

Fit for Partnership with Germany Journal

ISSUE 2 | 2014
ENGLISH

MANAGER TRAINING PROGRAMME OF THE GERMAN FEDERAL MINISTRY FOR ECONOMIC AFFAIRS AND ENERGY



In Focus: Innovation



MP's anniversary in Astana

Looking back at 10 years of
success in Kazakhstan

Page 19



Energy efficiency takes centre stage

Executives from six countries
visit Cologne for training

Page 14

IN FOCUS: INNOVATION

PAGE 28

EDITORIAL 3

NEWS 4-7

Federal Minister Gabriel: MP promotes bilateral economic relations 4



MP with Mexico to be continued	5
China: A lively programme	5
Fifth anniversary of MP with Mongolia	6
Economic Relations with Azerbaijan at a High Level	6
10 years of MP with Kazakhstan	6
Moldova – MP Extension and New Management	7
Your opinion counts!	7

GERMANY 8-18

MP Partner Meeting in Berlin	8
Prepared for Trade Fairs	10
DMAN's Alumni Activities	11
New market opportunities in Kazakhstan	12
Business Practice of Russian Companies in Germany	13
Lessons in Energy Efficiency in Germany	14
Changemanagement	16
Opportunities for Moldova	18
EABW: Support of complex projects	18

PARTNER COUNTRIES 19-27

10 successful years in Kazakhstan	19
Vietnam: Interviews with the programme partners	20
The German-Arab Chamber of Industry and Commerce – a competent partner in Arabian business	22
Well prepared for China	24



Moscow: Conference on Energy Efficiency in Companies	26
Follow up in Central Asia: Learning from each other	27

IN FOCUS 28-41

Innovating, Driving Growth, Shaping the Future	29
Map: Innovation Factors in the MP-Partner Countries	32
Foreign Firms Count on Research Hub Germany	34
Indian IT Solutions for the German Pharmaceutical Industry	37
Innovation as a Competitive Advantage	38
Full Steam Ahead for Innovation	39
From Idea to Innovation	40

ALUMNI 42-49

Social Media Boom in Mongolia	42
Hermes for Moldova	43

Alumni Successes and Networking in Minsk	44
Logistics for Azerbaijan	45
Unconference in Kiev	46
Vietnam / China: The Seven Steps to Success	47



Branding in the Northern Caucasus	48
Belarus: Three Goals for ABC	49

SUCCESSFUL PARTICIPANTS 50-55



Ukraine: New and Old Business	50
Tunisia: Steam boilers for Africa	51
India: German Technology and Indian Know-How	52
Turkmenistan: Business Opportunities for German Companies	53
Why not go to Kyrgyzstan?	54
Mexico: Building trust	55

SPECIALISED TOPICS 56-59

Employee retention	56
A Systematic and Interactive Approach to Innovation	58

IMPRINT	49
GIZ CONTACT INFORMATION	60

Dear Friends of the Manager Training Programme!

I brought numerous positive impressions home with me from the latest meeting with our international partners. At the beginning of December, I met with representatives from all 16 partner countries of the BMWi Manager Training Programme in Berlin. The atmosphere at the work meeting was cordial and cooperative. Basically, it was about the adoption of the newly developed competence system, which – following successful testing last year – is to be introduced for all partner countries this year. The advantage: we will prepare 'our' managers in an even more targeted way for international cooperation and corporate management. I am pleased that our suggestion met with approval from all partners – let us achieve this together!




During his trip to Vietnam, the Federal Minister for Economic Affairs and Energy, Sigmar Gabriel, met with the Vietnamese alumni of the MP, among others, and was impressed by the manager training. I would therefore like to draw your attention to the interview with the Minister in this issue.

In times of international tension and conflicts, the Manager Training Programme can contribute towards the dialogue between people in different countries. Hence it is pleasing that we will be able to continue the cooperation with our partner country Russia in the year 2015 too. And it is particularly pleasing that we are further expanding our activities with Ukraine.

Ideas or inventions inspire the economy, but only when they are translated into marketable products or services can we speak of innovations. Or, putting it differently: no gain, no innovation. Continuously creating conditions that enable innovations is the challenge of our time. In the Focus section, we take a look at how the innovation location Germany masters this challenge – and the resulting opportunities for international cooperation.

I would like to thank the many readers who participated in our survey on the Journal. The responses help us to improve the Journal even further and adapt it to your needs, and we are glad to collect your ideas for future issues. My request: please keep up your creativity!

I wish you and your families time for reflection as the year comes to a close and all the best for the New Year! And, of course, I wish you an interesting read!


Reimut Düring



Federal Minister for Economic Affairs and Energy Sigmar Gabriel (left) and Bui Quang Vinh, Minister of Planning and Investment of Vietnam, after signing the MoU on the extension of the manager training programme.

MP promotes bilateral economic relations



Sigmar Gabriel, the German Federal Minister for Economic Affairs and Energy, recently travelled to Vietnam from November 18 - 22, and was in Hanoi to sign the renewal of the Manager Training Programme with Vietnam. He then travelled to Ho Chi Minh City and opened this year's Asian Pacific Conference (APK). In our interview, Federal Minister Gabriel talks about the APK and the significance of the MP for Germany's economic ties to Asia.

GIZ: Minister Gabriel, during your visit to Vietnam you signed the MoU in Hanoi to continue the Manager Training Programme with Vietnam. What is your assessment of the programme?

Sigmar Gabriel: The Manager Training Programme brings businesses and entrepreneurs from both countries together, and in doing so makes a fundamental contribution to encouraging bilateral economic relations. This programme has produced outstanding results: around 340 Vietnamese executives have completed a programme course on the German economy. I am

pleased that the programme is so practical and successful, and that we can continue to keep the programme running and orientated towards actual business needs together with our Vietnamese partners.

In addition to Vietnam, the MP is also implemented in China and India.

China and India are among the economic powerhouses of the Asian economic region, so it makes perfect sense that we also implement the Manager Training Programme in these two countries as well. Both sides stand to benefit from this ex-

change – the German companies and our Asian partners.

Vietnam is hosting the Asian Pacific Conference (APK) this year for the first time. How significant are German-Vietnamese economic relations in your estimation?

Vietnam has attracted a number of German businesses in recent years and shows enormous potential in terms of the further development of our economic relations. It is certainly not pure happenstance that the Asian Pacific Conference of German Business (APK) was held in Ho Chi Minh City – one of Asia's economic hotspots.

You have just returned from Vietnam. What lasting impressions do you have of the APK?

The APK has proven itself to be a major networking event in this region. It provides German and Asian decision makers representing business and politics with a platform for discussing current economic issues. The many Asian ministers who travelled to attend the APK attest to that fact, as does the presence of the Secretary-General of ASEAN.

Minister Gabriel, thank you very much for this interview! ■

MP with Mexico to be continued



BMW State Secretary Uwe Beckmeyer (right) and Enrique Edgardo Jacob Rocha, INADEM, at the signing of the MoU.

Cologne. On 27 October 2014, the Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy (BMW), Uwe Beckmeyer, and the President of the National Institute of the Entrepreneur of the Mexican Ministry of Economy (INADEM), Enrique Edgardo Jacob Rocha, signed a joint declaration to realise the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy between Germany and Mexico. 'Germany is traditionally well represented in Mexico, and we wish to further develop the bilateral relations. The Manager Training Programme is a powerful tool to familiarise young Mexican companies with German corporate

culture,' emphasises Beckmeyer. Jacob also acknowledged Germany's accomplishments within the Manager Training Programme: 'It is not a matter of funding larger companies, who are capable of setting up cooperations with German companies on their own initiative anyway. We wish to increase the opportunities for small and medium-sized enterprises in Mexico to offer their products in Germany or to purchase German products. The high demand in Mexico provides the confirmation that we have created

'The high demand in Mexico confirms to us that we have created exactly the right tool for companies with this programme.'

Enrique Edgardo Jacob Rocha, INADEM

exactly the right tool for companies with this programme.' The managing directors of two Mexican SMEs from the food and construction industries corroborate this: Tanya Munoz and Sergio Miranda are part of a group of 20 entrepreneurs who completed the Manager Training Programme in Aachen in October 2014. 'The preliminary talks with German companies suggest that the prospects for exporting my products to Germany are very good,' reports Munoz. Their participation in the programme has yielded countless new ideas on how to cooperate with German businesses. Sergio Miranda was impressed by the high standards in product inspections, tests and certification: 'It is very important for Mexican companies to know that in Germany, new products must first be tested before

they are approved for the market. This explains the generally high quality of German products. If I wish to succeed in this market as a Mexican company, I must take the same standards as the basis.' The 2014 Latin America Day organised

in Cologne by the Lateinamerika Verein e.V. (LAV) formed the celebratory setting for the event. ■

A lively programme



Bonn. On 4 November 2014, the Sino-German steering committee met for what was the sixth time since the programme's launch back in 2007 to review the past year. The programme is continuing to develop into a genuine partnership. The 'Fit for Business with China' format which involves the Chinese side inviting German managers on a two-week training trip to familiarise themselves with the local corporate culture (see article on p. 24) contributes decisively to this. Demand also remains high for the MP for Chinese managers in Germany. Two MP participants from China, who have just completed their training in Cologne, took part in the steering committee meeting. They shared animated accounts of the programme's successful implementation during their presentations. The typical daily routine – communication with the home company through the night, with

seminars and company visits in the day, communal cooking with informal exchanges in the evening – testified to the managers' high degree of commitment. The lead ministries, namely the German Federal Ministry for Economic Affairs and Energy (BMW) and the Chinese Ministry of Industry and Information

Technology (MIIT), underlined the MP's significance as an effective tool for foreign trade promotion among SMEs in particular. The MP with China is financed by the BMW from the German side and the MIIT from the Chinese side. The China Center for Promotion of SME Development is the programme partner in China. As the general manager, the GIZ is responsible for organisation of the programme on the German side. ■



Members of the Steering Committee

Fifth anniversary of MP with Mongolia



In 2014, the Federal Republic of Germany and Mongolia celebrated the 40th anniversary of diplomatic relations between their countries with diverse festivities. The MP with Mongolia celebrated its fifth anniversary with an alumni conference.

Berlin / Jargalant Sum. Economic and political relations between Germany and Mongolia have intensified in recent years, and the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy (BMWi) is an important in-

strument for bilateral cooperation. The fifth anniversary was a pleasant opportunity to invite the alumni to a conference in September 2014. More than 50 Programme alumni took the opportunity to meet in Jargalant Sum. Besides specialised seminars covering web competency (see article on p. 42), possibilities for increasing value creation for companies from the mining sector, and successful management of international projects, the focus was on acknowledging the

programme and the results achieved by the participants.

Khuyag Ganbaatar from the employers' association MONEF sees the MP as a useful instrument. He said it helped Mongolian SMEs to gain access to international markets and become familiar with state-of-the-art technologies. Burkhard Ducoffre, Embassy Counsellor at the German Embassy in Mongolia, acknowledged the MP's contribution to bilateral economic relations. Andreas Obersteller, Director at the BMWi, emphasised the important contribution that the know-how and technology of German companies can make to developing Mongolian SMEs and stressed the interest on the German side to continue the MP. Thus, a further milestone will be reached in 2015 when the 200th MP participant from Mongolia arrives in Germany for training. ■



Economic Relations with Azerbaijan at a High Level



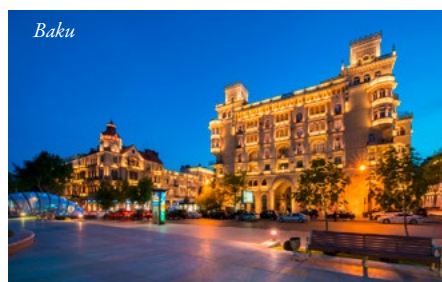
On 30 September 2014 in Baku, the fourth meeting of the German-Azerbaijani High-Level Working Group on Trade and Investment took stock of the positive development in bilateral economic cooperation.

Baku. The current state and the developments in bilateral economic relations were topics on the agenda at the meeting of the High-Level Working Group, which was chaired by Dr Eckhard Franz, Director-General for External Economic Policy at the Federal Ministry for Economic Affairs and Energy (BMWi), and Dr Samir Veliyev, Head of Administration at the Ministry of Economy and Industry of the Republic of Azerbaijan. The entire thematic diversity of energy issues, environment and climate protection, manager training, twinning, education, health care, agriculture and developmental cooperation was discussed, with the emphasis on matters regarding cooperation in the areas of energy, oil and gas.

With regard to the cooperation in the training of executives from the business sector, Dr Franz stressed that the Manager

Training Programme with Azerbaijan is exemplary for bilateral cooperation. The programme stands out particularly through the development of personal contacts between entrepreneurs and companies in both countries and thus makes an important contribution to the cooperation between German and Azerbaijani SMEs.

The next meeting of the High-Level Working Group will take place in autumn 2015 in Berlin. ■



10 years of MP with Kazakhstan



Astana. The Manager Training Programme of the Federal Ministry for Economic Affairs and Energy (BMWi) with Kazakhstan, which became the third MP partner country in 2004, has had its tenth anniversary. A good reason to celebrate; the programme can now look back over almost five hundred alumni who have extensive modern management expertise and good connections to German businesses. They were able to demonstrate their respective successes in a cooperation project competition held by the BMWi and GIZ on the occasion of the tenth MP anniversary. The results were presented at a festive conference at the end of October 2014 (see article on page 19).

