Turning client focus into commercial success

The role of quick wins and SPM mentoring in UGAFODE (Uganda)

Written by Katherine E. Knotts. The author is grateful for the feedback of a panel of peer reviewers, including Anne Hastings (FONKOZE, Haiti), Frances Sinha (EDA Rural Systems) and Amelia Greenberg (Social Performance Task Force), as well as the input and insights of Wilson Twamuhabwa (UGAFODE) and Anton Simanowitz (Oikocredit).
1. Overview

From stagnation to success — the story of UGAFODE Microfinance Limited is one of a microfinance institution (MFI) that, suffering from critical challenges in operational performance, harnessed a focus on delivering real benefits to clients in order to generate clear commercial and social returns, and a solid foundation for future growth.

Established in 1994, UGAFODE seeks to transform the lives of its clients (economically, socially and holistically) by providing financial services aimed at improving their household income. It targets women, rural and economically active low-income clients with group and individual loans (enterprise, agriculture, education), life insurance and (since 2011) savings\(^2\). Despite a strong start, by 2010 the institution had reached a low point: hemorrhaging clients, staff, and money. Specifically:

- Client numbers were stagnating, exit rates were high, and client complaints and default were on the rise
- Average loan sizes were increasing due to a move to individual rather than group clients
- The product offering was limited to loans and insurance, without understanding whether these met target clients’ needs
- Low staff productivity and high turnover were coupled with cases of fraud.

Far from its original vision, UGAFODE had become an institution to be feared, rather than trusted, by clients. Management had little control over the behavior of staff towards clients, and even less control over its external debt collection agency. There were reports of the latter employing harsh collections practices; it regularly used threats and public shame to pressure clients into repaying, overcharged clients, seized and sold client assets in breach of local law, and occasionally (having finally successfully collected from clients) failed to remit the money to UGAFODE.

Into this situation stepped Wilson Twamuhabwa, the third CEO in as many years. His background as an economist, and his early career with the Nile Bank Ltd and other large Ugandan MFIs (including Pride and Equity Bank) made him especially well-equipped to helm the ailing MFI.

Arriving as the new leader in late 2010, his challenge was clear: to turn around an organization that had become focused more on loan recovery than client well-being, and to restore its reputation amongst clients. His initial assumption was that this was to be achieved by an aggressive campaign to market UGAFODE’s current offering. Three months into his tenure, however, Wilson attended a training workshop on social performance management (SPM) organized by Oikocredit for its partners. This training gave Wilson the focus and momentum to achieve organization-wide change, creating a commercial success through a stronger focus on, and responsiveness to, clients. SPM provided the ideal framework for this change in approach. This initial SPM training was followed by an intensive, 12-month mentoring process involving a local mentor and support from Oikocredit’s SPM Specialist.

UGAFODE’s journey into SPM was focused around two key questions: what are we trying to do for our clients, and how can we be more effective in doing it? These questions provided a useful lens through which to bring deeper research, experience and reflection to three key aspects of their social mission:

- **How can we increase access to our services for our target clients?** For UGAFODE, tackling exclusion meant thinking through aspects related to service design, physical location, and aligning staff incentives to support financial inclusion.

- **How can we increase the benefits we deliver to our target clients?** UGAFODE considered the role of financial services in clients’ lives in terms of increasing income through investment in business and agriculture, supporting income smoothing to meet both daily and life-cycle needs, and coping with emergencies. This led it to revise its insurance offering to improve value to clients, introduce targeted new credit products to support different needs, and introduce a range of savings products to match clients’ anticipated and unanticipated needs.

- **How can we improve client service ensure we do not harm our clients?** UGAFODE introduced a code of conduct for staff and client services officers in each branch. It looked at how to avoid client harm in two instances: strengthening its client grievance mechanisms and revamping its “zero-tolerance” approach to debt collection. It also aligned staff incentives to support these aims.

---

\(^2\) UGAFODE Microfinance Limited was incorporated in 1994 as an NGO. In 2010, it incorporated as a Company Limited by Shares in preparation to transform into a Microfinance Deposit-taking Institution (MDI) in 2011.
The SPM mentoring project with Oikocredit gave Wilson the opportunity to re-imagine his approach to increasing institutional effectiveness, which led him to make a number of key changes within the organization. These led to impressive results both at the client and institutional level (see Table 1). In particular, between late 2010 and early 2012 UGAFODE:

- Increased loan client outreach by one-third (increasing its focus on rural group clients) and doubled its loan portfolio
- Opened nearly 28,000 savings accounts and mobilized more than 1.6 million USD in client savings
- Reduced its portfolio at risk (>30 days) by over two-thirds.
- Was voted the “most trusted MFI in Uganda” in a nationwide survey of clients.

