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Collaborative SME promotion beyond Baltic Sea boundaries: The approach of the „European Business Support Network“

The SME Challenge in Europe: Competitiveness on international supply markets

In October 2011 the European Commission presented its 2010 small and medium-sized enterprises (SMEs) report "Are EU SMEs recovering from the crisis?". The report confirms that SMEs remain the EU's economic backbone. In 2010, there were almost 20.8 million SMEs in the EU non-financial business economy of which 19.2 million were micro-firms with less than 10 employees. Altogether SMEs provided more than two-thirds (87.5 million) of all employment opportunities in the private sector in the EU and 58.4% of the total gross value-added, compared to the 43 000 large businesses representing only the 0.2% of the EU enterprises.

Contrary to their dominating role as entrepreneurs and employers in national and regional economies SME involvement in international markets is still rather limited and considerable business opportunities for SMEs in the Single European Market are left unexploited¹:

- Less than 30 % of European SMEs sell their products on international markets
- Less than 25 % of European SMEs are experienced in international technical cooperation or subcontracting
- Only 2 % of SMEs engage in Foreign Direct Investment

In fact, when it comes to international market development SMEs throughout the European Union still face barriers such as

- insufficient or outdated information, e.g. on national and EU legislation or market regulation;
- insecurities, e.g. about selection procedures and criteria applied by procurement departments of buyer companies in search of new suppliers;
- unknown business communities in target markets, e.g. clients and competitors;
- lack of intercultural skills, e.g. languages;
- low profile products, e.g. employment of conventional vs. innovative technologies.

More specifically for the Baltic Sea region the European Strategy for the Baltic Sea Region in line with business organizations like the BCCA Baltic Sea Chambers of Commerce Association points to the limited sizes of national economies as a major hurdle for SME growth and have called for a removal of barriers to trade and full implementation of the Single European Market as well as the Small Business Act.²

¹ European Commission: Internationalisation of European SMEs. 2010.

² European Union: The European Union Strategy for the Baltic Sea Region. Background and Analysis. 2010.

BalticSupply and NorthSeaSupplyConnect: two combined Interreg projects

It was against this background that in 2009 two Interreg IV B projects – BalticSupply (BS) and NorthSeaSupplyConnect (NSSC) – were approved and launched to develop practical support for SMEs striving for competitiveness on interregional supply markets. The approval and part-financing of these projects by the European Union – one under the Interreg IVB Baltic Sea Region Programme, the other under the Interreg IVB North Sea Region Programme – was an innovation by itself as both projects followed the same work programme with a strong focus on cooperation between the partners of both projects.

The interregional approach of the combined BS/NSSC projects is reflected by the project partnerships representing all EU member countries of the Baltic Sea region and the North Sea region (Fig. 1). A total of 29 partners share their commitment to SME and business promotion and include

- five regional public authorities responsible for economic policy, legislation and European collaboration,
- ten Regional Development Agencies, specialized in SME consulting and funding support,
- six Chambers of Commerce and other business organizations deeply familiar with SMEs and their concerns,
- eight knowledge institutions engaged in SME innovation, knowledge transfer and business development.

Fig. 1: The BS/NSSC partnership

<p>Public Authorities</p> <p>Bremen: Ministry of Economic Affairs, Labour and Ports – DE South Denmark European Office - DK Province of Groningen - NL Basildon District Council –UK Samenwerkingsverband Noord Nederland – NL</p>	<p>Business Development Organisations</p> <p>Hanseatic Parliament – DE The Latvian Chamber of Commerce and Industry – LV Regional Pomeranian CC – PL Turku Chamber of Commerce (CC) – FIN Edinburgh Chamber of Commerce – UK KvK Kamer van Koophandel – NL</p>
<p>Regional Development Agencies</p> <p>Business Kolding – DK EMI-ECO Centre for Development Programs – EE Klaipeda Science & Technology Park – LT Lithuanian Development Agency – LT Ventspils High Technology Park - LV WFB Bremen Economic Development – DE Arvika Näringslivscentrum – SE MARIKO Maritimes Kompetenzzentrum - DE NOM Noord Nederland – NL POM West Flanders – BE</p>	<p>Knowledge Institutions</p> <p>The Baltic Institute of Finland - FIN University of Latvia - LV SMK Univ. of Applied Social Sciences – LT SSPA Gothenburg – SE HWWI Institute of Internat. Economics – DE Napier University Edinburgh – UK Syntra West – BE University of Applied Sciences Emden-Leer – DE</p>

Despite a great diversity of the combined project partnerships in terms of geographical distribution as well as with respect to experience and competencies all partners are closely linked to their regional business communities. Based on analyses of regional economies as well as of international supply

and procurement markets the partnership concluded that there is a clear need for SMEs to identify new business opportunities and to cooperate across regional boundaries for sustained success on interregional supply markets. For this purpose the projects created as main results

- the “European Business Support Network” (EBSN) as a personalised network partnership;
- the internet-based service and collaboration platform www.eubizz.net;
- a portfolio of facilities and services to support SME innovation, market development and training for enhanced SME competitiveness as innovative suppliers to buyer companies at international level.

