

# TURNAROUND MANAGEMENT AND BUSINESS ADVISORY SERVICES PROGRAMMES

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*Abstract: In this paper I present the link between TAM and BAS Programme and EBRD financing. The purpose of the TAM and BAS Programme is to promote economic transition through advice and mentoring at the enterprise level and to develop a sustainable infrastructure of business advisory services. There are strong parallels between the work of TAM and BAS and investments of the EBRD, which may invest in companies after a TAM /BAS project ends. The EBRD and its financial intermediaries have invested 722 million Euro in 163 enterprises that have received funding from TAM and BAS programme. This funding has contributed to a total project value of 1,66 billion Euro.*

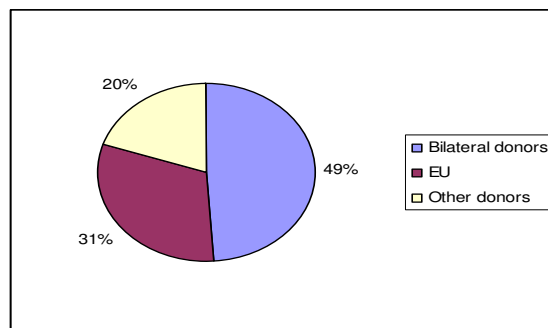
*Key words: TurnAround Management , Business Advisory Services, European Bank for Reconstruction and Development, micro, small and medium – sized enterprises*

## **Business Advisory Services (BAS) Programme**

The EBRD's TurnAround Management and Business Advisory Services Programmes are complementary schemes aiming to help enterprises adapt to the demands of a market economy. Both TAM and BAS work directly with individual enterprises, providing industry specific advice. These include restructuring of the business, improving its products, reducing operating cost, advising on local and export markets and helping to develop business planning skills at managerial level.

The TAM and BAS Programme is administrated by BERD and partly funded by EBRD and partly by donors. The biggest single donor is European Union, which has provided funding through the European Agency for Reconstruction, EuropeAid, Phare and Tacis. Bilateral donors include Austria, Belgium, Canada, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Japan, Luxemburg, the Netherlands, Norway, Spain, Sweden, Switzerland, the United Kingdom and the United States. The Programme is also been funded by multilateral donors, including the Baltic Technical Assistance Special Fund, the Central European Initiative, the EBRD's Early Transition Country and Russian Privatization Center. The following chart shows the sources of funding for TAM and BAS since 1993.

**Chart 1: Sources of funding for TAM and BAS since 1993**



The BAS Programme works with micro, small and medium – sized enterprises from agribusiness to manufacturing and tourism to define their business need and to identify services to be provided by local consultants. By using local consultants BAS combines the dual role of assisting SMEs in their business expansion with contributing to the professional development of local accredited business consultants.

The Programme's aim is to raise awareness of the benefit of using external consultants and to directly improve the supply and quality of local advisory services. In order to be qualified for consideration under BAS, enterprises should meet the following conditions:

- be majority privately and locally owned
- have been in existence for at least two years

- have little or no previous experience of using external consultants and do not have resouse to finance a complete project
- be able to demonstrate potential for growth and a capacity to absorb the assistance given
- operate in all sectors except banking and financial services, military product or services gambling.

The consultants involved in Programme must have the relevant experience, capacity, resources and general competences to undertake the assignment successfully. They are evaluated and accreditation will be granted for a specific advisory service types and sector of competence. The BAS programme provides a grand of about 50%, on average, of the total net project cost to a maximum of 10000 Euro

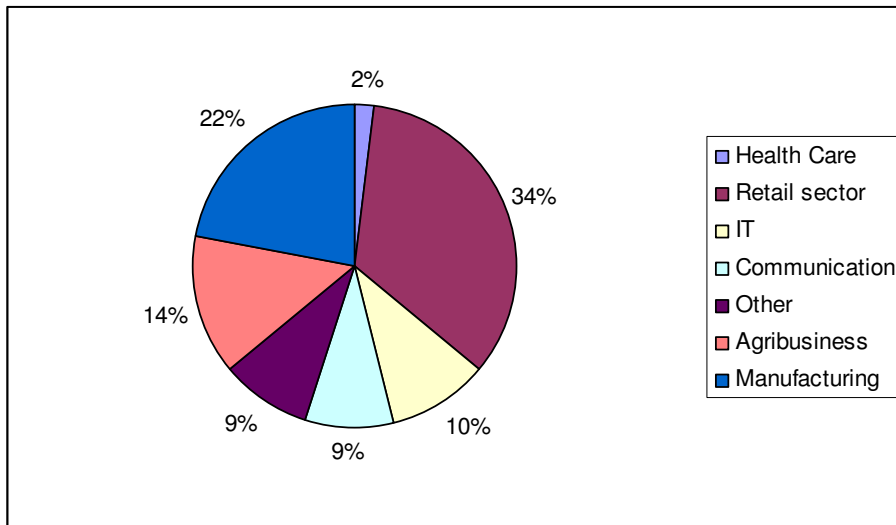
From its inception in 1995, BAS has carried out about 6000 projects and utilizing over 66,5 million of donor funding. Currently, BAS operates in 18 countries through 29 office and working with 1765 local consultants approved by local offices. Some 82 companies which have been selected for BAS assistance have subsequently mobilized 209 million euro in loans and investment, of which 51% were invested by EBRD and EBRD – related financial intermediaries.

