

GDLN Asia Pacific

BUSINESS PLAN

1 Introduction

1.1 Background

- This business plan is the result of a process that began with the appointment of a Regional Business Planning Committee at the EAPA meeting held in Hanoi in July 2005. The Committee's proposals were debated extensively at the next EAPA meeting in December 2005 and the conclusions were recorded in a document known as the Moresby Consensus. A draft business plan and charter for the new Association were discussed in detail at the EAPA meeting held in Bangkok from 22 to 24 May 2006.
- This document presents the proposals resulting from that extensive consultation process and is based on the Charter, amended to reflect the conclusions of the Bangkok meeting. It is intended to be read in conjunction with the Charter, although some provisions of the Charter are repeated or summarized here, in the interests of clarity.

1.2 Summary

- Given the current organizational structure and operating environment, the only way to achieve the desired levels of productivity and business is to bind closer together as an Association with a clear governance framework, commitments to service standards and an organizational structure to support it.
- This Association, tentatively named "GDLN Asia Pacific", will consist of voluntary members, a governing committee selected by the members, and an executive body including some full time staff. It will not levy any membership fees but will raise funds through its GDLN business by seeking reimbursement of management costs (currently estimated at 10% of program cost). It will also seek donor funding, especially in the early stages, to supplement these earnings.
- Efficient collaboration and service delivery will be promoted by developing suitable business processes and standards.
- The Association will develop and offer services such as staff training, regional marketing and other forms of technical and business support as required by a network business of this nature. It will strive to utilize to the maximum, the skills and capacity of members and partners in delivering these services, in the interests of productivity.
- The success of this initiative depends critically upon the appointment of a skilled management team and this in turn depends upon the ability to raise both seed funding and thereafter, revenue. Assuming that member DLCs would be able and willing to contribute certain resources such as office space and communications facilities, annual running costs are estimated at US\$350,000. This business plan projects increasing revenues leading to sustainability in five years.

- The key challenge is the capacity of regional DLCs to deliver the volume and type of business required for sustainability. This must be addressed as a matter of high priority as it will require investment in skills, capacity and productivity.

2 Aims

The primary aim of the Association shall be to substantially enhance GDLN business in the region by:

- Developing high-value regional programs based on business models that take advantage of available capacity and provide equitable distribution of business to member DLCs;
- Working to raise all member DLCs to a common high standard in technological and program quality by providing the maximum possible assistance through technical support, training and other available means, thereby striving to provide uniformly high levels of service to clients across the region;
- Building and strengthening relationships with key clients and partners on an on-going basis;
- Researching new methods and technologies to ensure that competitive advantage is retained.

3 Business Model

- The Association will not levy a joining fee or membership fee.
- It is expected to become self-sustaining in five years, earning revenue by seeking reimbursement of its costs through the budget of each regional program. This is currently estimated at 10% of total program cost.
- During the initial growth period, and possibly beyond, earned revenue will be supplemented by donor funds, which will be used to grow the management team in stages.
- The Association will attempt to leverage the skills and resources of its member DLCs and their partners, in order to hold down costs and improve capacity, credibility and sustainability of the network.

3.1 5-year financial projections

- The financial plan is based on a financial year running from July 1 to June 30, commencing July 1, 2006.
- It is assumed that:
 - The Association will be hosted by a DLC or other partner who will make some contributions in kind or cash – for example, office space, communications infrastructure.
 - Certain business services will be outsourced to other DLCs or partners, e.g. accounting and cash management.
 - Based on the above, there will be negligible capital expenditure in the first five years.
- It must be appreciated that the figures in Table (3-1) below are no more than broad estimates, as there are several factors that must be finalised before more detailed projections can be developed.

	FY07	FY08	FY09	FY10	FY11
Expenditure	100,000	200,000	275,000	350,000	350,000
Income	35,000	100,000	175,000	300,000	375,000
Contributions	65,000	100,000	100,000	50,000	(25,000)

Table (3-1) Indicative Financial Estimates

3.2 Challenges

- The annual income required to sustain the Association is estimated at US\$ 350,000 which corresponds to US\$3,500,000 worth of regional business. This is not, in principle, a large sum for a network that spans 11 countries and therefore the business development challenge seems entirely feasible.

- In order this volume of business DLCs would need to focus on a limited number of high value programs, similar to the Dengue Fever training program proposed by ANU recently.¹ This would require a strategic, coordinated approach to business development and capacity building, as many DLCs do not, at present have the required capacity.
- Developing adequate business to sustain the Association would not, in itself, denote success. The Association will need to go even further (a minimum of \$5,000,000) in order to ensure the sustainability of the entire network.