Every year, approx. 50 Kazakh specialists participate in the practice-oriented training. The MP with Kazakhstan is financed by the BMWi and coordinated by GIZ on the German side. On the Kazakh side, the Ministry of National Economy of Kazakhstan is responsible and has commissioned the entrepreneurship development fund DAMU to carry out the programme. ■

Moldova – MP Extension and New Management



BMW State Secretary Uwe Beckmeyer (right) and Adrian Candu, Deputy Prime Minister of Moldova, extend the MP with Moldova.

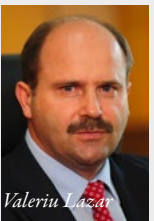
Berlin. Uwe Beckmeyer, Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy, met with the Deputy Prime Minister of the Republic of Moldova on 15 October 2014 in Berlin. The talks focused on the development of bilateral trade and economic relations as well as measures to provide economic support for the Republic of Moldova, with regard to the requirements

in connection with the provisional application of the association and free trade agreement with the European Union. At the meeting, the joint declaration of intent on the implementation of the MP with Moldova was extended by three years up to the end of 2017. 'The continuation of the Manager Training Programme is an important contribution made by Germany to promote modernisation, and especially of small and medium-sized enterprises in Moldova. In the six years since its start, a total of 171 Moldovan participants have completed the programme, in which they have gained management know-how and access to German companies', Beckmeyer said. The Deputy Prime Minister

Adrian Candu recognised these supporting measures as a major contribution to the economic development of his country. In 2013, bilateral trade turnover amounted to EUR 490.8 million. The Republic of Moldova achieved a trade turnover of almost EUR 3.2 billion with the European Union.

Chamber of Commerce and Industry of the Republic of Moldova under new Management

The partner organisation of the MP with Moldova has a new chairman, Valeriu Lazar, who was previously Vice Prime Minister and Minister of Economy. He succeeded Gheorghe Cucu in July 2014. Lazar has been associated with the MP with Moldova for many years. In his new function, he will strongly advocate the development and continued success of the MP. ■



Your opinion counts!

Our readers diligently clicked through the poll on the first three issues of the Journal – we are pleased with the lively participation! Your opinion and needs are very important to us, and that is why they were on the agenda of an editorial meeting in September, where we closely reviewed the four Journal issues since 2012.

Bonn. Ask and you will receive answers. We did ask – and are now more familiar with what concerns our readers. Information on various industries, e.g. the automotive and pharmaceutical industries, is just as popular as innovative projects, new technologies and bilateral economic relations. The success stories of alumni and German companies top the wish list. We received comments and suggestions mainly from Russia, Vietnam, Ukraine, Kazakhstan and Germany. Many thanks for them!

We are pleased at the good overall impression the Journal has made on most readers! Special praise goes to the new design and the professional orientation of

the articles. The *News* section has been particularly well received, followed by *Germany*, *Successful Participants* and *Alumni*. A main complaint was the fact that the reports are not always up-to-date. As the Journal is published twice a year, we place more importance on specialist input and the overall presentation of the MP. We publish current reports particularly on our new MP internet site and on Facebook.

We want to meet the requests for more portraits of German companies participating in the MP by expanding the *Successful Participants* section and also introducing German companies in the *Focus* section. We will also try to gradually take



into account the numerous suggestions for the publication of particular specialist contributions – these articles can soon be found in the sections *Germany*, *Alumni* and *Specialised Topics*. In response to numerous reader requests, this issue is dedicated to the topic of innovation. Of course, we continue to look forward to receiving further feedback – also on individual articles! ■

MP Partner Meeting in Berlin



The partners of all 16 countries involved in the implementation of the Manager Training Programme got together for a collegial and friendly working meeting in early December 2014 in Berlin. The meeting's primary focus was the new competence system, which will be implemented starting in January 2015.

Berlin. International partner meetings have an essential function: they serve as orientation for everyone involved in the project. These meetings can also help to generate new ideas for improving the programme, and they provide the right environment to exchange views with partners from the other MP countries. Dr. Hans-Joachim Henckel, Director for the Promotion of Foreign Trade, Development Policy and CIS Countries in the German Federal Ministry for Economic Affairs and Energy, expressed his pleasure at the fact that all partners representing the 16 countries had managed to meet in person for the first time ever. Dr. Henckel opened the work meeting, which this year focuses on the MP competence system.

At the two-day meeting, all the participants familiarized themselves with the instruments of the competence system. Despite the many country-specific differ-

ences, they gave it a positive assessment. In working groups, participants discussed opportunities and challenges concerning implementation of the system within the individual countries. Several partners described their positive experiences with the inclusion of MP alumni in the selection process and preparatory seminars. Subjects such as "Intercultural Management" or "How to do Business with Germany" continue to be very successful in the preparatory seminars. Rahim Mursalov from Azerbaijan gave an example of positive participant motivation, where successful MP alumni receive subsidised loans from the Ministry of Economic Development of Azerbaijan specifically for financing projects of small and medium-sized companies.

The international project partners also evaluated the new instrument of self-checking, with which participants are to assess their own level of knowledge. Partic-

ipants' heterogeneous competence levels are seen as a challenge for the preparatory seminars. The main purpose of the initial self-checking during the preparatory phase is to allow participants to better prepare and equip themselves for further training in Germany.

The exchange of knowledge between the experienced, long standing partners and the new partners who have only recently started working in the MP was also an important element of the meeting. The friendly way of dealing with one another and the intensive exchange across all language boundaries enabled a quick integration of the new partners. The partner meeting thus proved to be a further step in networking all MP participants. Throughout 2015, the partners in the individual countries will now be implementing the competence system on the basis of this meeting and in close collaboration with GIZ. ■

MP Partners from 16 countries in Berlin



From left: Dr. Alejandro González (Mexico), Vyacheslav Tymbal (Ukraine)



Reimut Düring, GIZ



Dr. Hans-Joachim Henckel, BMWi



From left: Le Thi Lam Vien (Viet Nam) and Liu Jingshu (China)



From left: Mahmoud El Sherbiny (Egypt), Amit Sanghvi (India)



From left: Elena Anisimova (Belarus), Mabri Holnazarova (Turkmenistan)



Arzygul Govshudova (Turkmenistan)

Prepared for Trade Fairs



fair practices, the visit to the InnoTrans 2014 was prepared thoroughly during the training.

The differences begin with the set-up of the stand. In China, the set-up times for a trade fair are shorter and chipboards cannot be used due to the climate. Modular components are also less common in China, and the space available used differently. The target groups are different, too; for example, visitors for InnoTrans are almost exclusively trade visitors. A detailed analysis of the visitors in the

trade fair database of the German Trade Fair Industry (AUMA) confirms this: 96 per cent of visitors are genuine trade visitors and 65 per cent of all visitors travel further than 300 kilometres to be informed on the latest innovations. While there are by no means fewer visitors at Chinese trade fairs, interested end-consumers are also granted access. In light of these differences, seminar participants reported that thorough preparation before the trade fair visit is absolutely essential to avoid the risk of 'competitive disadvantages' over German trade visitors.

The European-Asian comparison also differs between the way talks are conducted and how contact is established.

In autumn 2014, 16 Chinese managers came to the Bildungszentrum am Müggelsee training centre in Berlin for the Manager Training Programme. They attended the 2014 InnoTrans International Trade Fair for Transport Technology to compare trade fair practices in Germany with those in China. During the training, the participants learned how to prepare efficiently for a trade fair visit, what must be taken into account in the acquisition of German trade fair visitors, and what differences exist between the Chinese and German trade fair cultures.

Berlin. China is Germany's most important Asian business partner. On a national scale, Chinese exhibitors are now the largest foreign group at trade fairs, and the number of visitors from China has more than tripled in the past ten years with approx. 55,000 visitors per year. It is therefore perhaps unsurprising that China has also been named the partner country for CeBIT 2015.

At the end of September, 2,750 international exhibitors from 55 countries presented their innovations in the fields of transport technology, innovative components, vehicles and systems to the 126,000 visitors of the InnoTrans trade fair in Berlin. While most of the Chinese participants did not have any direct bearing to the railway industry, the transport trade fair in

Berlin was a good example of the different stand concepts in China and Germany. In light of the significant differences in trade

How to prepare well for trade fairs: a checklist

1. Always compile information on the trade fair beforehand, e.g. from the organiser and the AUMA trade fair database
2. Purchase admission tickets in advance and more rapidly in a digital format (possibly also for a discount)
3. Set personal trade fair aims
4. Plan travel and book accommodation as necessary
5. Inform yourself of TOP news about the exhibitor in advance
6. Search the exhibitor directory for existing customers/suppliers/partners/potential suppliers
7. Identify contact persons among your existing contacts
8. Arrange appointments at the trade fair as appropriate
9. Compile your business cards/small samples/flyers/technical details for discussions you will have
10. Plan your day incl. a tour of the trade fair (order of the halls), participation in specialist talks and side events

The Chinese rely on existing networks and contacts, using these mechanisms to boost visitor frequency at their exhibition stand. In contrast, the stand concept assumes a larger 'magnetic effect' in Germany. Potential customers should take a targeted approach to seeking out specific exhibitors. For these mechanisms to work for both sides, trade fair visitors should define their aims, be able to formulate problems, and have solutions in mind. A browse through the digital exhibitor directory enables a preliminary overview and helps provide orientation for a successful trade fair visit. The openings of qualified trade fair discussions – as are the greetings – are also entirely different. A high degree of hospitality exists in the Chinese world of business, whereby drinks are provided and a seat offered. In contrast, the personal well-being and refreshment needs of potential conversation partners are considered less of a priority in Germany. The question of whether mutual business potential exists is first clarified very directly. Some Chinese participants in previous German trade fairs found this significant difference to be very impolite and incorrectly drew negative conclusions for a common professional basis. This misunderstanding could now be cleared up in the seminar.

CeBIT 2015 in Hanover

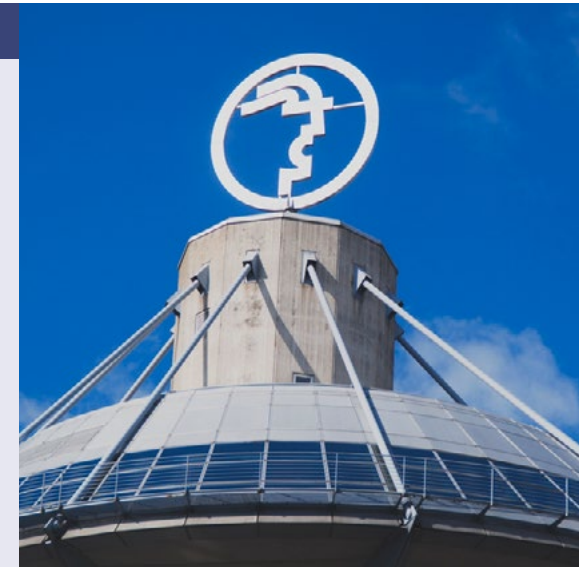
Focus: innovations in IT

Top topic: d!conomy

According to the top topic of 'd!conomy', CeBIT 2015 will consider the ubiquitous digitisation that is having a growing impact on our professional and personal lives; the concepts of big data, cloud computing, mobile and social and security are increasingly interrelated and all have a major influence on business and society. It is ultimately the all-encompassing networking that is driving the development of business models, manufacturing processes and products.

Partner country: China

www.cebit.de



During a tour of the trade fair itself, the managers were able to convince themselves that thorough preparation for a trade fair would support their professional success. Particularly important in this is the identification of suitable partners in the digital exhibitor directory, rough knowledge of the hall layout, and setting a number of trade fair aims. This will increase the chance of business relations successfully being established. In addition, managers reported that targeted preparation for a trade fair visit also leaves them in good

stead for future individual trade fair visits. They were confident that their knowledge of German trade fair practices would also lead to an improved understanding of German trade fair visitors when exhibiting in China. ■



The founder of Concept and Sales, Thomas Starke, offers sales consulting and trade fair training. As a trainer at the Bildungszentrum am Müggelsee and partner of the GlZ, he readily shares his practical experience with the MP participants.

DMAN's Alumni Activities



The German Management Academy of Lower Saxony (DMAN) qualifies specialists and executives for success in international markets. It provides a practical transfer of knowledge and supports its clients in opening up new business potential at home and abroad. The Academy has its head office at Celle Castle and representations in Moscow and Shanghai. DMAN has been involved in carrying out programmes since the start of the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy in 1998. Besides a one-month training course in Germany, the programme includes follow-up support over a period of 12 months. During this phase, DMAN supports and advises the participants free of charge and as required in looking for

and establishing further business contacts and in implementing the skills acquired in Germany in their companies at home. Finally, a follow-up seminar takes place in the respective country, at which DMAN representatives usually offer training that builds on the contents of the programme.

But also after completion of the MP, DMAN does not leave its participants alone; contact is maintained via Facebook. A newsletter regularly provides information on the Academy's activities. Further qualifying measures are compiled individually on request; some MP alumni have already made use of this offer and booked the DMAN trainers for a seminar in their home companies. The subject tutor and the project leader at DMAN

remain available as contacts and arrange well-aimed business contacts in Germany. DMAN is pleased to forward requests for cooperation from its alumni to German companies; this often promises more success than a request sent directly from abroad. The DMAN representations in Moscow and Shanghai support Russian and Chinese participants locally if required. And all alumni can make use of DMAN's extensive contact network in Central and Eastern Europe, Asia and the Near East, which comprises a large number of experts and companies in Germany and roughly 30,000 alumni from DMAN programmes. ■

Further information can be found at:
www.dman.de

New market opportunities in Kazakhstan

There are major opportunities on the Kazakh market for companies from Germany and the other Manager Training Programme partner countries – including six percent economic growth, the country's application for membership in WTO for 2014, and preparations for Expo 2017 in Astana. The Kazakh government is also financing subsidy programmes for domestic mid-sized companies. To promote direct cooperation with German companies, executives from Kazakhstan were guests at the German Management Academy in Niedersachsen in May 2014 as part of the MP.

