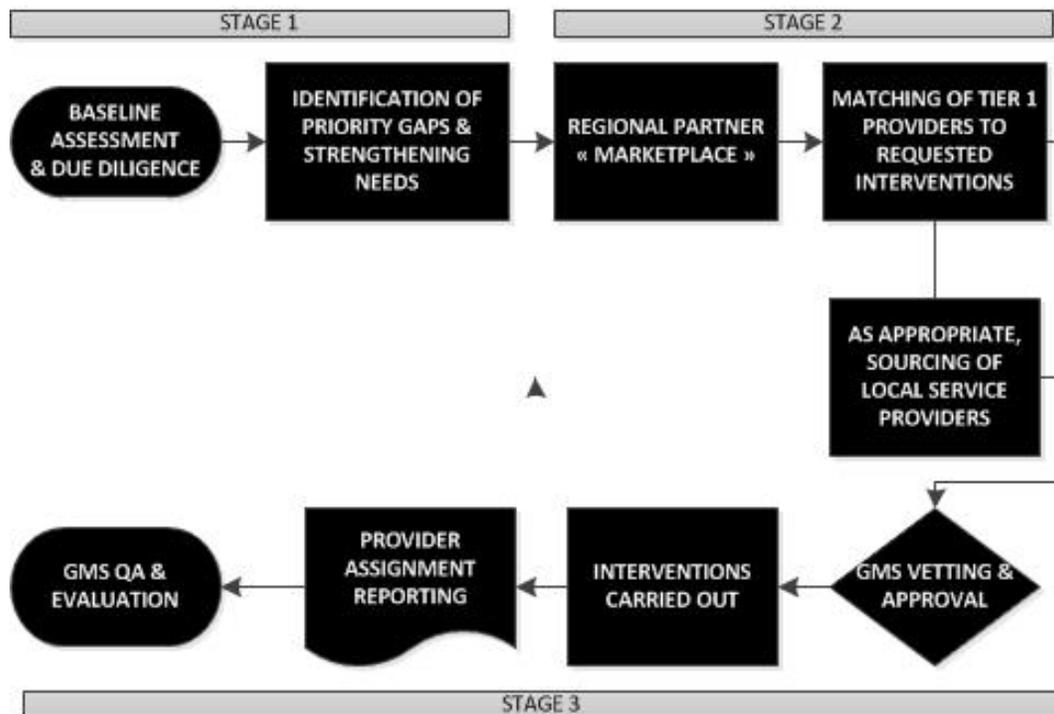
beneficiaries with funding that does not come from the US government.

In the third stage, the Objective 2 team oversees the provision of the following strengthening interventions, in response to requests from RPs. These interventions comprise a "business package." Not all RPs request all services, but all RPs are required to produce a strategic business assessment and business plan.

- Strategic business assessment
- Business planning
- Business modeling
- Business systems strengthening
- Costing and pricing
- Proposal development
- Marketing and communications
- Business coaching

Figure 2 below depicts the flowchart for the RP strengthening process, starting from the baseline assessment and due diligence, and ending with quality assurance (QA) and evaluation by GMS.