4 Strategy

- Develop consensus and progress the implementation plan as scheduled as a means of building credibility among members and stakeholders.
- Obtain seed funding and employ Business Development Manager and support costs as a matter of priority as delivery of the programs currently proposed and meeting initial revenue targets will be a critical test of the viability of the business plan. Use the credibility thus gained to obtain funds for the expected revenue gaps in the first four years.
- Focus on a carefully selected set of high-value programs with budgets in the region of \$200,000 to \$300,000 per year; use them to develop experience, expertise and relationships in the selected sector to develop follow on work.
- Develop a capacity building strategy that coordinates the development of skills and specialties among members as this will be critical to the development and delivery of high-value programs.
 - Each DLC may develop deep expertise in a few areas but the Association as a whole develops expertise in a number of areas.
 - Try to align the capacity building initiatives among related projects (such as TDLC) and donors with the Association's own strategy.
 - Invest strategically in Human Resources in every DLC, aggressively pursuing funding opportunities and leveraging the cash flow of regional programs to this end.
- Leverage the convening power and credibility of the World Bank and other key partners in the development of large scale programs and in seeking further investment

5 Services

- The Association would be expected to provide as set of services designed to help members achieve their primary aims of development impact and sustainability. At a minimum, member DLCs may expect the following:
 - International promotion and development of the Brand.
 - Strategic Planning through a consultative process.

¹ Developed in collaboration with the Wellcome Trust, this is estimated at \$230,000 per year. A similar program on Malaria is also being developed on the same model.

- Marketing – especially: regional client initiatives; providing a consistent interface to clients, prospects and partners; developing marketing strategies for specific programs and assisting members in executing them
- Training for DLCs and selected partners:
 - Aimed at implementing standards and methods designed to achieve high quality
 - As the means of quickly and consistently implementing innovation and change throughout the region
 - To assist in the startup of new DLCs
- Design of products and services

6 Key Performance Indicators (KPIs)

Much work has recently been done on the development of performance indicators and impact assessment measures for the EAP GDLN as a whole, whose primary purpose is to enhance development outcomes.

However, the KPIs proposed here, apply specifically to this Association, the primary aims of which are to establish as sustainable, development focused, EAP GDLN.

The proposed KPIs are:

- Ability to develop consensus in the region and work effectively on a collaborative basis, as measured by performance against the implementation schedule.
- Delivery of regional programs adopted annually.
- Achievement of revenue targets.
- Success of business development efforts (volume and projected revenue).
- Success of capacity building strategy. Measured by progress against the targets of that strategy.

7 Implementation Plan

The table below presents the key tasks and activities of an implementation plan extending to November 2008, when it is expected that management responsibilities would have been transferred completely to the management team of GDLN Asia Pacific and the Bank GDLN Team would withdraw. This is also coincident with the end of the current TDLC project.

Period	Key Activities
May 06 – Nov 06	<p>Finalise Charter as amended by members.</p> <p>Create governing committee according to decisions of Bangkok meeting</p> <p>Develop regional programs discussed in Bangkok into a work program.</p> <p>Set up financial arrangements</p> <p>Get seed funding and contributions in kind,</p> <p>Recruit a full time Business Development Manager</p> <p>Bank GDLN Team plays a strong coordinating and mentoring role to get the Association under way.</p> <p>Current secretariat transfers duties to new Association team in October 06.</p>
Nov 06 – May 07	<p>Business Development Manager in place.</p> <p>Business cards and other signage developed.</p> <p>Regional business activities under way, governing committee meeting regularly.</p> <p>Review progress through an open space workshop and develop ToR of Executive Director and all staff.</p> <p>Obtain additional funding to top up supplement available funds and revenue generated.</p> <p>Bank GDLN Team mentoring Association</p>
May 07 – Nov 07	<p>Bank GDLN Team continues to mentor Association</p> <p>Recruit Executive Director and progressively hand over but institution will continue to operate through a DLC.</p> <p>Revise ToR for Bank GDLN team in the light of new appointments</p>
Nov 07 – May 08	<p>Second progress review to assess stand alone capability and potential for incorporation of the Association as a non-profit organization.</p> <p>Continue training and mentoring support as needed.</p>
May 08 – Nov 08	<p>As determined by General Meeting revised governance structure put in place.</p> <p>Current TDLC project ends</p> <p>Responsibilities of GDLN Team transferred completely</p>