Celle. Toktamys Assanow, a participant from Kazakhstan, wants to build vegetable storage facilities close to Astana with a planned total volume of 14,000 tonnes. This is not a job that he can tackle on his own, so he is here looking for investors from Germany willing to take a 40 percent share in the planned construction. The Kazakh government is looking to assuage German concerns about investing in Kazakh companies by guaranteeing foreign purchases of necessary supplies. In Assanow's case, this means that if he is held responsible for

interested in closer economic cooperation. Last year the eighth meeting of the German-Kazakh Governmental Working Group for Commerce and Trade has already been held at the Federal Ministry for Economic Affairs and Energy in Berlin to discuss economic cooperation in many areas including energy and agriculture as they relate to dual education and the preparations for Expo

'We have been keeping an eye on the Kazakh market for a while, but we lacked the right partner.'

Klemens Jagieniak, a project engineer at Envidatec GmbH

for in the person of Dmitrij Ganzhurow. During his stay in Germany, the Kazakh director signed a Letter of Intent with the Hamburg company to start working together. Envidatec GmbH has already worked on several smaller-scale projects in Kazakhstan, and with Ganzhurow's help they now hope to receive regular orders and may even open an office in Kazakhstan. 'We have been keeping an eye on the Kazakh market for a while, but we lacked the right partner. Together with iTechnology Ltd. in Pavlodar we plan to start realising energy efficiency projects, by means of our Energy Monitoring System JEVIs, including combined heat and power stations,' said Klemens Jagieniak, a project engineer at Envidatec GmbH.

The service contractor Nabitex Technology & Solutions e.K. also discovered that MP can be helpful for finding manufacturing partners in Kazakhstan. Nabitex was looking for a contract manufacturer for a German producer of protective gloves. Initial talks with Dina Makhatova, the director of a Kazakh textile manufacturer, have been positive. The next step is a visit to the sewing shop in Kazakhstan – along with the prospect of a first order. The Kazakh company seeks to increase production capacity by using new industrial sewing machines produced by Dürkkop Adler AG.

Over the course of the training programme the Kazakh managers were impressed by the logistics plans put forward by the Germans, as well as the number of family-run businesses and the high level of employee loyalty. Michael Tritschel, the managing director at Wilkhahn Wilkening + Hahne GmbH, an office furniture manufacturer from Bad Münden explained one of his basic principles, which went down very well with the participants: 'We are not just selling our customers furniture, we are selling them a benefit.' ■



Inga Markwart is a programme manager at DMAN in Celle, where she is responsible for planning and coordinating qualification programmes for participants from Central and Eastern Europe, the Baltic states, the CIS states, and Asia. She gained marketing and event experience in the industrial sector.

But after completing the training programme, five different German companies that had been visited by programme participants reported having picked up new business contacts. Envidatec GmbH, an energy services provider from Hamburg, specialising in energy management systems, energy monitoring and production energy efficiency found the partner they were looking



At a visit to Consulting Agency Trade, provider of services for the oil and gas industry

the failure of the project, foreign investors will get their money repaid by the Kazakh government. By the time the investors for the construction of the storage are found, the budget for the purchase of the equipment will be available – a German manufacturer will be supplying storage facility supplies with a value of approximately 2 million euro over the next two years.

After Russia, China and the Ukraine, Germany is Kazakhstan's fourth largest supplier of goods. Demand is highest for German machines, chemical products and automobiles. A partnership between Germany and Kazakhstan has been maintained since 2012 in the areas of raw materials, industry and technology, and both governments are



The round-table discussion at the Consulate General of the Russian Federation

Business Practice of Russian Companies in Germany

During the German-Russian Business Talks in June 2014 at the Consulate General of the Russian Federation (see Journal 1-2014), the German alumni association DRMN e.V. (German-Russian management network) organised for the first time a round table meeting on the topic of practical experience gained by Russian entrepreneurs in Germany.

Bonn. The round table meeting at the Consulate General was about impressions of German business culture. The discussion was attended by representatives of manufacturing companies in Germany with parent companies in Russia. Viacheslav Tyurin, Managing Director of Sts-turnpress Werkzeugmaschinen & Pressen Handels GmbH, founded his company in Germany after the disintegration of the Soviet Union to continue the already existing business. 'The core of our business is the supply and modernisation of Russian machine tools and presses. Together with the German partner, we were able to create a stable basis for our company. To do so, we consistently built up contact to suppliers, banks and our future customers,' says Tyurin. Olga Petzold, Chief Financial Officer of Nordinkraft AG, describes the initial difficulties: 'In the beginning, there was a lot of prejudice about the company's origin, which we had to overcome. The intercultural competence gained in the process has strengthened our competitiveness and makes us a very attractive employer.' Viktor Berkovych, Head of Purchasing at OAO Promco German Branch, acknowledged the efforts of the German Chamber of Commerce Abroad (AHK) in Düsseldorf, which did every-

thing possible to enable a successful start once the branch had been founded. 'We received all the information necessary for processing the documents quickly. They always provided expert advice on all urgent matters – of which there were a lot at the start.' The company did not encounter any bias: 'Our suppliers know that we are a Russian subsidiary and nevertheless have good relationships with us. Having the same delivery times and terms of payment as German partners is a big advantage for foreign companies. That already is a reason to open a branch in Germany.'

Germany attractive for Russian companies

For some years now, the Russian government has encouraged domestic companies to engage more strongly in international activities. The most important reasons for investing in Germany are access to international management pools and the status 'Made in Germany'. According to Deutsche Bank, Germany is in seventh place as a lucrative investment location for Russian entrepreneurs. According to GTAI, Russian investors mainly concentrate on financial and corporate services, energy and commodity trade, and IT. This applies to 44 per

cent of all companies founded between 2008 and 2012. Furthermore, the direct presence in the gigantic EU market offers better protection against possible protectionist measures and the possibility of lobbying activities in Brussels.

For many Russian companies, entry into the German market is only imaginable through an investment in a German company or a close cooperation with a local company. In 2012, roughly 1,200 Russian companies were registered in Germany with at least 51 per cent of the capital in their own hands and about 8,000 employees. The spectrum is very broad. Gazprom Germania is by far the largest Russian group in the Federal Republic of Germany, with an annual turnover of EUR 12.5 billion. Major shareholders such as the S-Group Travel Holding, which holds 25 per cent of the shares of the tourism group TUI AG, on the other hand, tend to act in the background. ■



Nathalie Wenzel is the Managing Director of REC Russland Experten Consulting GmbH based in Ulm, and a member of the executive committee of the German-Russian management network, DRMN. She participated in the 'Fit for Business with Russia' programme in Samara and Yekaterinburg in 2009.



Lessons Energy Efficiency in Germany

In autumn 2014, managers from six MP countries came to Germany for training on energy efficiency in industrial companies. The automotive, thermal energy, construction and consulting industries were represented. Organised by the TÜV Rheinland Akademie GmbH, the visitors experienced a varied programme in Cologne and the surrounding region.

Cologne. The topic of energy efficiency played an important role in Germany long before adoption of the federal government's third National Energy Efficiency Action Plan (NEEAP) in June 2014. The 22 managers from Egypt, Belarus, India, Moldova, Ukraine and Vietnam also visited Cologne for one month to learn more about energy efficiency in industry. The group programme was well received by all participants. Particularly, the managers were impressed by the successful combination of group visits, individual meetings and training modules. They held talks with over 60 potential business partners from different industries. Some companies were even already able to determine concrete approaches for future cooperation (see information box).

Besides renowned companies such as Viessmann and RWE Kraftwerk Niederaußem, research institutes like the E.ON Energy Research Center and Mittelstand companies like 2G Energy in Heck and ONI Wärmefabrik in Lindlar featured among the programme highlights. 'More than 4,000 customers in over 60 countries worldwide use our energy-saving plants and system solutions. It was therefore also in our interests to give the MP participants an insight into our technical plant possibilities. We exchanged the necessary information so that business contact could be established,' said ONI marketing and sales manager, Rüdiger Dzuban, following the group's visit.

Despite the group's heterogeneity due to the different sectors and cultural backgrounds, the participants effortlessly adapted to the conditions in Germany. They were able to process the information obtained, worked with motivation, and were open to new things. 'We were particularly delighted with the questions asked following the technical presentation. This showed us that a high degree of interest exists within their companies for energy savings and the possibilities of implement-



Elena Plamadeala is the managing director at United Electric Industry in Chisinau, which specialises in air conditioning. The Moldovan company offers a comprehensive range of services in this segment – from retail to technical and organisational planning through to installation and customer service. Fujitsu, Hitachi, Vortex and Sharp are international partners. In Germany, Plamadeala has sought energy-saving products such as heat pumps, cooling units and photovoltaic systems. She visited the manufacturer and system supplier Solarbayer, the WindEnergy trade fair in Hamburg, and the German pump manufacturer Deutsche Vortex in Ludwigsburg, which has brought an innovative pump principle with a patented motor circulator onto the market. 'As managing director of a small retail and engineering company, I am always on the lookout for

something new and innovative to complement our product range.' At Solarbayer, Plamadeala learned more about wood heating systems, thermal solar energy and heat pumps. She explained to the German companies that in Moldova, energy-efficient products in the fields of heating, air conditioning and water supply were growing in popularity year after year. She was extremely impressed with the German customers' loyalty. For her, this was also the key reason to work with German suppliers. 'As the manager, I must now try to implement the methods and versatile experiences gained in Germany in Moldova, and to optimise my business practices in this way,' said Plamadeala. The MP reminded her time and time again how important personnel and innovations are as success factors. What's more, the programme is an invaluable exchange of experiences for energy efficiency and renewable energies as well as for management methods.

ing energy-saving technology,' commented Dzuban.

All participants were particularly impressed with the significance of the Mittelstand in the German economy. They

were able to gain further insight into the strengths of these 'Hidden Champions', who are often based in rural regions, through the examples of family-run businesses such as Siegwerk Druckfarben and EWM Hightech Welding.

Vladimir Rashkevich is a department



head at the Minsk-based energy company, RUE 'BELTEL', which is a leading provider in Belarus for the research, design and implementation of energy-saving technologies as well as SCADA and measuring systems. Besides designing energy systems, their service portfolio also covers the development and implementation of investment projects. In Germany, Rashkevich is seeking opportunities for cooperations with machine and plant manufacturers from the energy industry. He is also interested in producers and suppliers offering innovative technical solutions for renewable energies. He met with Sommer Energy in Thuringian Deuna and Lindenberg-Anlagen in Overath to this end. At the consulting firm Sommer Energy, Rashkevich was able to expand his knowledge of combined heat and power plants in particular. Besides an exchange of experiences on the cogeneration of heat and electricity, energy management also featured on the agenda. To date, Sommer Energy has only been active in Austria, Spain, Hungary and Slovakia, and is extremely interested in markets such as Belarus. At Lindenberg Anlagen in the Bergisches Land region,

Rashkevich discussed the in-house equipment and systems, whereby the focus was on complex energy-efficient systems. This Mittelstand company is already active in Belarus but wishes to expand its presence there. Both sides were impressed following the meeting. Rashkevich provided a professional presentation of his company and left a very positive impression, reported Udo Jonas, sales area manager for diesel generators and spare parts. The Belarussian participant commented: 'To date, we have mostly only worked with extremely large companies. Thanks to the MP, I now know that there are countless German SMEs very interested in entering the international market with their top-quality products.' The offers from both companies that Rashkevich received for current projects are confirmation of this. He is confident that at least one of the offers will be realised in the near future. The MP is a fantastic opportunity to convince oneself of the quality of German workmanship. It is by no means merely a marketing ploy but rather the result of a systematic approach among company management with regard to the production processes, quality and personnel. Investments in research and development allow them to remain one step ahead of the competition,' the participant summarised.

The MP training, with a focus on energy efficiency in industry, concluded with a closing event at the TÜV Rheinland Akademie. During the presentation of the results, the participants expressed their thanks for the extremely positive experience and the programme's outstanding added value. Moreover, they had forged valuable business contacts with whose help they will more easily be able to establish cooperations with German partners, or to develop these in the long term. 'It is now up to them to act' said Elena Plamadeala, a participant from Moldova. ■



Christian Abels is a trainer for intercultural communication and project worker at TÜV-Rheinland Akademie GmbH. A qualified South East Asia expert and media scientist, he provides international delegations with advice on and assistance in business development.



Changemanagement

Company managers are forever being faced with new challenges by their environment. Such dynamically growing complexity makes the ability to react flexibly and to rapidly make decisions a necessity, particularly in the event of unclear framework conditions. At the same time, managers must be able to implement changes – above all in crisis situations. Russian MP participants learned just how during training.



Cologne. Russian business practices show that over half of managers striving to implement change come up against strong resistance from the employees. But how can this

be overcome? Russian managers and the owners of small and medium-sized enterprises from the food industry, who were in Germany for training in summer 2014, tackled this and other challenges. During their time in Germany, they sought to instigate a number of changes at their companies and to implement innovations. The interactive training aimed to provide them with the expertise and tools to successfully be able to implement lasting change.

‘Everyone thinks of changing the world, but no one thinks of changing himself.’

Leo Tolstoy

Four key factors must be taken into account to successfully implement changes within a company, whereby each is crucial to the success of the change process.

change initiators should have a global target in sight that will be well received by the employees.