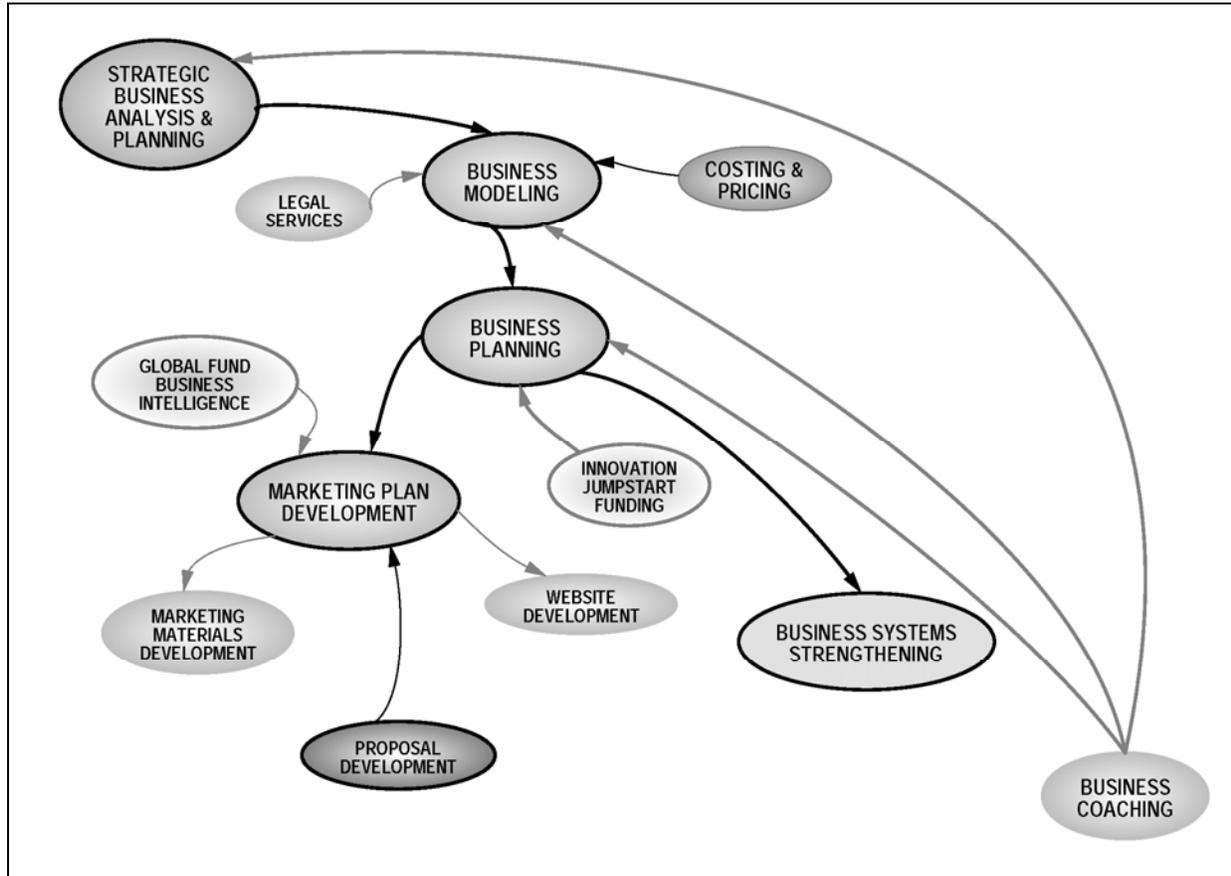
Figure 2 – RP Strengthening Process



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A systemic view of the services included in the GMS business package is provided in Figure 3.

Figure 3- Systemic View of Services Provided



**Optional intervention**—GMS offers innovation “jump-start,” one-time financial support to Tier 2 RPs to develop innovative products or services and propose these directly to Global Fund beneficiaries.

The model described above presents a panoply of business products, from high-level strategic analysis documents to the services that GMS recommends be locally provided. These services include business coaching, marketing analysis and implementation, website development, and legal services. In some cases, the best provider for each RP is not a Tier 1 partner, but a local provider.

As these stages take place, GMS encourages RPs to pursue opportunities for Global Fund work directly. This is part of Objective 2’s regional strengthening. RPs use the GMS performance-tracking system to identify the effects of their support on grant performance and governance eligibility.

## D. Tracking RP Model Progress

GMS has also developed an RP dashboard for performance tracking and monitoring based on data collected with SurveyMonkey. The dashboard includes data on (1) proposals submitted, (2) contracts signed, (3) contracts completed, (4) potential clients identified, (5) products developed, (6) revenue generated, (7) return on investment, and (8) type of assignment conducted. Data are collected quarterly and used to inform GMS’s performance monitoring plan (PMP) as well as the RP dashboard.

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## IV. EVOLVING MODEL: FIRST EFFORTS AND STRATEGIC REDESIGN

The first stage of the RP strengthening process (GMS2, PY1) was designed to pair Tier 1 partners as mentors with Tier 2, Wave 1 RPs.

