



**USAID**  
FROM THE AMERICAN PEOPLE

# Excellence, Inc. Strategic Review

February 7, 2008

This publication was produced for review by the United States Agency for International

Development. It was prepared by Andrew Kaiser, The Kaizen Company.

# **Excellence, Inc. Strategic Review**

SUSTAINABLE ACHIEVEMENT OF BUSINESS EXPANSION  
AND QUALITY (SABEQ)

CONTRACT NUMBER: 278-C-00-06-00332-00

BEARINGPOINT, INC.

USAID/JORDAN ECONOMIC OPPORTUNITIES OFFICE (EO)

FEBRUARY 7, 2008

AUTHOR: ANDREW KAISER/ THE KAIZEN COMPANY

6.1.5. A.34.1.1 EXCELLANCE, INC. STRATEGIC REVIEW

## **DISCLAIMER:**

The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

# CONTENTS

- EXECUTIVE SUMMARY ..... 1
- PART ONE: PROFILE OF EXI..... 1
  - Introduction ..... 1
  - Background ..... 1
  - Key Accomplishments to Date ..... 2
  - Current Organizational Health ..... 2
  - Financial Viability ..... 2
  - Personnel Competitiveness ..... 4
  - Service Offerings ..... 5
  - Pricing ..... 6
  - Summary:..... 6
- PART TWO: FUTURE POSSIBILITIES ..... 6
  - Operational ..... 6
  - Strategic ..... 9
    - Option 1: Expand the Market for Government Excellence ..... 9
    - Option 2: Shift to Excellence in New Areas ..... 11
    - Option 3: Maintain the Status Quo ..... 13
- PART THREE: RECOMMENDED NEXT STEPS ..... 14

## **Executive Summary**

This report reviews the mandate, mission, performance, and strategic direction of Excellence, Inc. (EXI) a not-for-profit company based in Amman Jordan, and presents possible changes and courses of action to its Board of Directors and Chief Executive Officer (CEO).

Excellence, Inc. is in need of a turnaround strategy. If current trends persist it is very possible, if not probable, that EXI will not have sufficient financial resources to remain in operation for the duration of 2008. This represents potential financial risk to EXI's shareholders.

Potential exists for EXI to transform itself into a fully sustainable, financially viable organization that adds significant value to Jordan in one or more capacities. To realize this potential, EXI's BOD, employees, and potentially shareholders should act both quickly and decisively.

This report is divided into three sections. The first presents EXI's successes to date and provides a basic snapshot of its current organizational health. The second section presents a variety of possible options, some of which are recommendations, for EXI's BOD and CEO to consider. They are divided into operational and strategic. The strategic options outline three possible directions for EXI, the first two of which contain a range of possibilities and required decisions. The third and final section of this report suggests next steps for EXI to take in making decisions and moving forward.

## **Part one: Profile of EXI**

### **Introduction**

This strategic review was requested by EXI's Board of Directors. The purpose is to identify potential future scenarios for the Board to consider in terms of reestablishing and/or transforming EXI's mandate, mission, and market niche. The review took place during January of 2008, and consisted of a review of key EXI documents, as well as with individual meetings with four members of EXI's BOD, EXI's CEO, and select USAID and USAID contractor personnel.

### **Background**

Excellence Inc. (EXI) was created in 2004 with the mandate to use proven models and international best practices to guide Jordanian institutions through organizational transformation and towards a culture of excellence. At the time, a survey of over thirty Jordanian public sector organizations revealed that 96 % valued the 'Centers of

Excellence' Institutional Transformation Services that EXI was singularly qualified to provide, and 76 % indicated a willingness to pay for these services with their own funding. Based on this market demand and in order to continue support for institutional excellence at Jordanian government institutions, the United States Agency for International Development (USAID) provided EXI with start up capital and initial technical assistance. The expectation was that EXI, established as a not-for-profit organization, would leverage these resources to become a fully self-sustaining organization.