### Geographical spread of UGAFODE's clients

Since the initial mentoring period, UGAFODE has continued to build on these processes and results—most notably in its decision to take a more integrated approach to SPM. The current strategic plan addresses client well-being in each operational area, and delivery is the formal responsibility of departmental heads. In this way, SPM is no longer a separate project—balanced performance management has become “business as usual” for the organization.

---

3 Client exit and financial self sufficiency data are unavailable prior to 2010.
The key driver of UGAFODE’s turn-around (and its double-bottom line success) was its ability to focus strategically on the well-being of clients. This was facilitated by a number of factors, including:

- Strong dedication of senior leadership (especially Wilson) to the change management process
- An “issue-based” approach helped them to prioritize “quick win” actions that would both deliver solid benefits to clients and build institutional momentum for continued SPM integration.
- Support from Oikocredit and a trained local mentor to guide them through the process.

The details of this process, and the role of Oikocredit’s SPM mentoring program in supporting this, are outlined in the pages that follow.

**Box 1: Making the business case for SPM**

UGAFODE the following benefits that make the business case for its client-focused approach:

- **Growth**: Higher costs for new, more remote branches is offset by their rapid growth.
- **Mobilization**: On-lending client savings costs 13%, compared to 17% for market-based sources of funds.
- **Efficiency**: The cost of group lending is lower in the long-term due to the potential scale of outreach.
- **Turnover**: Over the course of the project, client retention increased from 85% to 95%, and staff turnover dropped from 10% to 4%, resulting in significant cost savings for UGAFODE.
- **Risk**: Default rates fell by over three-quarters between 2009 and 2012.

**2. Institutional changes**

Over the course of 12 months, UGAFODE implemented a number of “quick wins” (practical, low-input and high-value actions) to deliver increased value to clients. The most tangible and impressive result has undoubtedly been in terms of growth in client outreach, which is supported by all three strands of their SPM program. See Box 2 for an overview of UGAFODE’s social goals.

**Focus on inclusion**

The first thrust of UGAFODE’s work to integrate social performance into the core business was to improve outreach to its target client base — economically-active low-income people in rural areas, and especially women. In the years leading up to the project, the institution’s client numbers had stagnated, and numbers of individual loans (to generally better-off clients) had eclipsed the number of group loans in the portfolio (two-thirds to one-third, respectively). Moreover, outreach to women stood at a mere 25 per cent. Based on the SPM Diagnostic (see Section 4 for more detail), management created an action plan to address key barriers to inclusion.

**Box 2: UGAFODE’s social goals**

- Increase the number of low-income, economically-active clients in rural, peri-urban and urban areas
- Provide high-quality, customer-focused financial services that are responsive to clients’ needs
- Enable clients to improve household incomes and livelihoods through the provision of inclusive financial services
- Create an organizational culture that values people, enhances performance and supports business

**UGAFODE targets small- and medium-scale micro-entrepreneurs actively engaged in income-generating projects (e.g. farming and livestock, trade, and transport) in rural and urban areas of Uganda.**
Removing geographical barriers
For UGAFODE, increasing accessibility was firstly a question of physical location. Historically, its presence was concentrated in the capital city center and towns in the western region of Uganda, where UGAFODE was originally founded. The first important shift came in the form of moving its head office from the city center to the outskirts of Kampala — to an area called “Wandegeya”, which boasts a high concentration of micro-businesses. It also opened two branches in remote rural areas in the west, where competition from other microfinance providers was non-existent. UGAFODE has also started offering a travelling “van-based branch”, as well as mobile phone banking; in future it hopes to expand the use of both.

Removing product design barriers
A second key aspect of inclusion was ensuring that UGAFODE was reaching the right clients. As mentioned above, at the time of the SPM training, individual clients accounted for two-thirds of the portfolio. This was largely due to factors within UGAFODEML’s control, namely the choice to reduce focus on group lending. Its individual loan product terms (loan sizes and collateral requirements) made it unlikely that poor and/or women clients would access these loans. At the same time, introducing collateral requirements for group loans was driving further exclusion.