Factor 2: analysis of the crisis situation that make the changes necessary. The following questions are particularly important for managers who have identified a problem and wish to instigate the according

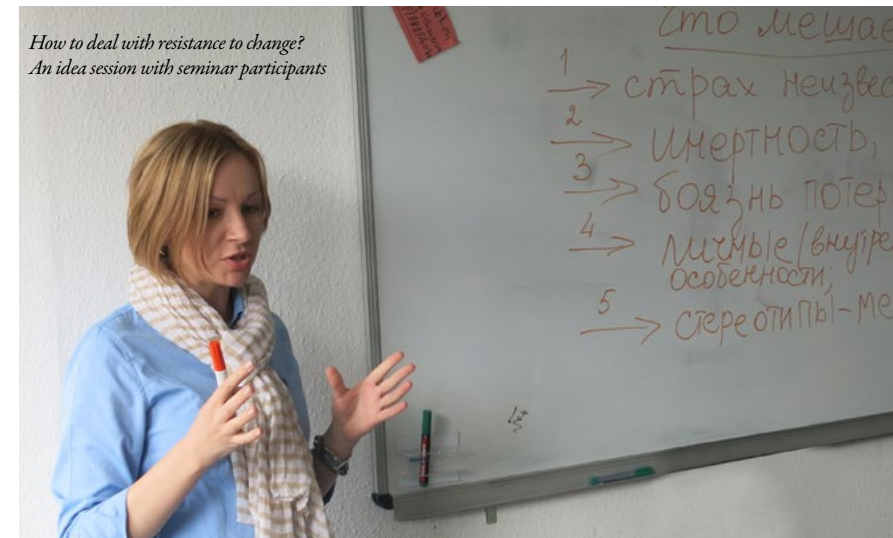
change process as well as for those responsible for implementing the planned changes in practice:

- What needs to be changed?
- What are the success criteria for a change?
- What will the change achieve?
- Which systems will be affected by the change?
- What are the benefits for those affected by the change?
- Where can resistance be expected, and how is this most likely to be expressed?
- What can be done in the event of resistance?

During this phase, the needs of those affected should be analysed in great depth: the need for recognition, coalition formation, sense of security, emotional climate, etc. One should also be familiar with the general misconceptions and pitfalls that can arise when confronted with crisis situations.

The types of crisis situations and changes are also decisive. It is possible to differentiate between:

- the scale, radicalness and extent of the changes, e.g. purchase of new technology, relocation, company takeover, revolution, etc.
- the direction: positive and desirable changes, such as marriage or the birth of a child, versus negative and undesirable changes, such as severe illness, notice of termination, etc.
- the ability to plan the changes: restructuring that is planned in the long term



versus enforced change prompted by the external environment or internal changes within the company that threaten the existence, e.g. political sanctions against individual industrial sectors, loss of control due to a manager's sudden death, etc.

- the number of people affected: an individual, group (department, company), social communities (generation, country).

Regardless of the concrete changes that lie ahead, and the level and areas they will take place in, affected individuals will display similar physical and emotional patterns of behaviour. These can be broken down into the following stages:

- shock,
- denial,
- conscious examination prompting resistance,
- acceptance of the 'new reality' on the emotional level,
- testing of the new behaviour,
- and finally, a 'new start'.

‘Having lost sight of our goals, we redouble our efforts.’

Mark Twain

Factor 3: development and implementation of the strategy of action

The success of different behavioural strategies during the introduction of changes depends on which of the above stages those forming the focus of the changes currently find themselves in (e.g. board members, shareholders, customers, creditors, specialists, relatives). The type of 'actors' affected must also be taken into

account (e.g. 'active', 'responsible', etc.). All of this must then be incorporated into the process to implement the changes. This includes the according information policy, negotiations and agreements with those involved, assistance and support as well as the realisation of overt and covert coercive measures and employee training.

Basic rules

1. Make all the difficulties of the situation clear to all to avoid any false expectations and (!) show them the way out.
2. Devote your attention to cooperation within the team and to the role of each individual in the common cause.
3. Outline to each involved person the contribution you expect of them.
4. Inform the team of the vision for the future.
5. Prepare a precise plan.
6. Monitor the process and report on the positive outcomes of the changes.
7. Find individual access to each group.

Factor 4: dealing with resistance. Why do employees also oppose changes when these will clearly improve their situation? This can be for a great many reasons: a lack of understanding for changes per se according to the principle of 'my way works too', a lack of trust in management, different appreciations of the situation, a lack of willingness to change, 'change fatigue', negative experiences in the past, or purely personal interests (loss of power or a pay cut).

Sometimes the resistance is difficult to spot. Besides overt resistance (e.g. debates or sabotage), there are often also covert

but no less 'dangerous' forms of expression (e.g. activism, manipulation, inner resignation, psychosomatic illnesses, etc.). If this type of resistance is identified, the work to develop strategies to overcome it can begin.

Fundamental recommendations

- Allow space for 'letting off steam' (legitimacy of resistance).
- Resort to reinforced reception (dialogue, search for causes).
- Reach mutual arrangements (potential agreement of new procedures).
- Resistance is not the cause for concern but rather its absence.
- Resistance always contains a 'hidden' message.
- Disregarding resistance leads to blockages.
- You must work with the resistance, not against it.

Successful changes can only be implemented by the employees and together with the employees. Up to 80 per cent of managers' working hours can therefore be spent on communication during such phases. A high degree of social competence is one of the most important criteria for professional success. Hence the optimisation of communication processes and constructive conflict management for managers play an important role. The MP participants also confirmed this after their training. For them, it was particularly important to learn how they can react appropriately to resistance to change: 'For me, one revelation was that resistance is unavoidable and even necessary. But you must be able to deal with it, and I have now learned how,' reflects one participant. Another jokes: 'I am now prepared for anything that life may throw at me. The introduction of new processes at my company, restructuring, and even bankruptcy – I know what must be done in each individual crisis situation. I am even prepared for the retirement crisis!' ■



Dr. Aksana Kavalchuk heads up consulting firm CLC Consult GmbH. As a trainer and advisor specialising in international cooperation, intercultural management, negotiations and conflict management, she also advises managers on change processes and team building.

Opportunities for Moldova

Adaptation to European standards and norms was a key concern for the Moldovan managers, who completed their training in Dresden in summer 2014. German cooperation partners are to help realise the projects.



Dresden. As General Director of state-owned Armo-Beton, Ion Cîrstea sought a strategic partner for his business field in Germany. His company manufactures concrete components in Chisinau – specifically masts, pillars and support systems – and is the market leader in this field in Moldova. Cîrstea sees the future of Moldovan roads with a German partner company at its side: ‘Concrete masts along Moldovan roads either date from the Soviet era or are still produced according to the old standards. New masts are to now gradually replace these. We need the appropriate technology for this, modern equipment and an experienced German partner,’ says Cîrstea. He envisages modern manufacture of the products in Moldova. Cîrstea has already found a German partner company interested in a cooperation for his major project: Bavarian Eurocoles based in Neumarkt wishes to participate in setting up the new production plant with a 50 per cent share. Eurocoles will first review the business plan. With the new equipment, Cîrstea wishes

to build up the contracted manufacture of non-standard components – a novelty on the Moldovan market.

New standards and norms that the EU association brings with it also preoccupied other MP participants. On behalf of the Moldovan tax authorities, Rodica Musteața sought enterprise resource planning (ERP) software to replace individual data management models with a uniform system. Should implementation prove a success, other authorities and ministries such as the Moldovan finance ministry, also wish to introduce such software. Musteața visited the renowned software developer Abas based in Karlsruhe to this end – the cooperation negotiations with the Moldovan side are now underway. ■



Roman Bannack has worked as a specialist tutor at NBL in Dresden since 2008, and actively contributes to hosting the Manager Training Programme. He primarily supports groups from Eastern Europe, Central Asia and Vietnam.

EABW: Support of complex projects

The Export Academy of Baden-Württemberg has enjoyed over 30 years of market success. It directs global consulting projects and leadership programmes to support medium-sized enterprises in international business. All training content is devised to reflect scientific research and also retain a practical orientation. The guideline for ensuring this kind of content is the Academy's own management concept IMLead® (Integrated Management & Leadership). The manager is at the core of this concept, successfully directing all of the company's internal processes while also providing the impetus for the company to successfully bring products and services to global markets. This concept has been successfully implemented by Academy alumni – for example, in India in the spring of 2014. Ten Indian executives made use of the seminar ‘The German Perspective of Engineering’ to compare experiences with German experts to gain detailed insight into the best practices of product development processes implemented by German firms. Saurabh Sindhvani of Mahalakshmi Machinery in Ghaziabad was able to take this knowledge and put it into practice immediately. He is planning to purchase and start operations at a highly innovative recycling plant that separates electronic scrap at a rate of nearly 100 per cent with a fineness scale of <5mm. Negotiations are currently at a standstill because the approval of the entire plant with renovations has not been issued on schedule by the environmental regulatory bodies at both state and federal levels. Export of the plant is only possible after all environmental requirements have been met. This necessitates a market and feasibility study and the development and implementation of country-specific modifications. EABW employees are intensively advising and supporting Sindhvani in this extremely complex project. Negotiations are expected to be concluded in 2015 at the earliest. ■

Further information can be found at:
www.eabw.org

10 successful years in Kazakhstan

The Results Conference, which the Kazakh entrepreneurship development fund DAMU holds every year for its foreign trade project ‘Economic Relations’, took place at the end of October 2014 and was a very special occasion. This time, it also celebrated the tenth anniversary of the MP with Kazakhstan.



Astana. When in 2003, during an official visit by the then German Chancellor Gerhard Schröder, the decision was taken to implement the Manager Training Programme in Kazakhstan, following Russia and Ukraine, things happened very quickly. The first group of Kazakh participants travelled to Germany the following year. Ten years later, a total number of 470 executives have completed the programme.

What is the result of these ten years? The MP alumni has contributed decisively to German-Kazakh economic relations. During this time, mutual supply contracts have been concluded amounting to several million euros, and joint ventures have been established. Furthermore, the MP has led to important changes in the participating Kazakh companies. The follow-up results of a group from 2012 are one example: on average, the participants were able to increase their production volume by 75 per cent and their revenue by 37 per cent. In addition, they delegated authority and responsibility, created new jobs, improved working conditions and introduced new technologies.

Figures and analyses are interesting, but a live presentation of new ideas, developments and economic successes by actual alumni was more illustrative and had what it took to be the highlight of the conference. In advance, GIZ and the Federal Ministry for Economic Affairs and Energy (BMWi) had organised a competition among Kazakh alumni for the best cooperation project, with prizes for the winners. The response to the competition was very good; 20 projects were presented to an international jury of three for initial assessment. The top 10 had the opportunity to convince the commission and the audience of their work in a presentation during the conference. The BMWi announced the proud winners at the evening reception. Before that, Ute Leupold, Head of Department at the BMWi, and Dr Michael Banzhaf, Permanent Representative of the German Ambassador in Kazakhstan, acknowledged the diversity of the cooperation projects and stressed that the decision on the winners had not been easy.

First place went to Kuandyk Nurpeisov. After participating in training in Germany, the Technical Director of Inkar-1 built up

a new plant for producing shutoff valves – modernly equipped with German technology. In this way, he not only increased his production capacities, but also his international competitiveness. His products can now also be found in the Russian market. Bagila Tatijewa, Director of the company Ekolinesport, won second place. She founded a successful small company in the green technologies and environment protection sector. Furthermore, she has committed herself to improving Kazakh legislation in the field of environment protection. Anatolij Rud was awarded third place. His young, dynamic company Rud specialises in heavy-load transports. The sole proprietor signed several cooperation contracts with German companies during the training and purchased German equipment for his company.

Approximately 150 alumni as well as representatives of the Kazakh and German ministries of economic affairs, the German and American embassies and the German training centres attended the conference. It was organised by DAMU together with GIZ and the United States Agency for International Development (USAID). ■



Kuandyk Nurpeisov, 1st place



Conference participants in Astana

Dr Le Viet Anh (left)
and Le Thi Lam Vien
(Vietnam)



Partner Country Vietnam



Strengthening economic ties and promoting mutual understanding

Vietnam has been a partner country in the Manager Training Programme since 2008. To date more than 300 Vietnamese executives have completed training programmes in Germany. The Federal Ministry for Economic Affairs and Energy's political partner in Vietnam is the Ministry of Planning and Development. At the level of implementation GIZ works together with the Vietnamese Chamber of Commerce. In this interview Vietnamese Management Programme partners review the success stories and offer their estimations of the significance of the programme for their country.



Dr Le Viet Anh is Deputy Director General of the Foreign Economic Relations Department, Ministry of Planning and Development in Vietnam. Since 2011 he has headed the bilateral Steering Committee as Co-chairman representing Vietnam to evaluate the programme at regular intervals.

GIZ: Dear Dr Le Viet Anh, what is the view of the Vietnamese government on the MP and on its impact on Vietnamese-German business relations?

Dr Le Viet Anh: The efforts of the German government to support the implementation of the Manager Training Programme are held in high esteem by the Vietnamese government. The MP doesn't only con-

tribute to improving management skills, but it is also instrumental as a means to promote economic relationships as well as a cultural and human exchange between the two nations. Today, the MP is widely recognized by companies from both countries. For many Vietnamese companies, their participation in the programme made the German market even more attractive. At the annual alumni meetings, MP participants presented their results. Virtually everyone emphasized the importance of the programme for a fruitful, ongoing exchange with the German partners.

Through November 20th-22nd, the 14th Asia-Pacific Conference took place in Ho Chi Minh City. How does the Vietnamese government see the event?