## **Key Accomplishments to Date**

The market for organizational improvement, quality, and excellence now exists among Jordanian public sector institutions. EXI, along with KACE, can take credit for the establishment and increased maturity of this market, and the numerous improved government services that have come about as a result of this market. EXI has played a direct role through approximately 40 fee based contracts with more than 20 government agencies over its 3 1/2 years of operation.

However, this market remains largely cyclical, with government agencies striving for excellence on a bi-annual basis in preparation for the prestigious King Abdullah II Award for Government Performance and Transparency (KAAGPT). This market has also attracted the attention of numerous for profit consulting firms, who now actively sell their services to government agencies striving to achieve excellence and compete for the award.

This saturation of the market by private firms is a significant success from a development perspective, but also presents a challenge to EXI, which is not intended to compete against for profit firms. The fact that the quest for institutional excellence among government organizations (as indicated by the demand for consulting services to support this) remains cyclical and largely driven by participation in the KAAGPT, however, implies that the pursuit of excellence among Jordanian governmental and quasi-governmental institutions is somewhat cosmetic. The goal of achieving a culture of ongoing improvement and excellence throughout Jordanian government is not yet fully met. This is not meant as a criticism of EXI, KACE, or any other individual organization. While extremely important for Jordan's overall development, this goal is very hard to achieve.

## **Current Organizational Health**

To assess EXI's current organizational strength and operational sustainability this consultant is reviewing EXI's financial viability and personnel qualifications.

## **Financial Viability**

From a financial standpoint EXI's current situation is tenuous. EXI previously received grant funding and only recently has had to fully cover its full costs. One could make the argument that thus far EXI has never been financially sustainable On a full cost recovery basis It needs to achieve the this, quickly.

The following chart illustrates some key financial information:<sup>1</sup>

25,000JD	Money in the Bank (January 2008)
45,000JD	Accounts Receivable (all short term)
41,000JD	Back Taxes owed
70,000JD	2008 Contracts in Hand*

EXI's expected costs (mostly salaries) in 2008 are expected to be approximately 16,666JD per month, this is slightly above 2006 average monthly costs of 15503JD.<sup>2</sup> EXI is projecting 210,000JD in revenue for 2008, with a surplus (de-facto profit) of 4.7%. EXI owes significant back-taxes. In this consultant's experience, having only 1/3 of projected billings for the year 'in hand' at the beginning of the year is relatively low for the consulting industry. However, EXI's contracts tend to be much shorter in duration and smaller in size than is typical. This may imply faster average win and implementation timelines, and possibly that this 1/3 ratio is less critical than with consulting firms more accustomed to longer term engagements.

The following present worst, expected, and best case scenarios for EXI in coming months:

*Worst case:* Excellence Inc begins losing money and faces financial insolvency within **two months**.

#### Assumptions

- Back taxes due in 2008 are due immediately, or;
- Accounts receivable are further delayed or not paid, or;
- None of the contracts in hand commences in the short term; and
- No unexpected 'windfall' contracts are won and implemented in the short term.

*Expected case:* Excellence Inc faces insolvency in approximately **six – eighteen** months.

<sup>1</sup> These numbers were supplied by EXI. The consultant has not had the time to check for accuracy.

<sup>2</sup> 2007 numbers are not yet available.

#### Assumptions:

- EXI wins an average of two contracts every three months for the rest of the year. Contracts are an average of 17,500JD, all of the work is completed in 2008,<sup>3</sup> and EXI is paid within two months of completing each consultancy.
- EXI begins implementing contracts in hand within two months.
- Back taxes are reduced, not due in the short term or a payment plan is established spreading out this debt over one year.
- Current account receivables are all received within the next few months.
- EXI's expenses remain as projected for 2008.

Note: This consultant does not have sufficient information to accurately gauge the likelihood of EXI winning this number and size of contracts. However, this is the lynchpin of EXI's ability to continue in operation indefinitely. EXI's role on a USAID funded project in Aqaba is as yet uncertain in terms of expected revenues, but could potentially

<i>Best Case:</i> Excellence Inc continues as a sustainable entity indefinitely.
--

turn into a reasonably significant additional source of revenue.