Following the initial SPM workshop, UGAFODE hired a dedicated group lending Supervisor to review the methodology and address weaknesses. Key changes included:
- Introducing separate credit officers for group lending
- Revitalizing the group meeting function to provide increased contact and support to clients
- Replacing the collateral requirement with the traditional group-based guarantee
- Introducing flexible repayment terms: weekly and monthly
- Establishing guidelines around client graduation to individual loans
- Introducing a week-long group training process.

Aligning staff incentives towards target client outreach
Beyond the design changes described above, UGAFODE understood that motivated staff were the key to revitalizing the group lending methodology. Historically, credit officer incentives focused around portfolio size and quality — which in time led to an over-emphasis on less-poor clients. Following the initial SPM workshop, UGAFODE added an incentive around the number of new groups, with the aim to bring women and poorer clients back into the frame.

Results around inclusion
Over the course of this project, UGAFODE experienced significant portfolio growth – increasing its loan clients by 31% and opening nearly 28,000 savings accounts (see Figure 2). A valuable share of this growth was due to the new rural branches — accounting for 5% of the overall loan portfolio and 27% of total deposits. Importantly, UGAFODE found that the higher monitoring cost for these new branches was more than offset by their rapid growth and higher profitability.

UGAFODE also made impressive gains in its efforts to refocus on group lending: increasing the share of group loans from 15% (in 2010) to over 30% of clients (2003). Anne Rose Namatovu (Finance Manager), describes the financial benefit for UGAFODE: “It costs approximately 29% more to set up a group loan than an individual loan. But if you form the groups properly, they run well — and are cheaper in the long run because loan officers can reach a number of clients at once.”

In terms of outreach to women, progress is marked, but remains slow. Having increased from below 25% in 2010 to over 30%, UGAFODE ML is making gains but remains below its target of 40%. Nonetheless, by all accounts the revitalized group lending methodology has effectively lowered the barriers to entry for women: 49% of total group clients are women, and in new groups women account for between 70-90% of clients.
Focus on creating benefits

UGAFODE approached the question of client-level benefits from the perspective of the role of financial services in the lives of clients — and how poor clients use financial services to invest, smooth their income, and cope with emergencies. Putting these functional benefits through a “program effectiveness” lens meant asking specific questions like: “What are we doing to help clients increase their income through investment? What are we doing to help them manage risk? What can we do to be more effective?” This allowed UGAFODE to have a structured dialogue around:

- Whether the vision for change was clear
- How the institution is managing the quality of services
- Whether the systems are aligned to support these goals.

Revising the loan offering

Starting from the perspective of its social goals, UGAFODE’s priority was to improve the value of its product offering to rural and women clients. In practice, this meant:

- Simple changes to existing loan products, including reducing the minimum loan amounts on their asset acquisition, agricultural financing and school fee loans (by half), and reducing the interest rate across a number of loans.
- Adding two new loan products for small mortgages and educational development.
- Introducing a grace period on its agricultural loan of between 1-6 months (as appropriate to the microbusiness), to better align the product with the cash flow needs of clients in that sector.
- Building flexibility into its group loan products that allowed clients to match repayment schedules with their own needs.

When it comes to services, we need to think beyond “more is better”, and focus on “better is better.”

Offering a range of voluntary savings products

UGAFODE realized that savings were an important aspect of clients’ financial lives, and that savings could be used to help not only to cover daily needs, but also longer term investment goals and to cope with unexpected needs (such as illness). Taking advantage of its savings mobilization license received in September 2011, UGAFODE rolled out a range of voluntary savings products, designed to meet both long- and short-term savings needs, including one product for young clients (See Table 2 for details). To facilitate the roll-out, the institution also trained staff to use their daily interactions with clients to promote the importance of savings.

Revising the insurance offering

For clients, insurance can be a key tool for managing risk. It allows them to convert small lump sums (monthly premium) into large lump sums (payout) when emergencies arise. While UGAFODE had historically offered a microinsurance product, there was little discussion about whether it was delivering value to clients. As part of its SPM integration work, however, UGAFODE contracted a new company, allowing it to expand coverage for clients (beyond death and permanent
disability to include coverage for natural calamities, arson loss, partial disability, severe illness, and funeral expenses). By following a rigorous pre-qualifying process for potential new service providers, UGAFODE was able to tailor its service offering and negotiate the best rate — and as a result reduce its annual premium from 1% to 0.85%.