*Table 2 – Project Year 1 (PY1) Mentor-Mentee relationships*

Tier 1	Tier 2 RPs
Abt Assoc.	Almaco
Futures Group MIDEGO	CURATIO
Alliance	Q Partnership
TRG	TAI

This approach was later revised when it became apparent that Tier 1 partners had very different strengths related to the provision of business services. Although many Tier 1 partners have a strong record of capacity building, their focus has traditionally been either on government or civil society (NGOs or community-based organizations) agencies and organizations rather than on small private-sector consulting firms. The former typically involve longer-term, organization-wide interventions focused on compliance with norms and standards (national bodies or internal donors). However, RPs require a tailored, "lean and mean" approach focused on strategic development, market analysis, product differentiation for competitive advantage, proactive positioning, and leadership development aimed at profitability and sustainability. Thus, the fit between the two tiers was not always apparent, and some RPs expressed the fear that their mentor did not understand their operating context or challenges.

Language was another key challenge. Although most RP leaders are reasonably fluent in English, their staff members are not always equally proficient. The need to explore complex concepts and situations in considerable depth made it imperative that interventions be carried out in the local language.

Even where there was a satisfactory skills-to-needs match, many Tier 1 partners were unable to deploy mentor staff or consultants at times when RPs were available. The RPs take on work as opportunities arise, whereas larger US firms usually take a longer view of work planning, and consultants are often booked months ahead.

Consequently, the second stage of the process (in PY2) was designed along the lines of an open marketplace. In this design, RPs selected services offered by the Tier 1 partners based on what is known as a "free-purchase" exercise. This exercise allowed RPs to receive a comprehensive package of services offered by more than one Tier 1 partner. This open marketplace took place during an RPM in October 2013.

Tier 1 partners also had to change their capacity-building mindset and be able to clearly articulate the services they could provide that were responsive to Tier 2 RP requests.

The third, and current, stage includes Tier 2, Wave 2, RPs and uses the same successful marketplace approach used among Tier 1 partners and Tier 2, Wave 1, RPs in October 2013. However, instead of offering all the services shown in Figure 3, the Tier 1 partners offer only those in which they have strengths.

Over a given year, and immediately prior to each RPM, the Objective 2 team meets with each Tier 1 partner to review and give feedback on work carried out to date and plan the upcoming year's interventions to align with ongoing needs.

During each year's marketplace exercise, Tier 1 partners and RPs use a "shopping list" to match offers and demands for services in the business package. In preparation for this exercise, Tier 1 partners decide which interventions to offer based on best fit (expertise, language, experience, and availability); they list these in their shopping list and propose these to the RPs during the marketplace exercise. RPs do something similar; their shopping lists contain their demands.

After the marketplace exercise, Tier 1 partners submit completed shopping lists to the Objective 2 team for evaluation and approval (notably of consultant curricula vitae). Each partner who receives approval from the Objective 2 team then confers with the relevant RP to develop a detailed statement of work to meet the particular needs of the RP. For guidance, GMS has developed generic terms of reference for each intervention, including background information, definitions of key terms, approach, and suggested deliverables, which may be modified as required.

When no suitable consultant is proposed by the Tier 1 partner or local or regional expertise (in, for example, market analysis, marketing materials development, or business coaching) is more appropriate, a local provider is sought. Local providers are either proposed directly by the RP or identified from professional databases (International Coach Federation or International Association of Business Communicators), internet searches, or a combination of these. GMS again vets potential providers for suitability, holds regular calls during the intervention period with these providers, and evaluates the quality of the process (reports, technical proposals or specifications, and satisfaction surveys provide useful information) and deliverables on completion of each task order.

## V. BUSINESS-STRENGTHENING SERVICES OFFERED

This section describes the types of business strengthening services that are offered to RPs and the business documents that RPs are expected to produce. As mentioned above (section III.C) not all RPs request all services, but all are required to produce a strategic business assessment and business plan.

### A. Strategic Business Assessment/Strategic Plan

The strategic business assessment, or strategic plan, is a document containing the company's vision statement, mission statement, goals, and objectives for a specified period of time. The strategic plan explains how specific individuals within the RP will achieve those objectives within the specified time

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frame. A strategic plan is used to determine and evaluate an organization's resources (time, money, people, equipment, materials, technology, and facilities). The plan allows management to align stakeholders so that actions are coordinated to achieve each objective within resource limits. The strategic plan is an internal document that organizations routinely use as a road map for achieving success.