#### Assumption:

- EXI wins the equivalent of two contracts every three months indefinitely. Contracts are an average of 22,000JD or higher.

Note: To date EXI has never developed this amount of new business sustainably and the market for its core services, government institutional excellence, will likely reduce every second year. There is little reason to believe that EXI will successfully achieve this best case scenario unless changes are made.

## Personnel Competitiveness

On EXI's founding in 2004 EXI had eight employees. EXI currently has fifteen employees. The level of these employees is as follows:

2 Office staff (assistant and accountant)

8 Junior: 5 years or less of post college experience

2 Mid-level: Up to ten years of post college experience (including graduate school where relevant)

3 Senior: Greater than 10 years of post-college experience.<sup>4</sup>

---

<sup>3</sup> Eight 17,500 contracts equals 140,000JD in new contracts. This, with the 70,000JD in contracts in-hand represents EXI's projections for 2008. This consultant does not know how accurately EXI is able to project potential new business opportunities.

<sup>4</sup> One of these three has very little relevant experience.

Excepting CEO Majd Abbassi and one Administrator, none of EXI's original technical personnel remain with the organization. Turnover appears to be relatively high as compared to industry standards.<sup>5</sup> Such high turnover is extremely detrimental to consulting organizations as, by definition, a consulting firm's value depends very heavily on the collective knowledge and experience of its personnel. At least one example exists where EXI was denied a potential contract due to the weakness of personnel submitted.

EXI maintains fourteen employees as this capacity is required in market up cycles. However, it seems that the salary requirements of maintaining these personnel during down turns in the cycle is simply too great. Unless EXI can find sufficient counter cyclical work to maintain payroll, it should consider shrinking its current number of staff.

## **Service Offerings**

EXI lists seven core services. These are:

1. Institutional Transformation (Centers of Excellence)
2. Assessments and Benchmarking
3. National excellence models and awards
4. Customized and certified training
5. Process mapping and streamlining
6. Human Resources management
7. Strategic management

This consultant's understanding is that the first three of these services are not currently offered by Jordanian consulting firms. Services four through seven are readily available. While there will always be overlap in the services provided by EXI and those provided by others in the marketplace, the challenge is for EXI to stay 'ahead of the curve' in the service offerings it provides, revising its service offerings as other firms saturate its existing market to ensure new, cutting edge services not yet offered in Jordan.

---

<sup>5</sup> Based on this consultant's understanding and experience with multiple consulting organizations.



## **Pricing**

EXI's contracts are costed based on expected person days and anticipated competition. EXI's costing formulas reveal a methodology that is different than this consultant has seen previously, but still follow a clear logic and account for EXI's overall costs. However, certain assumptions, (such as an estimated 80% utilization of the consultants followed by a 70% mark up) appear redundant. It seems unlikely that they are based on EXI's historical rates of consultant utilization.

## **Summary:**

EXI is in some trouble financially and unless current trends reverse themselves it may not have sufficient financial resources to continue in operation. EXI is overstaffed with consultants who are less qualified than is necessary to compete effectively. EXI's service offerings do not sufficiently distinguish it from the competition. The one market in which EXI remains competitive, government institutional excellence, remains cyclical and is by and large saturated with private sector consulting firms offering similar services. For EXI to maintain its viability and add value to Jordan as a not-for profit organization, much needs to change.

## **Part Two: Future Possibilities**

This section provides recommendations for EXI's Board of Direction to consider in its leadership of Excellence, Inc. We divide these recommendations into operational and strategic. The former cover areas that EXI's BOD should consider to improve the running of EXI as a sustainable business. The latter cover suggested strategic shifts that EXI may wish to take to maintain its relevancy and value to Jordan in a changing marketplace.

## **Operational**

EXI should focus considerable efforts on improving its operational effectiveness. Regardless of the strategic direction Excellence, Inc. chooses to pursue, it must be run better in order to become a self-sustaining institution. This involves better management decisions in several areas such as personnel, pricing, service positioning, financial management, marketing and sales, etc.