**Results in creating benefits**
The introduction of voluntary savings was, by all accounts, the most successful change that UGAFODE implemented to deliver greater value to its clients. In just under two years, nearly 28,000 clients had average savings balances of $23 (compared to average loan sizes of $581). Anne notes that the lack of minimum savings balance was an important aspect of the rapid growth in savings mobilization. Wilson also points to the fact that savings are a cheaper and more reliable source of lending funds than open-market borrowing. “Borrowing costs are approximately 17%. The cost of offering savings is approximately 13%, if you include advertising and operations.”

In terms of insurance, Wilson is clearly proud that UGAFODE’s product offers its clients the best value for money on the market today. The next challenge for the institution is to ensure that clients are clearly aware of the new product terms and benefits, and that staff are trained to deliver this message effectively.

**Focus on client service and protection**
Taking care of clients brings value to MFIs — in the form of satisfied and successful clients. UGAFODE’s efforts to strengthen its client service and protection centered on avoiding overindebtedness and treatment of vulnerable clients, and focused on three key moments in time: loan appraisal, customer care, and default management.

**UGAFODE flipped its delinquency management approach from “can clients repay when things go wrong?” to “how can we make sure things go right?”**

**Reimagining loan appraisal**
Prior to the start of the project, staff approached the loan appraisal process from the perspective of whether the client had enough collateral to repay if she or he encountered problems. One of UGAFODE’s first steps was to flip this on its head, emphasizing instead the client’s income flows and capacity to cover their installments along the way (see Box 3 for details), rather than his or her ability to repay by selling assets when things went wrong. To supplement its own cash flow analysis, UGAFODE also uses a credit reference bureau check to get a complete picture of clients’ debt load before approving new loans.
Emphasizing customer care

Once loans are approved, treating customers well is a key aspect of client protection — particularly in the area of having effective client complaint mechanisms. As a result of its SPM project, UGAFODE hired dedicated customer care officers for each branch. It also installed suggestion boxes and books. These books are checked regularly by internal audit staff, to ensure that issues are followed up and reported back to head office as needed. Next, UGAFODE also looked to the broader role of staff: training all employees in the client protection principles and customer care, and adjusting its incentive system to emphasize social performance issues (by including parameters such as time management, service quality, integrity, and teamwork).

Another noteworthy step for UGAFODE was reducing the formal barriers between clients and management. It did this in a number of ways. Firstly, it moved each branch manager’s desk into the branch lobby, so that clients could walk in and get an answer to their question from management at any time. Secondly, it launched a customer care hotline, whereby clients could ring in and speak directly to Wilson’s assistant, should they be unable to visit the branch itself.

Finally, Wilson now takes part in a twice-monthly radio call-in program. In the main, the program aims to increase financial literacy: to educate clients about their rights and responsibilities in relation to financial institutions. However, the show also provides clients the opportunity to ring in and voice their complaints live, on-air, to the CEO. For example, once a client rang in to report that a staff member had been involved in bribe-taking. After the show ended, Wilson returned to the office to investigate — resulting in the eventual firing of the employee. Whilst having such public “open-door” policy might seem like a risky strategy, Wilson’s perspective is that it helps to communicate not only UGAFODE’s dedication to its clients, but also that the institution has “nothing to hide”.

Overhauling debt collection processes

Effective loan appraisal and good customer care are good strategies for protecting clients before and during the repayment period — but UGAFODE also saw the need to rethink what happens when things go wrong for clients, and they become unable to repay. Two key shifts are important here. Firstly, UGAFODE internalized its debt collection function. As Wilson explains, “Before, we used to have external debt collectors, and we started to realize that they were harassing clients and selling their assets.” By bringing debt collection in-house, UGAFODE can ensure that it is operating within the limits of policy guidelines and national law around client protection. Secondly, UGAFODE introduced a policy around loan rescheduling for clients determined to be facing genuine distress, wherein no other options exist and the client is not a deliberate defaulter. Loans qualify for rescheduling once all other attempts to find a repayment solution have been exhausted, if the loan is not already in arrears, and where the reasons are clear and genuine (e.g. illness).