### **Business Advisory Services (BAS) Programme in Romania**

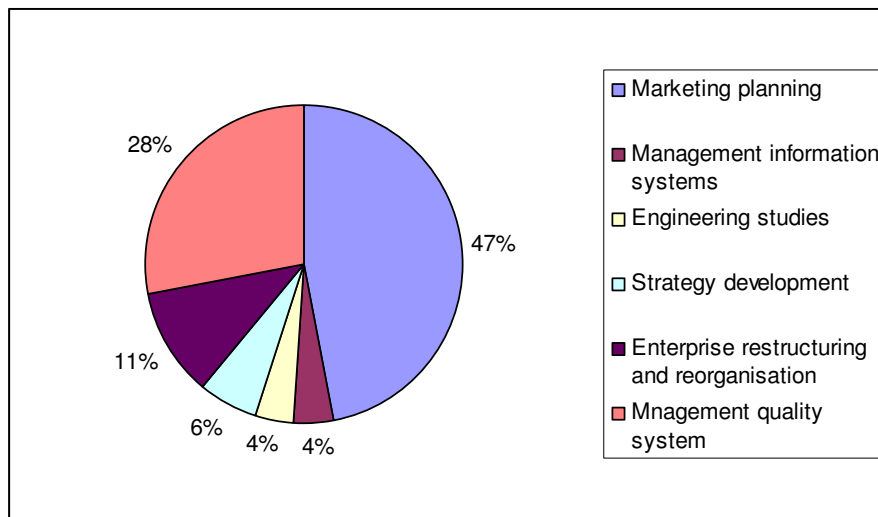
The Programme started in Romania in 2006.Until 2007 September has undertaking about 35 projects for micro, small and medium – sized enterprises with nearly 230,000 euro of donor funding. The total advisory project value is nearly 500,000 euro.

The following charts show the distribution of BAS projects by sector in Romania and the distribution of BAS projects by consulting areas.

*Chart 2: The distribution of BAS projects by sector*



*Chart 3: The distribution of BAS Project by consulting areas*



### TurnAround Management (TAM) Programme

The objective of the TAM Programme is to support economic reform by helping enterprises of all size to transform themselves so that they can operate successfully in a free market economy and help to develop new business skills at senior management level so as to be able to survive and compete in market economy.

TAM Programme work with experienced directors and senior managers from economically developed countries to improve technical and commercial know – how in local companies. They help to introduce a new management culture and to improve management skills. Projects involve extensive restructuring, encompassing all aspects of an enterprise’s activities. The strong management skills developed by each company receiving TAM support is a new and sustainable resource that continues to evolve once the project is completed. The skills developed by managers can also help to restructure and revitalize particular industry sectors. The TAM Programme has the following objectives:

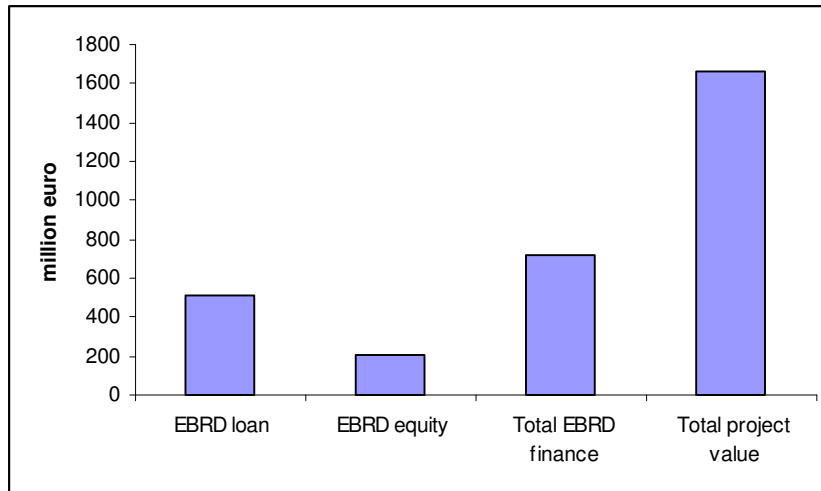
- Build the confidence of SME to operate successfully and adapt to international markets
- Assist SME to comply with industrial legislation and develop sound environmental practices
- Establish strategic direction and attract external investment and finance
- Help management prepare a business plan based on international business practices.
- Improve SME competitive position with marketing strategies and network of international contracts
- Introduce new and industry specific business skills directly to the senior management of SME
- Achieve sustainable results by changing the enterprise business culture and improving business viabilit

Since 1993, TAM Programme has carried out about 1500 enterprise restructuring projects in all of the EBRD’s countries of operations, involving over 96 million euro in donor funding. Some 97 companies which have been selected for TAM assistance have subsequently mobilized 1,6 billion euro in loans and investment. About 41% of this have been provided directly by EBRD or by banks that act as intermediaries for EBRD financing.

### Conclusions

Following EBRD investments, TAM senior adviser are able to assist in investment monitoring and to act as non executive broad members for EBRD equity investments and BAS consultants are able to provide advice for specific post – investment problems. Some EBRD investments were made with enterprises that undergone both TAM and BAS projects. The EBRD and its financial intermediaries have invested 722 million euro in 163 enterprises. This funding has led to co- financing with a total project value of 1,66 billion euro (see Chart 4).

*Chart 4: EBRD funding in TAM and BAS projects*



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