At its onset EXI survived in large part due to grant subsidies. From its inception in July of 2004 through the end of 2005 it received grant funding to cover almost all of its costs. This included 143,000JD for salaries and a fully furnished office. For profit consulting firms would have borne many of these expenses without the benefit of grant subsidies. The intention was for EXI to use this grant funding as a springboard for sustainable success. EXI has thus far stayed in business and furthered its mission for over two years after the grant. Without grant funding to rely on, this challenge is

significantly greater. The following are recommendations for the board to consider in to improve EXI's operational effectiveness. In no particular order, they are:

Recommendation #1: EXI may wish to contract, as one BOD member suggested, a Co-Executive Director focused on management and operations. A third senior person (should EXI's BOD opt for a panel management approach) might hold the primary responsibility of strategic direction. This would free Majd Abbassi up to focus on his strength of overseeing the technical implementation of EXI's projects.

Recommendation #2: Improve service pricing. EXI must better understand the full cost of delivering consultancies and price its services accordingly. While in rare circumstances it is necessary to take contracts at below cost, this is unsustainable if done consistently.

Recommendation #3: Increase use of external consultants. As mentioned, EXI's primary service is cyclical. It simply cannot afford to maintain payroll for fifteen staff for long periods of time when its services are not in demand. It is common for consulting firms to employ external consultants on an as needed basis during upturns in demand. Employing external consultants and having full-time employees work with them is also a good way to learn new, cutting edge skills that EXI could potentially turn into new services.

Recommendation #4: Develop 'down cycle' services to complement services in preparation for the KAAGPT. Given the cyclical demand for EXI's core services, it would be in EXI's best interest to develop and sell 'counter cyclical' service.

Recommendation #5: Rethink perception of 'competitors'; consider KACE, SABEQ, and donor implemented programs as clients and collaborators, rather than as competitors. EXI's CEO currently considers these organizations to be EXI's primary competitors. This consultant feels that this view is both erroneous and counterproductive. Such organizations outsource much of what they do to local consulting organizations such as EXI. EXI's focus on embedding a transfer of knowledge to its clients in the work that it does is *extremely* attractive to donor organizations. If EXI is able to understand these clients and package and market its services appropriately, they could be a major source of revenue. EXI is already pursuing this strategy to a limited extent. Currently a resource firm<sup>6</sup> on the USAID funded Aqaba Community Based Economic Development program (ACED), EXI stands a reasonable chance of gaining opportunities to provide its service at full cost-recovery rates. EXI should consider pursuing projects such as ACED more regularly, albeit preferably as a subcontractor (with more guarantees as to the quantity and type of services) and not as a resource organization. Pursuing such contracts takes more sustained, up front effort than EXI's typical projects, but the potential rewards are well worth it.

Recommendation #6: Pursue fewer, larger contracts (related to #5 above). Currently, most of EXI's contracts are rather small. Large contracts, such as contracts to provide EXI's core services to multiple organizations simultaneously,

---

<sup>6</sup> A status in the industry that is not as significant as a 'sub-contractor' but that still holds significant potential.

take slightly more time to cultivate and win, but provide a much more stable source of income and work. Winning numerous small contracts is much less cost effective for consulting organizations over the long run.

Recommendation #7: Consolidate functions, Hire fewer but more senior level staff, and have a greater senior/junior staff ratio. EXI should consider taking a more typically small organization approach, asking technical personnel to take on support roles simultaneously, focusing more on support functions during down-turns in demand for EXI's services, and outsourcing some support services such as legal advice, contracting, and perhaps financial management (areas where select board members are concerned that EXI may lack necessary systems and/or expertise). Furthermore, EXI's staff is decidedly junior for a consulting firm. Only five of the thirteen technical staff (38%) have more than years of post university work experience. One of these five has experience in areas that have little to do with EXI's focus.