GMS did not provide a template for all RPs to use when developing their strategic plans. Instead, GMS examined the strategic planning documents of RPs to see if they included the following broad content areas:

- Vision statement
- Mission statement
- Goals
- Objectives
- Action plans
- Risk analysis
- Contingency plans
- Competitive analysis
- Finances

### B. Business Plan

Business plans are decision-making tools: the content and format of a business plan are determined by the organization's goals. A business plan reflects all aspects of the business planning process, and is aligned with the business strategic assessment. The plan can also offer subplans to cover marketing, finance, operations, human resources, and legal issues. A business plan is a summary of those disciplinary plans.

GMS evaluates the following components of each business plan:

- The company
- The market
- Products and services
- Sales and marketing
- Management
- Finances

### C. Business Model

Business modeling involves the design and modeling of an organization's plan to generate profit. This model describes the organization's

- **Core products or services**—What the organization produces and delivers)
- **Value proposition**--Why the customer should buy the product or service). A value proposition is a promise about the value to be delivered and the belief of the customer that the value will be experienced. A value proposition can apply to an entire organization, parts of the organization, customer accounts, products, or services. In sum it is the collection of products and services that a

business offers to meet the needs of its customers. According to Osterwalder,<sup>11</sup> a company distinguishes itself from its competitors by its value proposition. The promise in the value proposition provides value through various elements such as newness, performance, customization, "getting the job done," design, brand or status, price, cost reduction, risk reduction, accessibility, and convenience or usability. TS value proposition may be (1) quantitative (based on price and efficiency) or (2) qualitative (based on expected overall customer experience and outcome).

- **Experience cycle**--Where in the process the organization creates a unique client experience
- **Distribution channels**--How clients are reached
- **Customer segments** (who and where)—Target customer segmentation is closely linked to the positioning strategy of a company. A target market is a group of customers to which a business has decided to aim its marketing efforts and, ultimately, its merchandise. A well-defined target market is the first element in a marketing strategy. The variables of product, place (distribution), promotion, and price are the four elements of a marketing mix strategy that determine the success of a product in the marketplace.
- **Positioning** (cost leader, high-end); **price model** (tender, feature-dependent, customer-dependent, negotiated, pay-per-use); and **cost structure** of product or service development, delivery and QA (direct and indirect costs, fixed and variable costs, economies of scale, and scope)
- **Revenue stream**—How a company earns gross income from each customer segment. Examples include product and service sales, leases, license fees, and maintenance fees.
- **Key stakeholders**—Examples are partners, employees, consultants, suppliers, and funders
- **Key resources**--These include financial, human, and technological resources
- **Key relationships**--Examples are alliances, joint ventures, and networks
- **Partner network**—To optimize operations and reduce the risks of a business model, organizations usually cultivate buyer-supplier relationships so that they can focus on their core activity. Complementary business alliances also can be formed through joint ventures and strategic alliances among competitors or among noncompetitors.
- **Value configurations**--Stabell and Fjeldstad<sup>12</sup> present a framework for "value configurations" consisting of these components:
  - A set of customers
  - Some product or service that all of the customers use and that enables interaction among the customers

<sup>11</sup> Osterwalder, A. (2004). The Business Model Ontology—a proposition in a design science approach. Ph.D. thesis, University of Lausanne, Ecole des Hautes Etudes Commerciales

<sup>12</sup> Charles Stabell and, Øystein D. Fjeldstad, "Configuring Value for Competitive Advantage: On Chains, Shops, and Networks," *Strategic Management Journal* 19 (1998): 413–437.

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- Some organization that provide the product or service
- A set of contracts that enables customers to gain access to the product or service
- **Core capabilities**—Business activities that a company performs at a consistently high level of competency and that are designated by the company as critical to its competitive position in the marketplace. Companies attempt to achieve dominance in a market by focusing on their core capabilities.
- **Cost structure**--The cost structure refers to the most important monetary consequences of operations under different business models.