Importantly, UGAFODE’s management information system (MIS) has been adapted to be able to handle the rescheduling policy. In practice, this means that the upgraded MIS is now equipped to accept changes to the loan repayment date, loan terms (i.e.: period, interest rate), and changes to loan repayment frequency. The system is also now able to register grace periods where applicable. The next challenge for the institution around loan rescheduling is again around staff and client education: ensuring that the policy is clearly understood and applied.

Box 3: The loan appraisal process

UGAFODE’s loan appraisal tool considers a client’s current (and expected) household-level income and expenditure, as follows:

- **Income:** Not only income from the project to be financed, but all other sources of income (farming, milk sales, salary, spouse’s income etc.)
- **Expenditure:** Includes business, and family/household expenses, and other loan obligations as obtained from the credit reference bureau as a compulsory check.

This information is used to determine **net disposable income**. Maximum loan instalments, per UGAFODE’s credit policy, should not exceed 50% of net disposable income.
Results around protecting clients

Perhaps the most visible mark of success of UGAFODE’s SPM project is in clients’ perception of the institution. Before the project started, UGAFODE’s reputation was quite negative amongst clients; their whole organizational ethos was focused around loan recovery rather than client well-being. However, two years later, it was voted by clients across the country as being one of the most trusted MFIs in Uganda as part of the Uganda Responsible investment Award Initiative (sponsored by the United Nations and East African Community).

3. Process of change

Oikocredit invested in UGAFODE as an organization with potential, and selected it to take part in the SPM mentoring program based on weaknesses highlighted by the due diligence process (including an analysis of social performance). The challenge facing the organization was sizable, as Wilson explains: “When we started we were not doing well. The institution had lost track, we lost access to our target clients.”

Overcoming initial skepticism about SPM

As the new CEO, Wilson’s initial strategy was to market their current product offering more aggressively, and to apply for a banking license, in the hope of turning UGAFODE into a successful and growing organization. He reflects that his initial reaction to the concept of social performance management was not at all positive: “I assumed that our social goals would mean providing our services for free.” As a result of the initial SPM workshop, and in dialogue with his SPM mentor, he began to see the potential to build a commercial strategy for the institution by offering the right services to the right clients in the right way.

Being able to see the costs, without a clear vision of the benefits, led Wilson to dismiss the importance of SPM.

Burning issues and quick wins

Oikocredit’s mentoring program is designed to provide MFIs with a concrete entry point into SPM. It seeks to identify operational “burning issues” that deliver value for clients and that resonate with organizations, and that can provide a practical framework and focus for system alignment. This is especially important for organizations that are unconvinced of the value of SPM. Anton Simanowitz (Oikocredit’s SPM Specialist) explains: “SPM is often perceived as being abstract and technical. It doesn’t get to the heart of what MFIs are trying to achieve.” For an organization, such as UGAFODE, that was not growing, outreach was a burning issue. Starting the conversation with operational challenges around exclusion (i.e.: “Why are target clients being excluded, and what can do you do about it?”) provides a practical lens through which to start looking at intentions, services and systems, and underscore the applicability of social performance to overall institutional effectiveness.

Focusing on concrete issues, and “quick wins” within those issues (changes that are low-input but high-value) helped Wilson to focus his team’s attention on visible, near-term results. In doing so, he was able to build understanding for SPM issues, win over unconvinced stakeholders, and ultimately stimulate the organization’s appetite for further SPM integration.

“We learned that you can start with quick wins — issues that can bring great impact to clients and also to the organization.”

-Wilson Twamuhabwa, CEO
The role of leadership

It is important not to underestimate the role of leadership in the success of this SPM project. As a new CEO, SPM provided Wilson with a useful window into critical questions around organizational effectiveness. The challenge he faced was getting the rest of the organization on board. To a large extent, the “quick wins” approach facilitated this, but this was supplemented with engagement and training for the board, senior management and staff, supported by the external mentor. His message emphasized the dual nature of the institution: pursuing both financial and social goals, and SPM as a practical means to achieve both. Wilson learned two things: he needed to keep the benefits of SPM at the center of his message, and that educating his staff was a continuous process, rather than a one-off training.