Recommendation #8: Focus greater efforts on client retention and expansion. EXI boasts a strong reputation and satisfied clients as one of its strengths. This may well be the case, but the proof of this, measured by clients retained and increasing contract sizes from repeat clients, is thus far insufficient for EXI to easily sustain operations or even expand. A well known tenet of marketing is that it takes five times as many resources to win a new client than it does to keep and expand an existing client. EXI should concentrate on developing 'follow-on' services that it can package and sell towards the conclusion of its initial consultancies with new clients.

Recommendation #9: Seek an endowment. This suggestion came from CEO Majd Abbassi and has some merit. An endowment would alleviate EXI's core financial and cash flow problems. However, in order to merit an endowment EXI must demonstrate that it is able to consistently provide value over time and in an ever shifting marketplace. This is not yet the case. EXI's BOD should consider pursuing an endowment for EXI once EXI has clearly demonstrated its ability to add value to Jordan over time.

Recommendation #10: Establish a 'dashboard' of metrics to submit to the BOD on quarterly basis that facilitates more active and effective BOD oversight. EXI should work with the BOD to determine the specific metrics used. This should include, at a minimum, a financial tracker with accounts receivables, outstanding project backlog, and a new business tracker.

Recommendation #11: Continue with innovative incentive schemes. The BOD's decision to provide bonuses to EXI's employees should EXI exceed revenue and profit targets is a powerful incentive and may well generate increased revenue and profitability. The BOD may wish to create additional financial incentives for activities such as new client sales, repeat client sales, or project expansion.

## Strategic

The most important goal in setting EXI's future strategic direction is to find a focus that excites and motivates EXI's BOD and employees alike. This is the only way that these critical stakeholders will attain and sustain the heartfelt commitment necessary to secure both EXI's prosperity and the benefit that it could ultimately bring to the Kingdom of Jordan.

With this in mind, this consultant feels that Excellence, Inc. has three primary options<sup>7</sup> in terms of its strategic direction, the first two of which could potentially achieve the above. These are:

1. Work to expand the market for government institutional excellence, creating and filling demand for excellence in government that extends well beyond the KAAGPT, and is both less cyclical and less cosmetic.
2. Revise service offerings dramatically; shift from excellence in government institutional reform to excellence in one or more areas that are either new or underdeveloped in the Jordanian marketplace.
3. Maintain the status quo and continue pursuing EXI's current strategy.

In this section we explore each of the above.

### **Option 1: Expand the Market for Government Institutional Excellence**

EXI's vision is 'to be a provider of international cutting edge practices to institutions seeking excellence'. While this could include both private sector and public sector firms, in practice the public sector has always been considered EXI's focal market. It is also the sector in which EXI's current chairman and CEO prefer that EXI focus primarily. Other board members, however, feel that EXI could and should add value working in the private sector as well.

*Whether or not EXI focuses on public sector, private sector, or both, is a decision that EXI's BOD must make and unanimously support.*

Should EXI choose to focus exclusively on the public sector, EXI should seek, through partnerships and its own efforts, to increase the desire of public sector leaders to pursue institutional excellence and to demand services to achieve institutional excellence throughout the year, not solely in preparation for the King Abdullah Award.

As mentioned previously, EXI and KACE have contributed significantly to Jordan by putting excellence on the map. This has resulted in several improvements in the way

---

<sup>7</sup> Two other possibilities mentioned by a single individual, which the board may wish to consider, are (1) to merge EXI into KACE or (2) to transform EXI into a company (either employee owned or folded into an existing firm that would make commitments to maintain some of EXI's original mandate).

government agencies serve citizens. However, the pursuit of quality and institutional excellence, and the ensuing improvement in public sector services, policies, and regulations, does not appear to be a constant pursuit of government agencies, but rather a focus and primary pursuit only when competing for the KAAGPT.