### D. Business Systems Strengthening

Business systems strengthening defines and analyzes the organization's systems, processes, policies, and market business approaches. The analysis stage is followed by a strengthening phase in which business systems (see below) are optimized and streamlined. This process includes the following elements:

- Organizational systems and internal controls
  - Governance and organizational structure
  - Risk assessment process and management
  - Information technology infrastructure (systems, hardware and software, and management)
  - Management reporting (quality, regularity, and sufficiency)
  - Business planning (procedures, systems, reports, and review)
- Financial systems
  - Financial management and controls (accounting and recording of transactions)
  - Financial reporting (accuracy, adequacy, and timeliness)
  - Budgeting and financial planning
  - Creditor and debtor management
  - Bank and cash management
  - Asset management
- Business operating systems and procedures
  - Contract management (clients and consultants)
  - Financing of operations (bidding and costing, management fees, and cost recovery)
  - Profitability (profit margins and benefits)
- Human resources and administrative systems analysis
  - Staff management (recruitment, training, and evaluation)
  - Payroll (management of salaries, payment of taxes, and social security)
  - Purchasing and procurement management (procedures, and authorization levels)
  - Office and premise management

### E. Costing and Pricing

Understanding operating costs is critical if an organization is to price its services to include a viable margin that will allow it

to survive and thrive. Many small organizations fail to do this adequately, thereby putting themselves at risk. These organizations often rely too much on “break-even” strategies that may cover direct costs but offer no financial “cushion” when revenues dry up. Instead, organizations must include some cushion funding for research and development (R&D) as well.

To help RPs make the transition to a proactive business stance with regard to costing, pricing, and ensuring profitability, GMS sponsored development of a tool for costing and pricing by Judith Seltzer and Edward Kyi at MSH and Nyachienga Nyamache and Robina Omosa at Almaco, called the Financial Modeling Tool. All RPs have manifested significant interest in this tool and all twelve have been trained to use it.

Using the tool, RPs can produce a spreadsheet with analyses of their costs and prices displayed according to the rules of a variety of potential Global Fund clients. The Financial Modeling Tool allows the RPs to model potential net income (revenue after expenses) by entering costs (direct, indirect, fixed, and variable) associated with the design and/or delivery of a product or service. RPs can then determine the possible revenue generated through the sale of products and services, depending on the price points and volume of sales. The tool automatically calculates the following financial return indicators:

- **Contribution margin (percentage of total revenue)**—The contribution margin is the profits that are left over after variable costs are accounted for.
- **Gross margin (percentage of total revenue)**—Gross margin is the profits that are left over after variable costs and fixed costs are accounted for
- **Gross margin growth rate (rate of increase in gross margin compared to the previous period)**
- **Break-even analysis**—The break-even analysis is used to determine the point at which profits exceed total costs (both variable and fixed). Under the “Financial Charts” tab of the Financial Modeling Tool, the RPs are able to identify the point in the three-year period at which a product or service will become profitable. This is indicated at the cross-section of the contribution margin and the fixed costs.

### F. Marketing Plans

Marketing is defined as the management process through which goods or services move from concept to client. Marketing includes the coordination of four elements:

1. Identification, selection, and development of products or services
2. Determination of price
3. Selection of one or more distribution channels to reach clients
4. Development and implementation of a sales and promotion strategy

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According to GMS, marketing plan development is a two-step intervention, as described below.

**Step 1. Market Analysis**—In this step (usually carried out by a local service provider), the organization carries out a desk review and analysis of the local or regional business environment to produce comprehensive and up-to-date information regarding the organization's

- Core business (products and services)
- Current business model
- Actual and historical revenues by product or service
- Actual and targeted geographic intervention areas
- Target audience
- Existing and historical competitors
- Competitive advantage (key skills, competencies, and technologies)

Marketing plan development also produces the following:

- Tables comparing an organization's performance to a competitor's performance
- Trend analysis of industry developments, key industry success factors, and potential threats to organizational growth and/or sustainability

Although RPs may provide a range of products and services, market analysis *must* focus specifically on management-related TS provided to Global Fund beneficiaries. The data collected and analysis conducted must reflect this focus.

**Step 2. Marketing plan development**—Based on information collected during market analysis, the Tier 1 partner helps the RP develop a marketing plan consisting of

- **Market analysis** (see above)
- **Marketing objectives** (*why* and *what*)—These objectives are clearly linked to the strategic business assessment/strategic plan and business model and include a narrative description, target numbers, and milestones
- **Marketing goals** (for each objective)—These goals are detailed action plans for achieving each objective (describing who, where, when, and how). Marketing goals include time lines, resource needs, order of priority for implementation, risk and constraints analysis, and review process.
- **Budgets** (at least for one or two priority action plans to be executed in the immediate future)

GMS recommends recruitment of a local firm to carry out market analysis prior to the development of marketing plans by other RPs.