The fact that Vietnam, for the first time, hosted the conference, shows a deep

appreciation on part of the German government towards Vietnam's role and position in Southeast Asia in particular and, generally, in Asia. The conference allowed German companies and investors to confirm their commitment to promote the development in the Asia-Pacific region.

In the view of the Vietnamese government, the conference provided a good opportunity to attract German investors. It is desirable that both countries enhance their exchange and explore possibilities for future cooperation. The Vietnamese government reiterates that the national reform efforts and an active participation in the qualified free trade agreements (FTAs) make the legal framework and the business environment in Vietnam ever better, more comfortable and competitive. Both domestic and

foreign companies that invest and open businesses in Vietnam will have a favourable opportunity to export their products and services to Vietnam's partner countries, taking advantage of low taxes and eliminated market barriers in accordance with Vietnam's obligations adopted in the FTAs with other countries.

What other topics were discussed on the conference?

The participants, including business experts, ministers of economy, and executives of major companies, discussed issues of machine engineering, natural resources, intellectual property, security and political stability in the Asia-Pacific region. As a result, the conference provided great insight into opportunities and challenges related to the overall economic situation in Asia in the near future.

Prime Minister Nguyễn Tấn Dũng concluded the conference by reaffirming Vietnam's commitment to "serve as a good location for our joint efforts and our mutual success. The Vietnamese government and local authorities lay the groundwork for long-term investments by foreign investors, German investors and companies".

On the fringe of the APC the new Memorandum of Understanding for the MP was signed. What do you expect from the MP in the years to come?

On November 19, 2014, Sigmar Gabriel, Vice-Chancellor and Federal Minister of Economic Affairs and Energy, and Bùi Quang Vinh, Minister of Planning and Investment, signed the MoU for the extension of the programme for the next two years, from 2014 until 2016. This is a clear indication that the positive impact of the programme is greatly appreciated by both parties. And it shows the will of the Vietnamese government to continue the cooperation and to develop new formats of collaboration. This will certainly open new chances for business relationships and trade agreements between both countries, making an important contribution to the strengthening of economic, trade and investment ties, and promoting mutual understanding among the participating companies.

Dr Anh, thank you very much for the interview! ■



Le Thi Lam Vien is Deputy Director-General of the Membership and Training Department at the Vietnam Chamber of Commerce and Industry (VCCI), which implements the BMWi Manager Training Programme in Vietnam together with GIZ.

GIZ: Mrs Vien, the Manager Training Programme with Vietnam has already been running since 2008. Since then, more than 300 Vietnamese executives have participated. How do they benefit in your opinion from the MP?

Vien: The Vietnamese managers benefit in many ways from the training in Germany. First of all, they become more familiar with Germany as a business location. They identify potential German business partners and train how to initiate promising contacts with them. The reason why this is so important is that attempts by Vietnamese companies to gain contacts in Germany often fail in the initial stage. This hurdle can be lowered, especially through intercultural training programmes. The Vietnamese entrepreneurs become familiar with the German business culture and the way in which German companies work; German entrepreneurs, on the other hand, gain a better understanding of the Vietnamese culture and mentality through visits from Vietnamese managers. In this way, they get to know each other more quickly and develop closer relationships.

How important are the meetings with German entrepreneurs in this regard?

They are of central importance! At these meetings, the managers can directly apply their newly gained knowledge. They exchange views with their German colleagues and have initial talks regarding cooperation – with noticeable success. Several examples show that contracts are sometimes even signed during the four-week training period. Other participants achieve impressive business successes in subsequent years.

Can you give examples?

One example is the textile entrepreneur Nguyễn Thành Vinh from the company Nguyễn Phát, who participated in the

MP in 2010. He is currently in the process of opening a representation for his textile products in Germany. Or Cao Thái Luận from the pilot group in 2008. With his company Liksin, he imports printing machines from Germany with a business volume amounting to millions. The participant Nguyễn Mạnh Hùng from the company Hapro is another example: he was able to establish contacts with German breweries and now imports German beer to Vietnam with a volume amounting to millions. And I could give further examples of successful business transactions between German and Vietnamese companies.

Imparting management skills is a further objective of the MP. From your experience, what is of key importance?

One aspect that is often mentioned by Vietnamese alumni is that of modern personnel management. How do I improve my employees' motivation? How can I utilise my personnel resources to their best effect? How can I optimise my communication with colleagues or customers? All these factors lead to an increase in the company's productivity; not only the individual participant, but also the company as a whole benefits.

Does that mean that Vietnamese companies become more competitive?

This is noticeable in several areas: inspired by the visits to German companies, many of the alumni critically review the production processes in their companies after returning home. They reorganise internal processes and improve their companies' efficiency. Others turn their attention to investments in modern plants and equipment, and frequently German manufacturers are involved. Although German products are often more expensive than their competitors, a new way of thinking is gradually gaining acceptance: invest strongly at the start in order to be able to manufacture products of a higher quality. In the long term, the higher investment costs are paid back through higher returns.

Mrs Vien, thank you very much for the interview! ■

The German-Arab Chamber of Industry and Commerce

A competent partner in Arabian business



In his guest contribution, Dr. Rainer Herret, Managing Director of the German-Arab Chamber of Industry and Commerce, writes of the chamber's work and of the role of the Manager Training Programme in German-Arab business relations.



Cairo. Egypt is a partner country for the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy. Since the programme's launch back in 2012, more than 100 Egyptian managers have used the time spent in Germany to establish business relations with German companies. Many Egyptian company representatives sign contracts with German companies during or after the Manager Training Programme. The programme implemented by the GIZ is a lighthouse project in German-Egyptian cooperation. It provides an important contribution to driving economic development and to strengthening small and medium-sized companies in particular. Within this, the ideal win-win situation arises: Egyptian companies are able to boost their company's productivity, quality and innovative power by acquiring modern equipment and technology, and German companies can tap into new supply sources and sales markets.

In terms of German exports of organic chemical products, Egypt is the number one market in the Middle East and North Africa (MENA) region. When it comes to the export of machines and plants, optical products, passenger vehicles, electrical engineering, pharmaceutical products, plastics, aircraft, iron and steel as well as mineral fuels, the Egyptian sales market remains among the three most important in North Africa.

The growing scarcity of energy and associated rise in costs is leading to increased interest among factories and hotels in alternatives (solar, wind) and the use of more energy-efficient technology. Within the scope of the Renewable Energies Export Initiative of the Federal Ministry for Economic Affairs and Energy (BMWi), a Manager Training Programme with a focus on renewable energies could be organised for this target group. It is just one of many measures in this field within the German-Egyptian cooperation. Growth industries such as medical technology, IT, electrical engineering, the electronics sector, and increasingly also the advanced and further education sector, offer further sales opportunities.

German-Arab Chamber – the partner for the MENA region

The German-Arab Chamber of Industry and Commerce is looking back on more

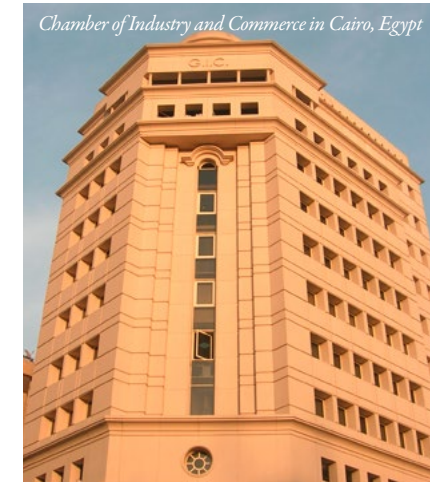
than 60 years of fostering business relations between Germany and Egypt as well as beyond this to the rest of the MENA region. It is based in the 25 million inhabitant city of Cairo. Branch offices in Alexandria, Ismailia and Berlin, and 3,000 member companies make the chamber the largest business association committed to the development of German-Egyptian business cooperation. The German chamber of commerce (AHK) in Egypt is financed by the Federal Ministry for Economic Affairs and Energy (BMWi) and affiliated with the Association of German Chambers of Commerce and Industry (DIHK).

Founded in 1951 as the first official bilateral foreign trade chamber in the Arab world, the German chamber of commerce in Egypt has operated under the name of the German-Arab Chamber of Industry and Commerce ever since. German chambers of commerce can meanwhile also be found in Algeria, Iran, Morocco, Saudi-Arabia, Tunisia, and the United Arab Emirates. The German chamber of commerce in Egypt has retained its name nonetheless, and also supports countries in the MENA region in which no German chamber of commerce representation currently exists, such as Jordan, Lebanon, Palestine and Syria.

Services of the Chamber

While the role of the chamber as a member organisation remains unchanged, the content and scope of services has shifted significantly over the years. When Egypt converted its economic system from a state-controlled economy to

a free market economy, the German-Arab Chamber of Industry and Commerce gained a new area of responsibility: the preparation of market studies and sector reports on growth segments. The large number of members proved particularly useful here, as the chamber maintains close links with businesses in the guest country as a consequence. Every year, the marketing department makes its overview of the most promising growth sectors in the Egyptian market available for download for free on the chamber's homepage. Within the scope of an 'office share' with Germany Trade and Invest (GTAI), an



e-newsletter on the latest market developments and sales opportunities is published.

As in the past, Germany remains the world's leading venue for trade fairs and exhibitions. The large German trade fair associations have entrusted the rapidly growing chamber with the important task of visitor and exhibitor acquisition. Trade fair business remains a core area of services for the chamber, and this has now been complemented with an integrated travel agency and visa application support service.

'Made in Germany' is extremely popular among Egyptian companies. Egypt is the largest German sales market in North Africa and the most important market in the MENA region for machines and plants. Under the global services brand of DEinternational, the expert team from the German-Arab Chamber of Industry and

Commerce advises SMEs in particular on successful market entry, compiles information on legal frameworks and investment conditions, provides support during mediation, and arranges cooperations between German and Egyptian partners.

With the opening up of the Egyptian market to direct foreign investments 15 years ago, Egypt also became known as an interesting investment location for German businesses. With its 87 million consumers, sustainable development of the market is today virtually impossible without a local presence. In light of growing competition from the Far East, a purely export business is not enough to meet customers' needs. The chamber's investment guide provides

basic information and is to date the only German language publication of its kind.

Training and fair working conditions

Egypt's rapidly growing population fuels the demand for further education and jobs. The chamber's further training department offers a broad range of commercial courses. A subsidiary organises dual vocational training based on the German model for 2,000 Egyptian trainees.

Under the auspices of the German ambassador and in cooperation with the GIZ, Egyptian and German companies established the National Employment Pact (NEP). Since its inception, this initiative to combat unemployment has created thousands of jobs in technical professions and achieved fair working conditions mainly for young Egyptians.

The commitment of members of the German-Arab Chamber of Industry and Commerce for fair working conditions underlines the deep appreciation of corporate social responsibility. The chamber is a member of the United Nations Global Compact Network, and is committed to combating corruption, ensuring fair competition, and complying with the principles of corporate governance.

The organisation and realisation of conferences, seminars and workshops in cooperation with the German chambers of commerce completes the German-Arab Chamber of Industry and Commerce's services portfolio. ■

Contact:

German-Arab Chamber of Industry and Commerce
21, Soliman Abaza St, off Jamet El Dowal
El Arabia St.
Mohandessin, Cairo, Egypt

Dr. Rainer Herret
Managing Director

Tel.: 0020-2-3333-8499
Fax: 0020-2-3336-8786
Email: rainer.herret@ahk-mena.com

Internet: www.ahkmena.com
Online recruiting: www.mettrace.com
Training: www.formattraining.com

Well prepared for China



Bonn. It was already the third group of German executives that travelled to China in November 2014 to explore the Chinese market and gain a feeling for the business culture. The Sino-German Metal Eco City project in Jieyang gave the 16 participants the opportunity to experience how far China has opened up for international cooperation. The project, which is supported at national government level, focuses on cooperation between medium-sized German and Chinese companies. Taicang/Jiangsu and Chengdu/Sichuan

were further stops on the programme. The trip was preceded by thorough preparation at GIZ in Bonn.

Business with China never functions at the touch of a button in the home country. Good preparation is therefore enormously important. At the GIZ preparatory seminar in Bonn, Birger Vinck from Vinck's Agency for Consulting and Trading succeeded in making representatives of German companies 'fit for China'. The seminar's focus was on topics such

as intercultural peculiarities in the initiation of business relations, conducting negotiations, certifications, sourcing, sales and distribution as well as investments in China and Chinese investments in Germany. Analysis of the Chinese market with regard to potential business relations was a further important focal point in the preparation. Distinctive features of the supply chain and processing options in China were met with great interest. The participants describe their impressions: ■



Gencer Sabanoglu at the preparatory seminar in Bonn



Thomas Eberl (L.) and Werner Neumeier



Viktor Klaus

GIZ: What were your goals at the start of the programme 'Fit for Business with China'?

Viktor Klaus: Procurement in China (the world's biggest exporter) has met with growing interest from companies in recent years. We already purchase some of our goods from China and have found out that Chinese manufacturers' costs are up to 25 per cent lower than those of their European equivalents. Our goal is to utilise these competitive advantages and new growth options through clever procurement. Quality and service standards have also improved considerably in the past few years. Furthermore, we want to expand the price advantage further and perhaps find additional suppliers. It is also important to become familiar with the cultural differences between European and Chinese suppliers in order to hit the right note in negotiations. An open and, at the same time, reliable basis of trust ensures clear relationships and guarantees swift solutions should differences arise. That is why it is so important to me to learn the right interaction with Chinese business partners.

So far, you have only had a little experience of business with China. What personal advantages did the preparatory seminar in Bonn give you?