The challenge is to change this, make institutional excellence an ever present priority of public sector leaders, and *expand the market* for services to assist public sector agencies to constantly improve and strive for excellence. EXI is relatively well placed to service this market. Should it expand sufficiently, EXI could continue to service it indefinitely and achieve full operational sustainability in doing so. EXI would of course still need to constantly upgrade its own service offerings to stay on the cutting edge of government institutional excellence. The following are means through which EXI might expand the market for government institutional excellence:

Recommendation 1: Enlist the BOD to advocate for top level government support of ongoing improvement and excellence. Both the Royal Court and the Prime Minister's offices have incredible influence over Jordanian government agencies. The more that they support institutional excellence both through their words, actions, and policies, the more that public sector leaders will take it seriously and pursue it seriously. As a not-for-profit entity, EXI can and should highlight previous successes and work actively to introduce language, policy and/or political incentives into the actions of both His Majesty and the Prime Minister's office.

Recommendation 2: Collaborate more closely with KACE. Seek out a more holistic partnership with the King Abdullah Award for Government. EXI's BOD should meet directly not only with KACE's Managing Director Yasera Ghosheh, as they are doing, but should also create a value proposition that goes directly to KACE's BOD. Both KACE and EXI stand to gain considerably from a more comprehensive partnership. However, EXI's CEO must recognize that such partnership is a privilege, not a right, and EXI must earn the support of KACE and other organizations through its work. Furthermore, partnership with KACE in and of itself will not expand the market for government institutional excellence sufficiently.

Recommendation 3: Seek to partner, through contract, with the Ministry of Public Sector Development (MoPSD). MoPSD currently plans to support four pillars. These Are (1) streamlining/rightsizing, (2) business process reengineering, (3) human resource development, and (4) service quality. All of these are areas within EXI's current strategic focus. EXI's CEO stated that this included the potential launch of a mystery shopping program to regularly assess the effectiveness of public services. Should KACE win one or more contracts under service quality it would serve the dual advantage of bolstering EXI's bottom line while increasing the demand among government leaders for support to improve services that score poorly in the mystery shopper results. While it might be a conflict of interest for EXI to assess a service poorly in the mystery shopping exercise and then propose to fix it, if EXI were to establish a niche in either of these roles (carrying out mystery shopper activities or assisting organizations who score poorly in mystery shopper results) it would bode well for EXI's bottom line. EXI should thus seek to work more closely with MoPSD.

Recommendation 4: Advocate for greater donor support of institutional excellence. Jordan receives significant amounts of donor assistance annually from donor agencies

such as USAID, the World Bank, the European Union, etc. These organizations fully understand the value of good governance and efficient, effective government services. As EXI is a not-for-profit entity, donors will listen and respond more to EXI than they would to for profit firms. Furthermore, one of the key things that sets EXI apart from private consulting firms is its approach – that of ‘building the capacity of clients in the work EXI does and how EXI does it’ is music to donors’ ears. EXI can and should speak with these organizations regularly and seek to persuade them to invest resources in areas that will improve the market for government institutional excellence. EXI’s influence should focus on convincing donors that funding for incentives which lead to locally-driven reforms are more beneficial than funding for ‘pet projects’ of individual government agencies.

**Recommendation 5:** Develop implementation support services for Jordan’s numerous national initiatives. Several initiatives such as Jordan Vision 2020, Jordan First, the National Agenda, and various royal and prime ministerial decrees are abandoned short of full implementation. EXI could perhaps serve as a watchdog of these various initiatives, and transparently identify which government organizations are and are not meeting their various commitments in a timely fashion. Linking the ability of various organizations to meet these commitments to final scores on the KAAGPT, or otherwise publicizing both positive accomplishments and shortcomings, is a potential value added service and ‘market maker’ for government institutional excellence.

## **Notes**

Should EXI’s BOD pursue this strategic direction it should support EXI to expand the market for government institutional excellence, and to meet this demand successfully. Several of the recommendations above could be pursued simultaneously. Forming a collaborative partnership with KACE, MoPSD, the Royal Court, the Prime Minister’s office, and donor agencies around shared goals could potentially open doors to EXI, and greatly benefit Jordan as a whole.

## **Option 2: Shift to Excellence in New or Underdeveloped Areas in the Marketplace**

‘We (EXI) must shift our strategy; we must shift powerfully, create an action plan for 2008, find the technical capabilities and do the work!’