In the initial phase of operation the **partnerships decided to focus activities on three clusters of industries with strong representation throughout Northern Europe: Maritime Industry, Food, Energy.**

The European Business Support Network EBSN

Collaborative SME promotion beyond regional and national boundaries is the main mission of the European Business Support Network EBSN. Established for continuous operation beyond the lifetime of the combined BS/NSSC projects EBSN offers the wealth of resources and competencies of its partner organisations to SMEs and to SME support organizations throughout Northern Europe:

- SMEs aiming for international market development are the key EBSN target group; their market success depends on the competitiveness of their products and services vis-à-vis highly fragmented international supply chains, on their capabilities to develop business relationships with buyer companies at international level, on their attractiveness for international tendering partnerships and on their respective skills and competencies; SMEs are key beneficiaries of services provided by RDAs and BDOs to promote SME innovation, market development and competence-building.
- RDAs/BDOs are the main stakeholders of EBSN. They must respond to the challenges of globalization and extend their SME internationalization support beyond the limits of their home regions; this may imply SME collaboration support at international level as well as the development of transnational service networks with other RDAs and BDOs or facilitation of access to their regional markets for companies not located in their home regions.
- Buyer companies are the ultimate beneficiaries of enhanced SME competitiveness on international supply markets; they capitalize on innovative and cost-efficient supply offerings by SMEs as well as on comprehensive SME tendering partnerships filling gaps in supply chains; they may also use EBSN to identify yet hidden suppliers of parts and components or to market their own tender calls via the Northeast European EBSN network.

As a consequence of the described roles and interactions EBSN partners in their market orientation follow a triangle approach by

- enabling SMEs to address new markets and customer segments;
- extending RDAs’ and BDOs’ service portfolios in support of SME internationalization;
- facilitating buyer companies’ or OEMs’ access to yet hidden innovative and cost-efficient suppliers.

EBSN is built on voluntary commitment of its network partners as expressed in a “Memorandum of Understanding” to be signed for accession to the network. Accession to EBSN is open to new members sharing the aims of EBSN and willing to sign the “Memorandum of Understanding”. All partners contribute to collaborative delivery of EBSN services upon own decision and according to their resources and competencies without financial obligations towards EBSN. Each partner will specify his contribution to EBSN in an annual EBSN activity plan. The activity plan will also reflect the contributions of project partners to the overall coordination and representation of EBSN, to the hosting and operation of www.eubizz.net as well as to the general promotion of EBSN.

At yearly EBSN meetings a progress assessment will be performed and the activity plan for the next period will be agreed. The plan may include activities such as service development and marketing, trade fair representation, conferences. All EBSN partners are asked to contribute to the planned activities which may be combined with and / or funded by other ongoing partner activities. The yearly meetings also serve to decide on procedures to manage the network, to operate the website and to assure quality.

The EBSN website www.eubizz.net

Public access to all EBSN services is provided through the EBSN website www.eubizz.net. Launched on March 20, 2012 eubizz.net is operated as the central EBSN market place for information, service provision, networking and communication. The website offers a wide range of functionalities including document management, information search, registration for individual services, event calendar and online communication among and with EBSN partners.

The EBSN Service Portfolio

At the time of launch of eubizz.net on March 20, 2012 the EBSN service portfolio comprises the following nine services:

- (1) Initiation of an interregional offshore-cluster-cooperation;
- (2) Supplier information services for the food industry;
- (3) Conferences and business events
- (4) Services for matchmaking and brokerage
- (5) Supplier information services on training and mentoring offerings
- (6) Supplier information services on e-learning offerings
- (7) Search for international business partners
- (8) Online self-assessment tools for SME suppliers
- (9) Tendering services

The selection of the initial EBSN services was based on the following criteria:

- Services shall build on core competencies of EBSN project partners in their capacities as RDA, BDO, public authority or knowledge institution;

- Services shall be suited for combined online and offline service delivery through eubizz.net and personal contributions by EBSN partners according to their professional competencies;
- Services shall be suited for transregional collaborative service delivery and to mobilize synergies between BS/NSSC project partners;
- Services shall provide clear benefits for SMEs competing on international supply markets as well as for RDAs/BDOs promoting SME internationalization and for buyer companies in search for innovative, cost-efficient suppliers;
- For each service at least one EBSN partner must commit to take over responsibility for service delivery.

All services are to one part designed for online delivery through eubizz.net and supplemented to the other part by personal (i.e. offline) services provided by EBSN partners according to their professional competencies and responsibilities. EBSN services may be categorized as

- Innovation services, i.e. services 1, 2,
- Training services, i.e. services 5, 6, 8,
- Market development services, i.e. services 3, 4, 7, 9.