The preparatory seminar already gave me a lot of basic background knowledge about the Chinese market. We got to know China's geographical and economic structure as well as the cultural differences. The seating arrangement at business dinners and taboos were also explained very well to us. We were excellently prepared for the visit to China and now have sufficient knowledge to establish and maintain business relationships with Chinese suppliers.

GIZ: What were your goals at the start of the programme 'Fit for Business with China'?

Joschka Barde: ROTH is mainly pursuing two goals with the participation: firstly, we want to broaden the basis of our existing information and opinion on the Chinese market through talks with companies and authorities and thus be better able to assess the specific market opportunities for the group of companies while possibly establishing new business contacts. Secondly, we intend to expand the existing market position of our newly founded subsidiary in Taicang. Here, too, the insights gained during the trip and the developing network can be very helpful.

You already have some experience in business with China. What personal advantages did the preparatory seminar in Bonn give you?

Despite my experience in business with China, I think I gained the most knowledge from the



Joschka Barde

trainer's vivid descriptions of the differences between Chinese and German culture and how they affect various aspects of economic life. The practical examples help to better understand Chinese employees and business partners and thus to organise the cooperation more efficiently. In this respect, I am particularly happy that during the programme, cultural training is also offered in China. For me, China remains one of the most exciting and important markets, even if economic growth is currently slightly slowing down.



Sabine Harmsen

ways overwhelmed when I read about developments in China. My long-term goal is to find a local cooperation partner in China and, with this partner, bring Chinese companies to Germany and take German companies to China.

What is your message for German entrepreneurs interested in the Chinese market?

Inform yourself thoroughly about the current cultural, political and economic situation and take advantage of seminars like the one offered by GIZ. The Chinese market is very complex and, because of the language and mentality, not easy to enter. As a German, it is not difficult to make a lot of mistakes – not only at the table; therefore, the best possible preparation is necessary. A basic course in Chinese is a good idea, if possible, to at least be able to exchange a few polite phrases.

GIZ: What were your goals at the start of the programme 'Fit for Business with China'?

Sabine Harmsen: I had not been to China for a long time and wanted to see the changes that have taken place there with my own eyes and get to know 'new, modern' China. I have been a China fan since the end of the 1980s, speak the language (Mandarin) and am al-

Conference on Energy Efficiency in Companies

For the first time ever, a Manager Training Programme follow-up seminar has been combined with a specialist conference, and organised in cooperation with German companies from the German-Russian Chamber of Commerce (AHK) in Moscow and the energy efficiency working group in particular. Representatives from Russian and German companies exchanged experiences and solutions for 'energy efficiency and conserving resources', and presented new technologies.



Participants of the Moscow conference



At the graduation ceremony

Moscow. The Russian legislation on saving energy and enhancing energy efficiency provides a 40 per cent reduction in the energy intensity of GDP by 2020. Many companies are facing major challenges as a consequence. They must conduct an energy audit, obtain an energy pass, and begin implementing modernisation measures. However, certification is expensive, and it is not possible to foresee whether the consulting firms' suggestions really will lead to tangible savings.

The German and Russian states' approaches to this issue are very different. While Russian companies must pay a fine if they do not conduct an energy audit, the German energy and electricity tax laws allow German companies to reduce their tax burden. Manufacturing companies therefore stand to benefit when they introduce an energy management system according to the international ISO 50001 norm or the European Eco-Management and Audit Scheme (EMAS). This energy

management system is confirmed through certification. The experiences discussed made clear that energy and resources can only be conserved through long-term modernisation, which is often associated with costly investments. Representatives from German companies actively involved in the energy efficiency work group at the German-Russian Chamber of Commerce contributed a number of cooperation suggestions to the discussion.

Energy contracting

One form of cooperation, which is new to Russia and has frequently been discussed in recent times, is 'energy contracting' that has been widespread in Germany for years now. German companies based in Russia have begun offering complex solutions to Russian companies via energy contracting to support them with the necessary modernisation needed to help save energy. Energy contracting entails agreeing to a model for financing, establishing, modernising or operating power plants with a contractor (a service provider specialising in this field). The contracting company makes use of the service provider's financial, personnel and information resources and expertise, and must pay an agreed fixed contracting rate during the contractual period. The rate is in part financed from the calculated savings. While there is currently hardly any energy contracting in Russia in the actual sense of the definition, German companies' preliminary experience in cooperating with Russian contractors by all means comes close to this. In the long term, this financing model represents a good opportunity for companies to meet the energy saving requirements. ■



Energy contracting: a novelty in Russia

Learning from each other

This was the motto of a follow-up seminar which took place in Uzbekistan at the end of September 2014. During the company visits to meet colleagues from the group, the MP participants from 2013 had the opportunity to see for themselves what can be achieved in one year after returning from Germany. At the follow-up seminar in Turkmenistan, the participants looked for a creative solution to everyday management problems with the aid of a business game.



Tashkent / Ashgabat. Bakhrom Alamanov works for the company OOO Promstrojenergo in Tashkent, which has been involved in the continuous monitoring and recording of water resources in Central Asia and project planning for highly complex and hazardous materials since 1973. After its privatisation in the early 1990s, the company entered into a new additional field of activity: projects for the internal and external electricity supply. Following the tour through his company, Alamanov analysed successful cooperation projects and used examples to explain to the seminar participants why cooperation came to a halt in some cases. For instance, one German company that he visited showed no interest in a cooperation due to the competitive situation in the Uzbek market. Nevertheless, Alamanov urges not to give up the set goals, even if the first meeting does not



A visit to Promstrojenergo project: Bakhrom Alamanov shares his experience with MP colleagues

lead to the desired results. His visit to the German company Ema Indutec, a manufacturer of inductive heating plants, was more successful. Alamanov established contact with the various departments of the company, e.g. the sales department. Plants for the inductive hardening of metal products should arrive in Uzbekistan in the immediate future.

Sadullo Nasirov is the founder of the network of pharmacies 'Tabletka' and the pharmaceutical manufacturer 'Tonus'. He presented his company's products and familiarised the guests with the new marketing system, a discount system, which he introduced in his pharmacies after returning from Germany. It offers the customers noticeable financial benefits: every discount card holder receives a three per cent discount for purchases of medicines and five percent for purchases

of cosmetic articles such as shampoos, creams etc. At the same time, the company's marketing is tapping into social networks, and the pharmacy network 'Tabletka' already has more than 5,000 likes on Facebook. Information is also provided on Facebook about the opening of new pharmacy branches. The customers also have a chance to speak in several video clips. After the presentation, each seminar participant received a discount card for 'Tabletka'. The quality of the 'Tonus' medicines impressed the guests, and some of them stocked up on the spot.

Follow up in Turkmenistan

There are often several solutions to one problem. And that is frequently the secret of business success. Using a practical example that was converted to a business case, the participants at the follow-up seminar in Ashgabat in October 2014 worked out a plan to improve corporate management. Three teams competed with each other in finding solutions to problems concerning personnel management, quality control, communication at an international level and many other every-day problems that executives have to deal with. Executives who will still be travelling to Germany for training also attended the seminar. In this way, they could already become familiar with the search for creative solutions for everyday management problems in advance. ■



Follow up in Ashgabat

In Focus: Innovation

Innovation literally means 'renewal' or 'renovation'. Indeed, it is mostly taken to mean that ideas or inventions are used in new products or services – and should be based on a sustainable business model. In other words, companies must be able to derive profit from these.

Innovations are therefore far more than just a creative act. Rather, the success of innovation is a complex process that depends on the performance of a number

of factors: the company itself, the place of training and research, the national framework conditions, and the social acceptance – to name the most important.

On the following pages, we shall outline some of the aspects relevant to the chances of innovations being a success. How can companies and research institutions work together to create marketable product innovations? What role do medium-sized companies play in the innovation race?

Are they perhaps even more efficient than larger companies? How can governments establish framework conditions that are conducive to innovation? Do state investments in research and development (R&D) suffice? And what role do international cooperations play in innovation projects? The focus section will be completed with practical examples of innovative corporate management.

Innovating Driving Growth Shaping the Future

In business and in society: Innovation is the key to growth and jobs in Germany. The innovative power of German SMEs has helped build a solid foundation for prosperity in this country and helped Germany remain robust through the latest economic crisis. The German government recently passed a new high-tech strategy – Innovation for Germany – to further expand the country's leading role as a hub of innovation.

Berlin. Innovation and new technologies change the world and the daily lives of every individual. Many ideas that were only a vision of the future yesterday are commonplace today and will be obsolete tomorrow. Investment and well-educated professions are essential to ensuring Germany companies maintain their competitive edge. Exceptional innovative power ensures long-term economic growth, prosperity and new jobs.

The 2014 European Innovation Index confirmed Germany's innovative power in a European comparison. Together with Scandinavian EU-member states Denmark, Finland and Sweden, Germany is one of Europe's 'innovation leaders'. On the one hand, new technologies, methods and services drive innovation.

On the other, social changes and global challenges such as climate change, demographic development and declining fossil fuel reserves require innovative answers and sustainable solutions. Germany is strong on technical innovation, that is, market innovations that integrate new technologies.

SMEs are the most important driving force behind innovation and technology. So the BMWi has created innovation-friendly framework conditions, and market-oriented R&D and innovation activities specifically directed at SMEs. 'Germany is in a good position – we are especially competitive in research-intensive industries,' according to Parliamentary State Secretary at the BMWi, Uwe Beckmeyer, at the 'Innovation Prize

2014' award ceremony at the 49th BME Purchasing and Logistics Symposium on November 12. 'Innovative SMEs are the backbone of our economy: Many small companies are global market leaders with high-tech products. These so-called hidden champions give Germany a competitive edge over other industrialised countries,' Beckmeyer emphasised.

The new high-tech strategy – Innovation for Germany

In this legislative period, German government passed a new high-tech strategy designed to create an environment that encourages innovation. The strategy bundles all the federal government's technology and innovation policy measures. This coordinated policy is designed

to strengthen economic growth and social prosperity in Germany. One focus is on speeding up the transfer of scientific findings into marketable products, methods and services, and improve the atmosphere for innovation. The federal government invested eleven billion euros for the program in 2014 alone. This upward trend in investment in future technology will continue with additional three billion earmarked for this legislative period.

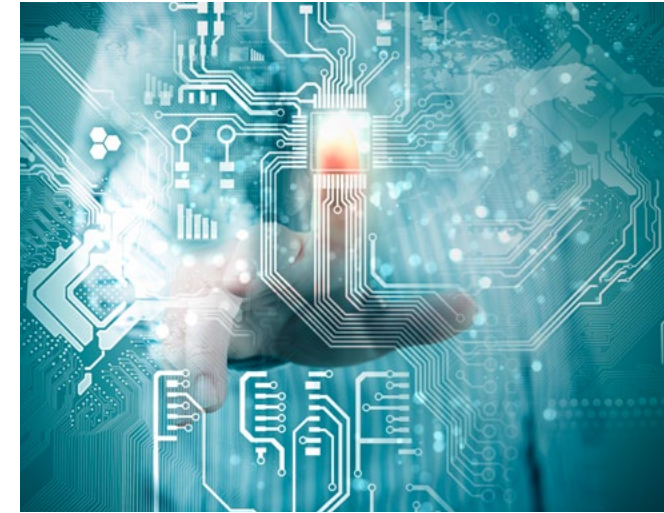
The new high-tech strategy focuses on five priority tasks that are particularly relevant for economic growth and social prosperity in Germany: the digital economy and society, sustainable economic activity and energy, innovative working climate, healthy living, intelligent mobility, and civil security. Part of the strategy focuses on developing new instruments to speed up transfer to applications, and encouraging companies to work closely with technical colleges and universities, top clusters and comparable networks to increase their international focus.



Firms involved in clusters profit from their close-knit networks, good regional conditions and optimal value chains. Companies, research institutes and other stakeholders from one technology field concentrate and link their strengths in these organisational structures. Numerous cooperation projects between the private sector and the scientific community can count on support from the federal government, to promote electrical mobility or the digital manufacturing process in Industry 4.0 (see infobox) for example. The BMWi's measures provide important impulses for bolstering the innovative power of SMEs, which profit in particular from BMWi programmes to drive technology such as ZIM (see infobox) and industrial joint research.

Promoting innovative start-ups

'Germany needs more visionary entrepreneurs invested in implementing creative business concepts or innovative product ideas and creating jobs,' according to



Sigmar Gabriel, Federal Minister for Economic Affairs and Energy. Seminal ideas create a foundation for innovative start-ups, and there is often not enough private financing to prepare and implement them. 'So the BMWi is employing funding instruments that help companies, especially during the founding and growth phases, such as promoting

spin-offs at universities through the EXIST programme, INVEST Grant for Risk Capital, and the High-Tech Start-Up Fund,' notes State Secretary Beckmeyer. More venture capital and grants for innovative start-up ideas will be made available to mobilise more entrepreneurs to found their own companies and further improve the climate for start-

ups at universities and research institutions. This will also increase the vitality of technologically-oriented and science-based start-ups and support the sustainable growth of these firms. ■

Source: BMWi



INVEST – Grant for Risk Capital

The BMWi's 'INVEST – Grant for Risk Capital' programme supports the involvement of private investors (business angels) in young innovative companies to improve their access to seed money. Through INVEST, private investors can have 20 percent of their original layout refunded if they invest at least 10,000 euros in a start-up. This reduces the risk involved in supporting courageous ideas. For more information please visit www.bafa.de/bafa/de/wirtschaftsfoerderung/invest.