### G. Proposal Development

To maximize the chances of success of an RP's bid for non-GMS Global Fund opportunities (that is, Global Fund IQCs), Tier 1 partners support strategic decision making by

RPs regarding bidding opportunities. The Tier 1 partners review RP proposal drafts, capability statements, and other proposal elements to ensure coherence, cogency, and pertinence. This is an "on-call" service whose timing is triggered by the appearance of a bidding opportunity.

### H. Business Coaching

It has become apparent that once RPs have developed their strategies and business models, their leaders benefit greatly from executive coaching as they move forward with new (or expanded) Global Fund work.

For many, this initiative represents a radically different way of doing business—one that moves from external solicitation toward initiating contacts and stimulating client demand. A strong coach is an invaluable resource for the business leader at any time and especially during strategic transitions, tests of new products or initiatives, or times when the organization is navigating complex environments.

GMS understands business coaching as the process of engaging in regular, structured conversation with a client—an individual or team within a business, for-profit or nonprofit organization, institution, or government agency. The goal of business coaching is to enhance the client's awareness and behavior to increase the client's capacity to achieve business objectives.

Business coaching enables the client to understand his or her role in achieving business success and to enhance that role in ways that are measurable and sustainable. The coaching process may vary depending on whether an individual or team is involved, and relate to a range of goals (problem solving, career and succession planning, leadership/executive development, or creation of high-performing teams). Throughout the process, there is a clear dual focus on the business objectives of both the client and the client's organization.

This dual focus is what distinguishes business coaching from other types of coaching. The business coach helps the client discover how changing or accommodating personal characteristics and perspectives can affect both personal and business processes. Successful coaching helps the client achieve agreed-on business outcomes as an individual or team within the context of an organization.

Business coaching establishes an atmosphere of mutual trust, respect, safety, challenge, and accountability to motivate both the client and the coach. To that end, the business coach must conduct an ethical and competent practice based on appropriate professional experience, business knowledge, and an understanding of individual and organizational change.

"Business coaching" is an inclusive term that refers to all types of business and organizational coaching. It is practiced by internal and external coaches who may identify themselves as corporate coaches, executive coaches, leadership coaches, OD coaches, or other types of business coaches. Regardless of the practitioner's title, business coaching is defined by its dual focus on client and the client's organization.

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## I. Local Services

This stage of development places an increased emphasis on the use of local resources for RPs in areas such as business coaching, marketing materials, analysis and implementation, and website and legal services.

## J. Business Intelligence

To facilitate business development for RPs, GMS makes available up-to-date Global Fund grant management information that can help RPs target specific grants or beneficiaries (CCMs or implementers) that might benefit from their services. This information is downloaded by GMS on a monthly basis, formatted, and made available to RPs on GMS's the extranet.

## VI. DEVELOPING A CHARTER TO PROMOTE SUSTAINABILITY OF HIGH-QUALITY TS BY RPs

### A. Background

To ensure the sustainability of RPs providing TS to Global Fund grantees after the end of the project GMS, it is important that the RPs come together under some form of mutual agreement that survives the end of the project.

The idea of an RP charter was presented by GMS to the Tier 2, Wave 1, RPs in October 2013 during the first RPM. The idea garnered much attention and interest, especially because such a charter might help RPs respond to requests for TS solicitations from the Global Fund. The RPs agreed it was better for all 12 of them to apply for these opportunities together, as one consortium with combined skills, rather than to apply individually.

In early 2014, the majority of the Wave 1 RPs responded individually to the latest Global Fund IQC solicitation. However, these RPs included in their organizational descriptions a page describing their membership in the RP collective. This page explained that these organizations were trained and supported by GMS and that they shared standards of quality, consultants, and expertise to best address the needs of their potential clients.

To build on the momentum already being generated collectively by the Wave 1 RPs and to extend the discussion to the new, Wave 2 RPs, the RPM in April 2014 presented an opportunity to further develop what the Wave 1 RPs are calling their "strategic alliance."