- EXI Board Member

As stated previously, EXI was originally created to support Excellence Government institutional excellence. EXI made significant contributions in this area. Numerous Jordanian for profit consulting firms are now offering these services to public sector agencies. A market for such services has been created. This is a clear development success.

EXI may now wish to consider a completely new strategic direction. This second option entails a dramatic shift in EXI’s mandate, where EXI would maintain a focus on Excellence

but moving into areas beyond government institutions. Should EXI's BOD choose this option, it could set a strategic precedent for EXI to periodically shift direction dramatically, under the guidance of the BOD and likely with support from donors, and offer services that are new or underdeveloped in the Jordanian marketplace. Such a shift could occur either every couple of years or as needed, with EXI staying the course with whichever direction it takes until a sufficient number of Jordanian private firms begin offering quality services in this area. EXI would then shift to a new 'cutting edge' area.

Should the BOD choose this strategic direction, it would be perfectly acceptable for EXI to simultaneously continue offering its current government institutional excellence services while it makes this transition. However, ultimately EXI should commit to reducing or eliminating current services (as private firms are now competing actively), and should be careful not to focus on too many services at one time (and risk a delusion of quality). In order to make such a shift EXI would need to undergo the potentially costly retraining of current staff and/or would need to hire new staff with relevant qualifications. The following are the services that individuals interviewed for this report, all key EXI stakeholders, suggested for consideration. The first two possible services were mentioned by several EXI BOD members and have clearly been discussed by the BOD previously. Subsequent potential services are listed in order of this consultant's perception of their potential:

- i. **Excellence/Corporate Governance:** Supporting Jordanian companies to create more effective governance structures would ultimately improve their overall management and competitiveness, while potentially making them more attractive investments. This would in turn contribute to the validity of their listing on the Amman Stock Exchange (or potentially other exchanges) and improve the likelihood that they receive investment. This consultant is unaware as to whether or not such services are already available among consulting firms in the Jordanian marketplace, or of the demand among Jordanian firms for these services. This option, however, was mentioned by multiple EXI BOD members.
- ii. **Excellence/Corporate social responsibility:** As globalization increases and civil society organizations serve as better corporate watchdogs, corporate social responsibility (CSR) is an emerging priority of companies and donor organizations internationally. As such, consulting firms are responding to this demand and increasingly supporting firms to develop sound CSR programs. Once again, this consultant is unaware as to whether or not such services are already available among consulting firms in the Jordanian marketplace, or of the demand among Jordanian firms for these services. EXI could also couple this service with the corollary area of excellence in Business and government ethics.
- iii. **Excellence/Customer service:** This is an area that has cross over appeal as EXI's services could support both public and private sector services. Service standards in Jordan are almost universally considered to be low by international standards, if not by regional

The following other potential service areas received a single mention during the consultant's interviews:

- EFQM certification
- Information and customer security
- Advocacy
- R&D and Technology
- Advice for outsourcing

standards. EXI could develop and sell services to support excellence in customer service, and the benefit this brings, to a wide range of potential public and private sector clients

- iv. Excellence/environmental services: Environmental conservation is an ever-increasingly urgent priority in Jordan as petrol prices surge and water reserves dry up. While one firm, Eco-consult, is active in this area, it is a market that is far from saturated in Jordan and as environmental conservation becomes an increasing imperative, as it is bound to do, there may be room for EXI to develop services in this area.
- v. Excellence/Business association management: Jordan had had a proliferation of business associations over the past years, in some part due to the expansion of donor funding. EXI could conceivably tailor its existing institutional excellence services to address the specific needs of business associations. One benefit to this strategy is that it keeps EXI away from working with private sector firms, and accusations of competing against for profit consulting firms. On the other hand, business associations are notoriously under funded and may not have sufficient funds to pay EXI's fees.