EXIST – Science Start-ups

The federal government's 'EXIST' programme promotes measures to anchor a culture of entrepreneurial self-employment and strengthen the entrepreneurial spirit at universities and private research institutions. The 'EXIST Culture of Entrepreneurship' programme supports universities in developing the potential of technology-oriented start-ups and promoting a start-up environment. The 'EXIST Business Start-Up Grant' helps students and graduates prepare innovative start-up projects and develop a business plan. 'EXIST Transfer of Research' promotes technologically advanced business start-up projects at universities and private research institutions with comparatively long development times. For more information please see www.exist.de.



Central Innovation Programme for SMEs (ZIM)

ZIM is a nation-wide funding programme for SMEs and business-related research centres. It is open to different technologies and branches. ZIM offers SMEs grants for promising technological research and development projects (R&D projects) that will lead to new products, methods or technical services. The development work can either be carried out by the company's staff in the firm or in cooperation with other companies or research institutions, like universities or the Fraunhofer Institute. Companies generally decide to cooperate with research institutions, resulting in direct technology transfer where new scientific findings lead to rapid marketable products or efficient processes. When multiple stakeholders are involved, the management and organisation of the company network that generates R&D projects is also eligible for funding. For more visit www.zim-bmwi.de.



Clusters

The Cluster Platform Germany internal portal offers a comprehensive overview of federal and state government cluster policy and European initiatives. It includes information about regional and national cluster initiatives in a compact and easy-to-read format and offers a dialogue forum for cluster stakeholders and researchers. The 'go-cluster' project offers a range of services to support cluster management in driving development, promote innovative services along with cross-clustering, and increase the visibility of innovation clusters. For more information please visit www.clusterplattform.de.



High-Tech Start-Up Fund

The High-Tech Start-Up Fund invests risk capital in young technology companies and offers sufficient support and assistance to management. To qualify for funding, projects have to demonstrate promising research findings, an innovative technological idea, and a promising market. For more information please visit www.high-tech-gruenderfonds.de.



Industry 4.0

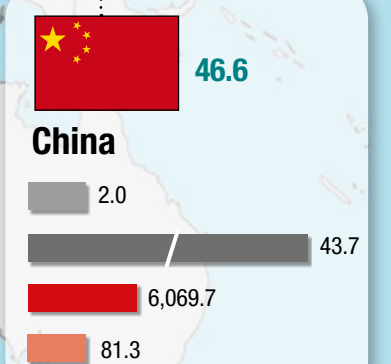
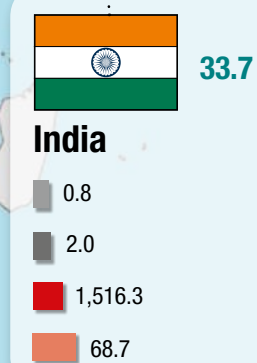
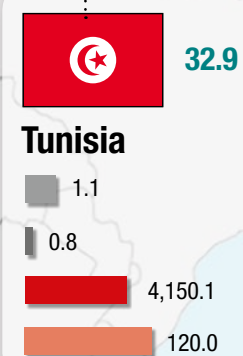
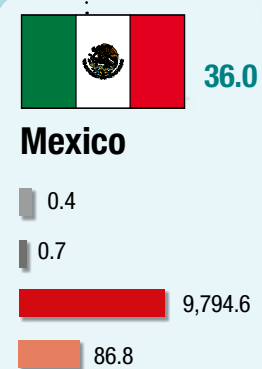
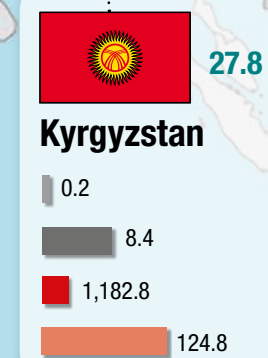
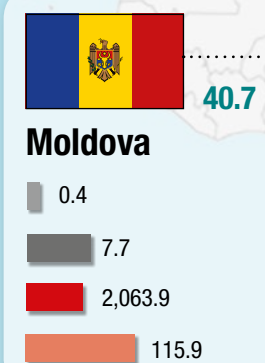
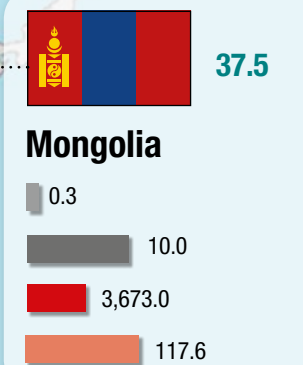
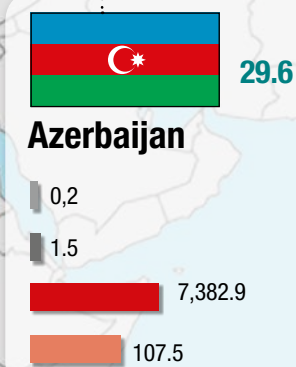
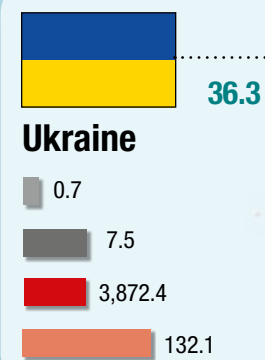
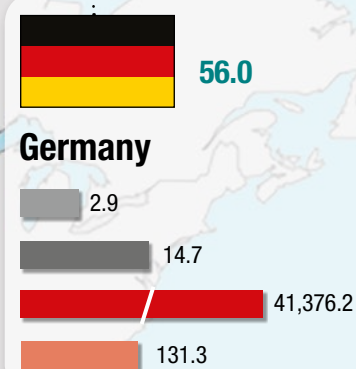
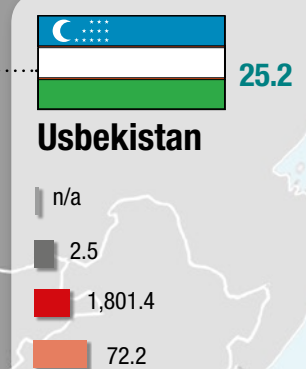
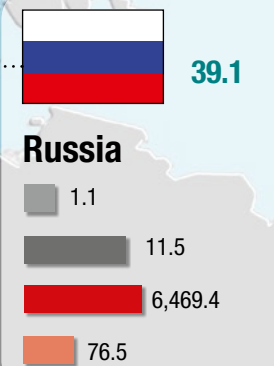
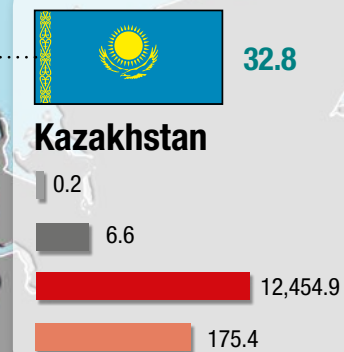
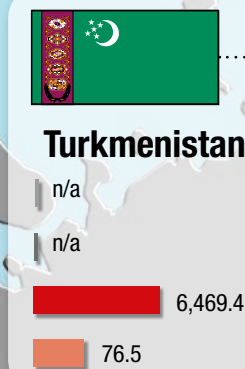
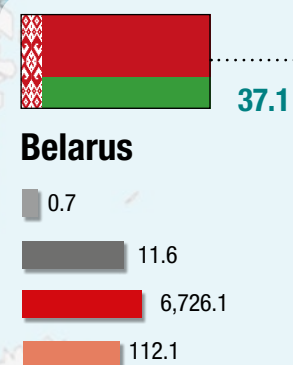
The term 'Industry 4.0' refers to the fourth industrial revolution. Driven by the internet, the real and virtual worlds are increasingly melding into an internet of things. Industry 4.0 is primarily intended to promote the computerisation of production technologies. Its ultimate goal is the smart factory characterised by its reactivity, resource efficiency and ergonomics along with the integration of customers and business partners into business and value creation processes. Beyond the smart factory, Industry 4.0 is also about new models for integrated production processes and logistics among factories and companies. The central characteristic of this future model of industrial production is the extreme individualisation of products under highly flexible (large series) production conditions. The automatised techniques and (production) logistics required for Industry 4.0 are to be made more intelligent through the introduction of automatic optimisation, configuration, diagnostic and cognition methods to better support people in their complex work processes.

Innovation Factors in the MP-Partner Countries

Source: The Global Innovation Index 2014 & United Nations

- Gross expenditure on R&D, % GDP
- Domestic resident patent (per billion PPP\$ GDP)
- GDP US\$ per capita (2012)
- Mobile-cellular subscriptions (per 100 inhabitants)

12.3 Global Innovation Index (out of 143 points)



Foreign Firms Count on Research Hub Germany



The Federal Republic of Germany ranks fourth worldwide for investment in research. Germany companies use the excellent research infrastructure available on the domestic market to get their products ready for the global market. They profit from the many clusters and partnerships with universities and research institutes, which are attracting increasing numbers of foreign firms to Germany.

Berlin. Foreign entrepreneurs are already an important building block in the German research landscape. According to estimates from the German Institute for Economic Research (DIW), foreign companies account for one fourth of all private expenditures for research and development (R&D) in Germany. Their effect on employment is also considerable. More than 90,000 employees work in this country on research activities for foreign firms. The companies come from a wide range of industries, a clear sign of the flexibility of the German innovation system.

More and more foreign corporations are deciding to invest in R&D in Germany. Just recently, American network supplier Cisco confirmed its investment plans in Germany. Berlin will be one of the six locations worldwide where the American company will explore the pioneering 'Internet of Things'. The German capital has gained 30 million euros in investment and an innovation centre in which Cisco researchers will look into the opportunities presented by the 'Internet of Things' in production, transport and logistics. Among its reasons for investing in Germany, the company

cited well-educated engineers, outstanding innovative power, and great market potential. Cisco emphasised Germany's first-rate environment for innovation in production and logistics, the point of departure for the 'Industry 4.0' project – a high-tech strategy of the German government designed to drive the digitalisation of production techniques forward. The innovation centre is scheduled to open next year.

However, innovation based investment in Germany is not always from established high-tech nations. Chinese telecommunication supplier Huawei has been active in the country for more than ten years now and operates a research centre in Munich. According to the firm, Huawei invested

over 38 million euros in its research activities in Germany in 2011. More Chinese investment is likely in future since the governments of Germany and China agreed in March of this year to declare 2015 the 'Year of Innovation Cooperation'.

Investment by Chinese Sino Nitride Semiconductor is another excellent example. The manufacturer of gallium nitride semiconductors invested in a spin-off of the Ferdinand Braun Institute in Berlin in May 2013. The resulting Brilliance Fab Berlin firm will allow the Chinese investor to directly incorporate semiconductor technology research findings into mass-production in China – invented in Germany, made in China. Sino Nitride Semiconductors committed to an investment of around two million euros.

Innovation as Germany's central strength

Germany's exceptional quality as a research hub was also verified by the World Economic Forum's Global Competitiveness Report 2014-2015. The study of various locations clearly revealed German strengths: the high innovative capacity of companies with large research budgets, the advanced stage of development of the German cluster landscape, a large network of supplier companies along the value chain, and the first-rate quality of local research institutes. Germany ranks

number four behind Switzerland, Japan and Finland.

Germany profits from more than just investment from foreign firms. According to the Stifterverband für die Deutsche Wissenschaft's (Association for the Promotion of Science and Humanities in Germany) R&D early indicator published in August 2014, 65 percent of the almost 2,000 organisations polled reported plans to increase expenditure on research in 2015.

R&D investment in Germany is enormous: According to Eurostat, it totals more than 79 billion euros (2012), ranking fourth globally and first in Europe. But budget size is not the only key factor: According to the Federal Statistical Office, Germany also scores quite well when it comes to the intensity of research (R&E investment/GDP). Since 2005, investment in R&D has grown around 5.2 percent every year. In 2012, just under 3.0 percent of the German GDP went into developing ground-breaking technologies. According to initial Eurostat data for 2012, Germany ranks among the top European countries – after the traditionally research-oriented Scandinavian countries Finland (3.6 percent), Sweden (3.4 percent) and Denmark (3.0 percent).

Industry research activities predominate

Accounting for more than two-thirds of the national research budget, industry was the heart of German innovation in 2012. In the global race for technological superiority, companies invested over 46 billion in internal research in Germany according to the Federal Statistical Office. With 86.1 percent of all research personnel, the processing industry is the primary innovation driver in classical industries such as vehicle construction, electronics and machine building. In the automobile industry alone, more than 93,500 bright minds are working on developing new technologies, according to the Stifterverband.

More than 79 billion euros Germany invested in R&D in 2012

Inside Europe, German companies – measured according to R&D budget – number among the largest high-tech firms with Volkswagen in the lead. The automobile company invested over nine billion euros in 2012, the largest industrial research budget in the EU. On the 'EU Industrial R&D Investment Scoreboard' for 2013, the EU Commission listed an additional five German corporations among the top ten European industrial research giants: Daimler, Robert Bosch, Siemens, BMW and Bayer. As such, German companies with powerful research departments not only represent the world-renowned 'Made in Germany' label, they also communicate an innovative image of Germany.

Research by medium-sized enterprises and 'hidden champions'

Although large corporations in Germany account for around 84 percent of internal research expenditures in the private sector, SMEs also play an important role. Many are deeply integrated in the global value chain as suppliers. From 2002 and 2012, German SMEs increased internal R&D expenditures by around six percent annually. In 2012, companies with fewer than 500 employees invested more than eight billion euros in internal R&D activities, roughly 80 percent more than in 2002.