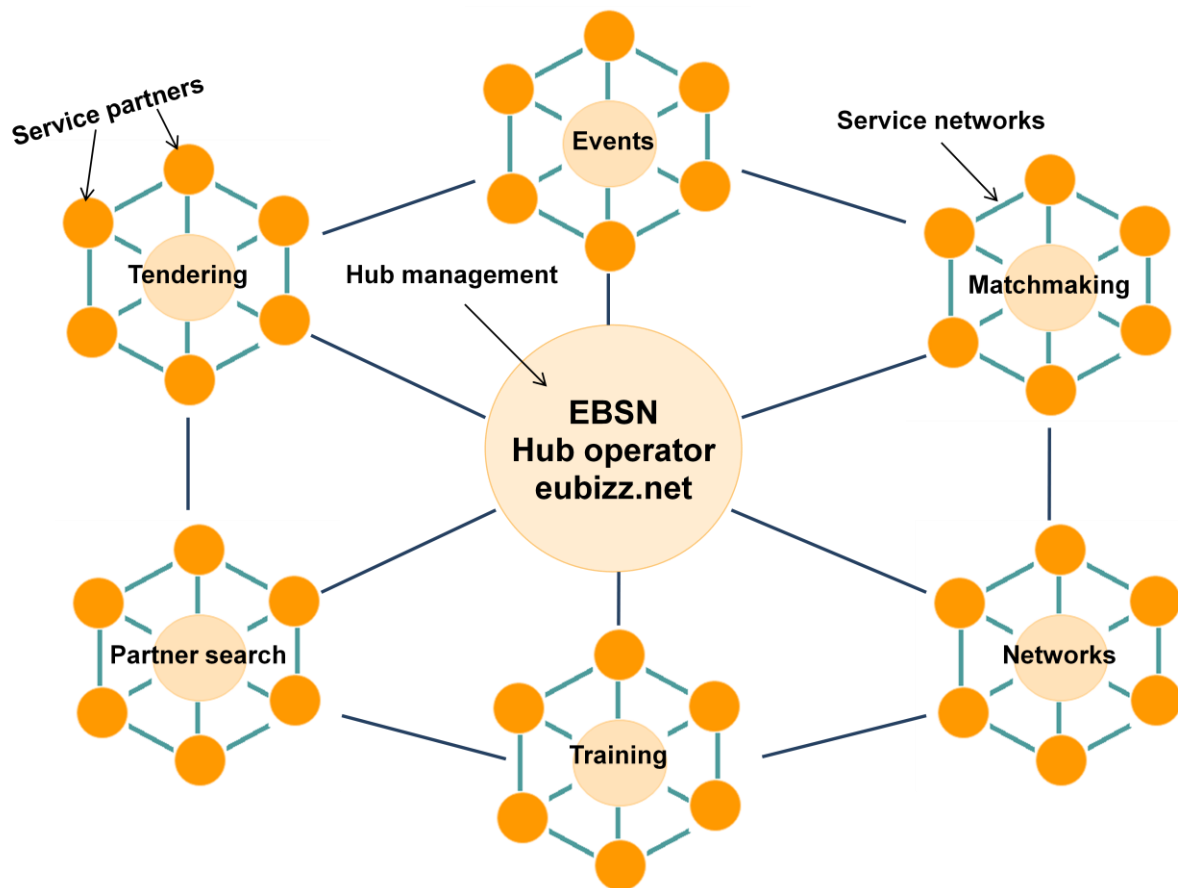
The initial service portfolio provides the grounds for further services to be taken up as the EBSN develops and new partners join the network.

The delivery of EBSN services is organized in a network structure (Fig. 2) with decentralized service networks for the delivery of individual services. Service networks consist of EBSN partners ready to contribute or to provide access to their respective facilities and competencies to recipients from other regions. In return these partners may take advantage of facilities and services offered by all other EBSN partners.

Final remarks

In 2012, the final year of the combined BS/NSSC projects, the concept of EBSN, the website eubizz.net and the portfolio of EBSN services will be tested in real life operations and further refined. EBSN partners will define their activities for 2013, the first year of operation as a voluntary interregional network organization. Practical experience gained in the delivery of various EBSN services until the time of the Hanseatic conference 2012, i.e. May 2012, has been encouraging to further strive for durable establishment of EBSN as an innovative approach to collaborative SME promotion beyond the boundaries of individual regions or countries.

Fig. 2: The Hub & Spokes Network for EBSN service delivery



This paper summarizes proceedings and results of the combined projects BalticSupply (BS) and NorthSeaSupplyConnect (NSSC) which were approved and part-financed by the European Union under the Interreg IVB Baltic Sea Region Programme and the Interreg IVB North Sea Region Programme, Programme Period 2007 – 2013.

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