

Providers of Knowledge

**An Interview with Paul E. Tierney Jr., Chairman of the Board,
and Bruce McNamer, President and Chief Executive Officer, TechnoServe**

EDITORS' NOTE Prior to starting his current emerging markets investment entity, *Development Capital Partners*, and his health care venture capital company, *Aperture Venture Partners*, Paul Tierney co-founded and ran *Coniston Partners* and its successor partnerships throughout the '80s and '90s. Tierney



Paul E. Tierney Jr.

also founded and ran other investment vehicles, including *Coniston Global Partners*, *Corporate Value Partners*, and *Darwin Capital Partners*. He serves on the board of *Altea Therapeutics*, and is an Adjunct Professor at *Columbia Business School* and a member of the *Council on Foreign Relations*. He received his M.B.A. as a Baker Scholar from *Harvard Business School* and a B.A. with high honors from the *University of Notre Dame*.

Prior to joining TechnoServe in 2004, Bruce McNamer was a Senior Executive/Founder at startups *Verified Identity Pass (Clear ID)*, *Applucent Technology*, and *Varsity Group*. He worked as an investment banker at *Morgan Stanley* and a management consultant at *McKinsey & Company*. He was also a *White House Fellow* at the *National Economic Council* and a *Peace Corps Volunteer* in *Paraguay*. He has an A.B. from *Harvard University* and a J.D./M.B.A. from *Stanford University*.

ORGANIZATION BRIEF Founded in 1968 by Connecticut businessman Ed Bullard, TechnoServe (www.technoserve.org) empowers people in the developing world to build businesses to break the cycle of poverty. The U.S.-based nonprofit has helped to create or expand thousands of businesses, benefiting millions of people in more than 30 countries. The *Financial Times* rated TechnoServe one of the top five NGOs for corporate partnerships. Its corporate partners include *Cargill*, *Coca-Cola*, *General Mills*, *JPMorgan*, *Olam International*, *Peet's Coffee & Tea*, and *Standard Bank*.

How do you define TechnoServe's mission?

Tierney: The mission has always been to help the businesspeople and entrepreneurs in the poorer areas of Latin America and Africa build businesses. The constant for the past 42 years has been service. The "techno" part of our name is misleading, because only in rare instances are we the providers of



Bruce McNamer

high technology. Instead, we're the providers of knowledge and assistance to small businesses as they do the nuts and bolts of getting to market, producing goods well, doing strategic plans, and forming governance units. We've grown from aiding one man's effort in Ghana 42 years ago to where we now work in 13 countries in Africa, seven countries in Latin America, and recently, in India.

What is TechnoServe's general business model?

McNamer: Broadly, we're trying to identify viable economic opportunities with a focus on certain sectors. Agribusiness has been one such sector, because of our focus on rural poverty. In Kenya, we look to dairy and coffee. In Ghana, it's cocoa and pineapple. In Honduras, it may be a different set of sectors, but in all cases, we look for real economic and market-based potential for entrepreneurs, enterprises, and farmers and farmer groups.

We focus on two lines of business in those sectors: one is coordinated interventions along the supply chain – from input supply to farm production, transport, value-added processing, trading, links into markets (local, regional, or international) and policy. So in coffee, for instance, we may work with the farmers on agronomy as well as with international buyers of coffee and the government regarding policy constraints.

The other line of business is entrepreneurship. That intersects in many instances with the supply chain, because there are enterprise opportunities there for packaging, processing, transportation and storage, or other logistic services, but it also extends more broadly to promoting small business development itself. So we've run national business plan competitions in 12 countries, oftentimes with sponsorship from organizations like *JPMorgan* or *Cargill*. The work is very hands-on and involved; it's a combination of management and technical skills consulting. And while we don't provide capital directly to those businesses, we act as a broker and introduce sources of capital to the businesses we work with.

How does TechnoServe structure its relationships with its corporate partners?

McNamer: In some instances, you might call them arm's length transactions. That is our corporate

partners are ultimately buyers for the products produced by the businesses we're working with. For instance, *Starbucks* and *Peet's* are fantastic corporate partners; they provide technical assistance and buy coffee from the businesses we work with. At the other end of the spectrum, you have straight-up corporate philanthropy – the sponsorship of our national business plan competitions, for example.

In between those efforts, there are instances in which corporations are putting money into our supply chain. We're now in partnership with *Coca-Cola* in East Africa in a program that looks to source fruit for juice that *Coca-Cola* will begin marketing in East Africa under the *Minute Maid* brand in the next year. It's a \$12-million program, and the *Gates Foundation* is funding about 65 percent of that, and *Coca-Cola* is funding about \$4 million of it. TechnoServe will work with about 50,000 small farmers in *Uganda* and *Kenya* to help them organize into business groups, get quality product into the supply chain, and work with local processors who make the fruit pulp that will ultimately be included in *Coca-Cola's* product. *Coca-Cola* thinks about this in supply chain terms as much as they do in terms of corporate philanthropy.

What kind of focus has TechnoServe put on Haiti?

McNamer: *Coca-Cola* recently announced the launch of a new line of *Odwalla* juice under their label, *Haiti Hope*. All profits from the sale of this juice will go specifically to a program that TechnoServe will run to build the capacity of mango producers and processors in Haiti. The long-term design of the program is to get 25,000 Haitian farmers into a sustainable commercial supply chain and to get enterprises in Haiti processing pulp for the *Odwalla* drink.

How do you ensure that the progress made is sustainable?

Tierney: When we choose a new country to go into, we have two challenges: one is to finance the initial work, but the second is to finance an ongoing program that continues to grow, because critical mass is important. We would rather work in fewer countries and have a greater impact, than work in many countries with less permanency.

McNamer: Our goal is to create opportunities for enterprise creation and give the right kind of training and access to capital for those businesses to continue to be successful without TechnoServe being around. In the relief business, it's hard to make a case for sustainability, but the business-building business lends itself to more sustainable outcomes. ●