Next steps

After the initial “quick wins” phase, UGAFODE has continued to integrate a client focus into the organization. As part of this, it identified the need to incorporate SPM into its overall strategic business plan. Wilson notes: “Importantly, it emphasizes that SPM is not a separate project, and it can be incorporated into our operations as long as the social goals are defined.” In this sense, UGAFODE is no longer “doing SPM” — SPM has just become “business as normal”, and the institution is managing its performance in a balanced way.

Beyond his role within UGAFODE, Wilson is also working to mainstream the SPM agenda throughout the Ugandan microfinance sector. In June 2012, Wilson was named as the Executive Director of the Association of Microfinance Institutions in Uganda (AMFIU). He explains: “My work is to provide strategic oversight to the Association on how it can promote sound microfinance practices in the market (including SPM), lobby government to support the microfinance industry, advocate for good laws and a conducive enabling environment to govern the sector.”

4. Role of mentoring

The Oikocredit SPM mentoring approach has been successfully implemented with a wide range of organizations in different contexts – some very small or young and others much more established: regulated and non-regulated microfinance institutions, cooperatives and SACCOS, as well as mature and newer organizations. The key criterion for partner selection is a demonstrated commitment to improving effectiveness in delivering value to clients.

Why mentoring?

The mentoring program was designed to respond to three critical gaps in the microfinance industry:

- Microfinance providers often perceive SPM either as a side process, or an overwhelming one — in either case resulting in few tangible benefits.
- Internal MFI capacity for social performance management remains low, due in large part to a historical “finance-first” approach to microfinance.
- Local markets lack the capacity to provide on-going SPM support to MFIs.

For Oikocredit, the relevance of addressing these gaps stems from its own imperatives and limitations as a social investor: the extent to which investees achieve their social and financial goals impact on Oikocredit’s achievement of its own triple bottom line objectives.

Oikocredit’s success as a social investor hinges on its investees’ success as social enterprises.
Given this, a key aspect of Oikocredit’s strategy is to ensure that the right partners are chosen in the first place. As such, it conducts a thorough due diligence process with potential investees to shed light on key risks and opportunities in relation to financial management, governance, social performance and environmental practices (using their in-house “ESG scorecard”). Once an institution becomes a partner, Oikocredit helps the institution to become more effective in serving clients by facilitating (but not directly providing) capacity building.

What does the process involve?

In 2010, Oikocredit designed a four-step process to build SPM capacity both at the level of MFIs and local service providers. Over the course of 9-15 months, the process includes:

- An introductory SPM workshop: bringing together MFI leadership and local mentors to explore key concepts, facilitate MFI self-assessment, and introduce the project process
- An institutional diagnostic: the mentor engages with all levels of the MFI and generates observations to stimulate a discussion with MFI leadership around next steps (see Box 4)
- A process to prioritize and develop an action-plan focused around “quick wins” around three key areas: outreach, client protection, and increasing benefits to clients (around their core financial needs, including risk reduction, investment and life-cycle needs)
- Regular mentoring to support the MFI in the initial implementation phase.

The role of the local mentor is an important aspect of the approach. Potential mentors are identified early on in the project and trained alongside MFIs. Each mentor will usually work with two or more organizations, guiding them through the initial diagnostic visit, action planning and prioritization. Support for the implementation process comes in the form of weekly visits and contact, to guide the CEO and provide technical assistance, advice and encouragement. The ideal mentor will have expertise in microfinance management and ideally organizational development (see Box 5). Over the course of the project, the mentor is supported by Oikocredit’s locally-based SPM Officers.

Box 4: Diagnosing SPM

The 4-day SPM Diagnostic is a facilitated dialogue involving the mentor and SPM champion talking to Board, senior management, field management, field staff and clients. Their observations are fed back to stimulate a discussion between the management team and Board with respect to the MFI’s SPM strengths and opportunities. The visit includes:

- examining systems, policies and procedures
- interviewing senior management and operational staff
- interviewing current and former clients in groups and individually, around issues such as businesses, livelihoods, environment, and interaction with the MFI.

Box 5: Key Qualities of a Successful Mentor

Mentors should demonstrate:

- Analytical approach, experience with strategic planning and management
- Experience supporting MFI system improvement
- Ability to work with MFI leadership and board
- Background in organizational development and facilitation
- Passion for improving client outcomes
- Sufficient time to make mentoring a core part of their business.