### **Option 3: Maintain the Status Quo**

This third option is the easiest as it requires doing nothing. Assuming the continuation of current trends, however, it is unlikely that EXI will continue to operate sustainably indefinitely. Eventually it may need to be shut down due to insufficient operating funds. Should the BOD choose this option it should also, at the very least, set minimum continued operating targets for EXI and monitor these targets diligently. This would ensure that the BOD has ample warning and can step in and close EXI if necessary, protecting shareholders from any possible financial liability. That said, with some minor changes in approach and strategy, EXI may stay in business indefinitely. The question for the board to answer then would be whether or not EXI is achieving its mandate sufficiently.

### **Possibilities to align EXI with KACE<sup>8</sup> and SABEQ**

As a not-for-profit organization that operates similar to a consulting firm, EXI has the benefit of being able to either work with donor agencies as an implementing partner (under contract), or as a recipient of technical assistance or grant funding. Given EXI's precarious financial situation it may not currently be possible to partner with other implementers and quickly win donor funded contracts; however, this is a preferred long term path as it could establish EXI's as a fully self sustained institution. To accomplish this, EXI would need to redefine how it views donors and donor projects, and see select other consulting firms as potential clients and partners, rather than as competitors. It would also require that EXI take a longer view of potential market opportunities, identify upcoming projects or creating project opportunities well in advance, and working actively to turn these opportunities into new EXI contracts.

---

<sup>8</sup> The consultant was unable to meet with KACE Leadership due to scheduling conflicts.



Alternatively, EXI could apply for grant funding as a not-for-profit. To do this effectively, EXI must create a value proposition for each donor project to which it applies. This simply entails aligning EXI's objectives for the grant with the objectives and priorities of the donor project, and making a case through a grant application. This option, while less optimal, is a viable means through which EXI could receive extra support as needed, particularly when making significant strategic shifts. While this consultant cannot speak for USAID or SABEQ Program leadership, strategic option #1 and some of the possibilities listed in strategic option #2 above could potentially warrant USAID/SABEQ interest.

## **Part Three: Recommended next steps**

EXI's BOD has fundamental decisions to make regarding EXI's future. Given EXI's somewhat precarious financial situation, the BOD should make these decisions as soon as possible. The following recommended next steps:

1. EXI's CEO should do further research in areas #1 and the various options of #2 above to provide its BOD with a better understanding of what it feels is the potential market in these areas and what would be required for EXI to compete in each market.
2. EXI's BOD, together with EXI's CEO and senior technical staff, should meet with this consultant to discuss the findings of this report.
3. Depending on the outcome of this meeting, EXI's BOD and CEO may wish to hold a day long retreat. The purpose of this retreat would be to make difficult strategic decisions for EXI. This consultant recommends that EXI's BOD take a 'Blue Ocean Strategy'<sup>9</sup> approach to carving out market space for EXI. This would entail some pre reading from Blue Ocean Strategies and a day long facilitated retreat.
4. Both during and after establishing EXI's new strategic direction, The BOD, together with EXI's CEO, will need to make key operational decisions to address the issues outlined in the operational section above. This will require some difficult decisions.
5. Once strategic decisions have been made, EXI will wish to revise its action plans accordingly, and map out a strategy and timeline for transforming itself from its current state into an organization that is capable of meeting the new challenges it has set.
6. EXI should present this strategy, along with S.M.A.R.T. goals and clear financial and operational milestones, to the BOD.
7. The BOD should then approve and/or revise this strategy as necessary, commit to individual BOD member roles and responsibilities in assisting EXI to achieve its strategy, and closely monitor EXI's accomplishments against targets set in this strategy over time.

---

<sup>9</sup> Blue Ocean Strategy, by W. Chan Kim and Renee Mauborgne, is an innovative approach to differentiating product or service offerings by creating and filling markets where they did not previously exist. It is this consultant's opinion that EXI board members would also benefit from this exercise and potentially wish to apply it to the organizations they lead as well.

**Sustainable Achievement of Business Expansion and Quality (SABEQ)**  
**BearingPoint, Inc.**

**Salem Center, Sequleyah Street, Al-Rabiyeh**  
**Amman, 11194 Jordan**

**Phone: + 962-6 550-3050**

**Web address: <http://www.SABEQ-Jordan.org>**