### B. Framework and Charter Basics

GMS is facilitating the development of a charter and will provide support and guidance to the RPs as they mold the charter to meet their needs. GMS's first effort will be to introduce a framework or outline for the RPs to complete collectively. This framework will serve as a template and will include sections that are found in similar charters developed elsewhere. The following are the key sections commonly found in other charters:

- Purpose

- Mission
- Vision
- Values
- Governance
- Standards
- Duration
- Administrative procedures

### C. Facilitating a Draft Charter

As a facilitator, GMS will guide the RPs as they collaborate to shape the charter and develop a related document that will be useful for all members. Facilitation will begin at an RPM and will continue with GMS supporting the RPs as they develop a time line and a plan to complete a draft of the charter document by a date of their choosing. GMS will also ensure that each organization contributes to the charter so that the charter document is jointly owned by all RPs.

### D. Review and Feedback

In addition to providing guidance during the RPM, GMS plans to offer reviews and feedback on the charter as its development by RPs progresses, based on the agreed-on timeline and plan. GMS may call on Tier 1 partners to provide support when their expertise matches the needs of the RPs.

### E. Ongoing Guidance and Support

Beyond facilitating the development process and reviewing the end product, GMS will provide ongoing guidance and support as requested and required to complete a full draft of the charter document. GMS will also provide support to RPs through the following mechanisms on the "RP Corner" page of the GMS extranet: the Objective 2 discussion group on the Jive platform, individual pages on Basecamp, Global Fund information provided through GMS's business intelligence page, and the RP dashboard explained above.

## VII. STRENGTHENING OUTPUTS TO DATE

### A. Effects to Date: Organizational Restructuring and Capacity Building

At the end of PY2, the following significant OD achievements have been made.

- **Almaco**—Creation of office manager position; hiring of a third business partner, and ongoing exploration of an employee-owned business model (EOBM)
- **CURATIO**—Restructuring; creation of five new business units, including a business development unit; and successful bid with the Q Partnership for a Global Fund IQC solicitation
- **Eurasia**—Successful proposal to its board to adopt a new for-profit business model (management consultancy)
- **OASYS**—Hiring of new staff; strengthening of business systems; ongoing exploration of EOBM (including engaging consultancy services for shareholder valuation);

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leveraging of local business coaching expertise; and new product and service development (country dialogue project)

- **Plenitud**—Shift to a for-profit business model; significant business systems strengthening, notably in financial areas; and significant new (non-health) business
- **Q Partnership**—Overhaul of partnership to implement a tighter organizational structure and successful bid (with CURATIO) on a Global Fund IQC solicitation
- **TAI**—Review and streamlining of service portfolio (elimination of historic business line no longer offering sufficient return on investment)

Other partners are demonstrating a commitment to deriving maximum benefit from the service package offered.

### *B. Jump-Start Efforts*

During the first semester of PY1, OASYS developed an innovative service package focused on helping CCMs organize and lead the country dialogue process under the Global Fund's new funding model. The company successfully obtained funding for the project from GIZ's BACKUP Initiative. In addition, GMS provided seed money through its "Jump-Start Innovation Fund" to enable the OASYS founder and director to devote his time to research and development (or R&D) to refine the implementation strategy.

The project was launched in April 2014 in the form of a regional workshop held in Dakar, Senegal. Five CCMs (those of Burundi, Madagascar, Mauritania, Niger, and Senegal) attended. The project will be rolled out when countries submit their concept notes to the Global Fund.

### *C. Responses to Non-GMS Global Fund Opportunities*

Two Wave 1 RPs, Q Partnership and CURATIO, submitted a joint proposal for the first Global Fund IQC bid. This bid was successful and led the group to bid for the IQCs issued in early 2014 as an informal "collective." Other

partners have submitted individual proposals that have not been successful to date.

There has also been significant involvement of RPs in the CCM eligibility and performance assessments assignments.

## VIII. ONGOING ADAPTATION PROCESS

In conclusion, the authors of this paper propose that to sustain the supply of high-quality TS, participating RPs need to develop a charter that sets standards for the quality of TS provided. Adherence to such a charter could provide an advantage to member organizations when they respond to requests for TS from the Global Fund.

The GMS strategy for a business strengthening model for regional Global Fund TS providers continues to evolve. The strategy will be reviewed each year and updated based on performance, the changing environment for TS contracting, and new ideas that are identified by the Tier 2 RPs or on developments by or for them. This experimental approach will be evaluated in 2017.

## ACKNOWLEDGMENT

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