In a study recently published by GE Capital and the Institut für Mittelstandsforschung (Institute for SME Research, ImF) ►

The eleven largest German high-tech corporations in Europe according to R&D budget 2012

EU-28 ranking	Company	R&D expenditures (in mil. EUR)
1	Volkswagen	9,515
2	Daimler	5,639
3	Robert Bosch	4,924
5	Siemens	4,572
8	BMW	3,952
13	Bayer	3,182
14	Boehringer Ingelheim	2,795
18	SAP	2,253
21	Continental	1,827
23	BASF	1,766
25	Merck	1,511
	Total R&D budget of all eleven German firms	32,421
	Percentage of entire R&D budget of the European top 25 (in %)	43.5

Source: EU Commission 'The 2013 EU Industrial R&D Investment Scoreboard' 2013



► Bonn, SMEs in Germany report investing in R&D primarily to enter new markets (47 percent of respondents). This comes as no surprise, since more than 40 percent of SMEs are already actively involved in export and around every fifth euro they earn comes from abroad. Additional reasons SMEs cited for their innovation activities included lowering costs (46 percent), improving productivity (44 percent), and reacting to general market pressure (38 percent).

Some of these SMEs become so-called 'hidden champions', or world market leaders in niche markets of limited visibility. With more than 1,300 firms, German corporate consultant Hermann Simon identifies the majority of these 'hidden champions' as headquartered in Germany. They include the Munich Stengel engineering company with around ten employees under the leadership of the second generation. The engineering firm specialises in developing roller coasters for amusement parks. Currently over 600 roller coasters designed by the company's engineers are in operation worldwide. Such global market leaders set great store in confidentiality, are highly specialised in specific niche products, and achieve their global market advantage through continual product innovation.

According to Simon, the innovation processes in such companies are considerably more efficient than in large corpo-

rations. 'Hidden champions' apply for 31 patents per 1,000 employees, around five times the rate of large companies, while spending less: roughly 529,000 euros per patent. Large companies in contrast average around 2.7 million euros. Some of these powerful innovators, like paper machine supplier Voith Paper or LuK, a manufacturer of drive chains, apply for as many patents annually as large research facilities such as the Helmholtz Gemeinschaft and the Fraunhofer Gesellschaft.

Clusters and research institutes as sources of innovation

It is not just the 'hidden champions' who are increasingly kick-starting processes of innovation. In 2012, German companies spent around 12.8 billion euros on external research. In addition to state and private research institutes and universities, clusters also profited from this investment. In these networks, independent research facilities, universities and companies work on improving existing or inventing new products and services. The German government has promoted the targeted development of clusters for around twenty years now. The current BMWi 'go-cluster' initiative is designed to help the around one hundred most

productive German clusters from a wide range of branches go international. These innovation networks are not just interesting for large corporations; with more than 6,000 firms involved, SMEs represent the largest group of cluster members.

Both universities and independent research facilities are effective innovation partners for industry. According to Federal Statistical Office figures, universities invested around 14.3 billion euros in 2012. The four best-known research associations, Max Planck, Fraunhofer, Helmholtz and Leibniz, had a total budget of just under 8.5 billion euros at their disposal in 2012. With a staff of almost 70,000 people at around 240 institutes, they covered a wide array of areas from basic to applied research.

Independent research institutions play a key role as industry research partners. In 2013, the Fraunhofer Gesellschaft recorded 578 million euros in income from contract research, a new record for the private sector. The MP3 standard is one of the best-known inventions developed by the Fraunhofer Institute for Integrated Circuits (IIS). The brainchildren of German inventors are

not just world-famous; they are also exceptionally profitable. In 2013, the research group earned 116 million euros through licences. And Fraunhofer does not lack new sources of income from successful research: the institute's researchers applied for more than 600 patents at the German Patent and Trade Mark Office (DPMA) last year alone. This translates to more than two patents per day. In the DPMA rankings of the patentee with the greatest number of patent applications, the Fraunhofer Institute comes in fourteenth. ■

Further information can be found at:
www.gtai.de



Marc Lehnfeld works as Manager Market Surveillance at Germany Trade & Invest in Berlin, where he prepares analyses on the investment location of Germany with a focus on research and development as well as the SME sector.

Indian IT Solutions for the German Pharmaceutical Industry



With his IT company SmartPoint Technologies Ltd., Sreedhar Veeramuthu has made it to number two in just four years, behind IBM in America, in the field of software for tracking medicines. And all that without a business plan. However, that should not distract from the fact that the industrial engineer, who graduated in the United States, runs his company with a fine business sense and innovative spirit.

Chennai. As a half marathon runner, Sreedhar Veeramuthu is accustomed to always keeping his eyes set firmly on his goals. After America, the IT manager now wants to gain a foothold in the European market. The conditions for doing so are certainly favourable. A new act is to become effective in 2017, which stipulates the tracking of medicines throughout the EU.

Companies are already preparing themselves with their own test runs. In 2012, Veeramuthu therefore decided to let his employee Robert Francis participate in the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy; a year later, he participated himself. He was already certain at the time

that he would establish a branch in Germany as a basis for his business activities here. In addition, he wanted to contact securPharm,

'In my view, innovations are not just new end products; innovation should take place at all levels'

an initiative that prepares the transposition of EU Directives in Germany.

'We tried one year long without any success to contact securPharm. I only managed to make an appointment once I was in Germany – through the MP and the per-

sonal efforts of its employees.' As it turned out, software for tracking medicines is already being developed in Germany by a company in Gütersloh. But there was a niche for SmartPoint: a large number of German companies export to the United States market – and the USA has its own regulatory system, with which Veeramuthu is perfectly familiar. Nevertheless, the start was not easy. 'I had the product, but couldn't transfer it one-to-one to the German market. I had to make extensive technical, but also cosmetic, alterations to the software. We altered, among other things, the colour and the arrangement of the control panels and increased the number of functions controlled via touchscreen because that is more popular in Germany than in America.' The investment in the alterations soon paid off. As his first customer, Veeramuthu was able to do business with a company that manufactures injections for the follow-up treatment after brain surgery. After the successful completion of the project, he has gained another three German pharmaceutical customers. The engineer estimates that in future, through his Hamburg branch, he will be able to take on the IT solutions for roughly ten per cent of German medicines used in follow-up treatment. Incidentally, the German branch office is managed by MP alumnus Francis, who is just the right manager for SmartPoint in Germany.

In Germany, Veeramuthu also had an idea for a new product, which is however, not intended for sale. He has developed an intercultural database for his company. First of all, he uploaded all the important information from his training in Germany, such as cultural and business customs, local peculiarities or eating habits and

photos, e.g. of ticket machines and bus stops. All employees who have been on business abroad now have to feed the software with data. And anybody going on a trip has to study the database beforehand. He wants to prepare his employees in the best possible way in future with this database. 'In my view, innovations are not just

new end products; innovation should take place at all levels', says Veeramuthu. ■



Innovation as a Competitive Advantage

In mechanical engineering, Germany is by no means a cheap production location. Rather, the prestige lies in the knowledge advantage. To be able to assert oneself in the arena of international competition, insight into the needs of the global market and international cooperations is immensely important. Market leader Kautex Maschinenbau describe their innovation concept.

Bonn. A good image alone is no guarantee for long-term success. Bonn-based extrusion blow moulding specialist Kautex Maschinenbau is aware of this. Packaging for cosmetics, drink bottles and canisters through to tanks for ventilation systems for the automotive industry are manufactured with Kautex machines. Indeed, Kautex has since become the international market leader in this field. This certainly is not something that can be taken for granted though, says managing director, Andreas Lichtenauer: 'Our competitiveness is decisively dependent on our ability to generate and implement useful innovations. Those without the correct processes lose their market position.'

Kautex does not leave innovations to chance, but has instead defined an innovation process for the technology of tomorrow. On the one hand, the ability to recognise international trends in the field of technological and social developments, and

to draw potential from this is important. On the other, proximity to the customers is crucial. 'A convincing communication concept and our employees' sensitivity to customers' ideas and wishes are our most important capital,' Lichtenauer explains.

Innovation – a team concern

At Kautex, implementation of the innovation process is also the result of an employee forum, which established the impetus for innovation to counteract missed opportunities. For only if all employees are involved in the innovation process can optimal use be made of the internal expertise and ideas subsequently imple-

mented. Lichtenauer also takes note of the speed: 'Today it is important to work with short cycles. We achieve a higher clock speed in this way, and can thus react to customers' wishes more flexibly.' This considerably reduces the time required for the new product.

'One example for integration of the innovation process into the overall organisation is the development of our new production series,' explains innovation manager, Uwe Lüllwitz. 'Not only were all the employees from the R&D department involved but also those from sales, marketing, and production as well as the customers.' The fully-electric blow moulding



The new all-electric blow moulding machine is an important innovation not only for Kautex, but for the entire market



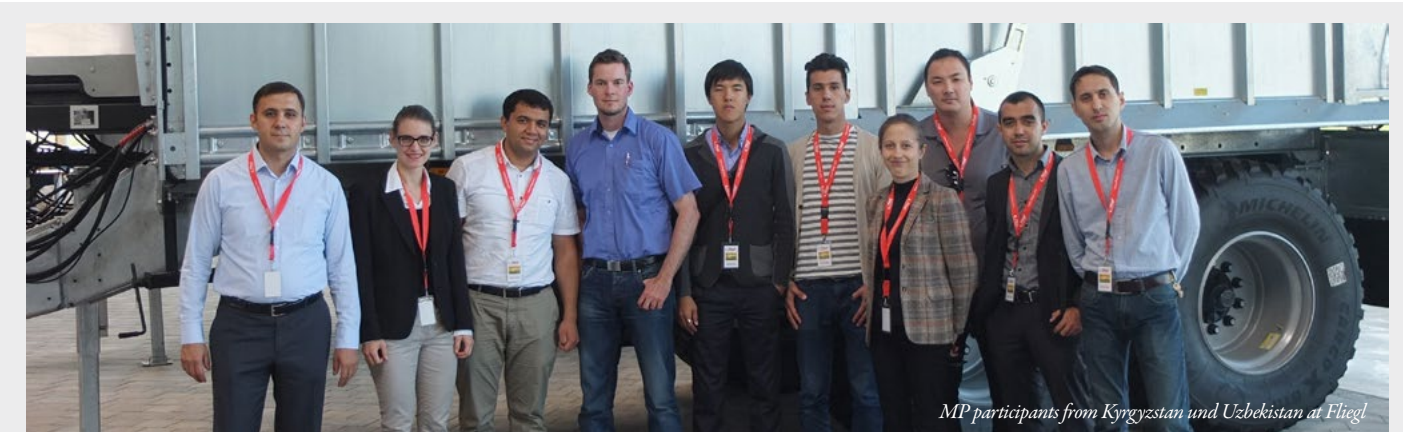
machine for the production of hollow parts represents an important innovation for Kautex and the entire market. It should constitute a benchmark for efficiency in the long term before the backdrop of rising raw material and energy prices. For example, through complete recycling of the energy generated by braking in the electric drives. Prior to market introduction, the machine had to prove itself in long-term tests and under production conditions.

Since introduction of the new production series, Kautex has also increasingly worked on boosting the visibility of the enhanced quality. One reason for this is the considerable international cost pressure, particularly from Chinese competitors. In the past, their machines have looked more and more like those produced by Kautex. It therefore became difficult to make the higher quality and greater efficiency of Kautex machines visible at first glance. This is where differ-

entiation from the competition comes into the plan – not only through a new corporate design, but also through redevelopment of the machine design and an intuitive user interface. ■



Christian Kirchbaumer is team leader for Communication and Marketing at Kautex Maschinenbau GmbH.



MP participants from Kyrgyzstan and Uzbekistan at Fliegl

Full Steam Ahead for Innovation

The company Fliegl has built one of the most modern production plants for agricultural machinery in Mühldorf on the river Inn in Upper Bavaria. Josef Fliegl Senior continuously carries out research and develops new products; in 2014, he was awarded a silver medal by the German Agricultural Society (DLG e.V.). Executives from Uzbekistan and Kyrgyzstan visited Fliegl to become acquainted with the company's innovation management and to create new business contacts.

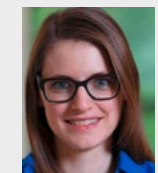
Mühldorf am Inn. Family-run? This applies to Fliegl Agrartechnik by all means; all of Josef Fliegl Senior's children are actively involved. The company has its beginnings in the 1970s when Josef Fliegl Senior developed his first models for new agricultural machines; he founded the company Fliegl in 1975. Today he oversees new ideas, trying them out and integrating them into the big picture, while his children manage the sites. Executives from

Central Asia got to know the modern administrative building in Mühldorf am Inn during a visit to the company. The products on display gave them a first impression of the world of agricultural machinery.

Innovation often also means adapting to the requirements of other countries. The executives from Uzbekistan and Kyrgyzstan were interested to see how one can also reach other markets with an innovative product. Sebastian Smija, who is responsible for the Asian market, commented during the tour through the production area: 'Imagine a German farm. There, a farmer drives into the farmyard and unloads his harvest from the side. Therefore, he needs a push-off trailer that opens at the side. In America, on the other hand, the farmyards are built in such a way that the load has to be dumped from the back. Now these are no big innovations, but different markets require different products.' Smija showed the group around the new plant, which has four assembly lines for dumpers, biogas plants, liquid manure tankers and push-off trailers and is equipped with state-of-the-art manufacturing technology. The new plant also

meets the latest energy standards because the energy for the floor heating and the drying furnace in the paint shop comes from a wood chip heating system, solar cells and natural gas. The Fliegl family is particularly pleased with the silver medal awarded to them by DLG e.V. The new ISO-BUS weighing system, a digital three-point scale equipped with the latest software, is impressive, not only because it combines precision and safety, but particularly because it is calibratable for the first time – a genuine innovation in the field of weighing technology.

A lot has changed in the past four decades, but two things have not: Fliegl is and will remain a family-run business. Fliegl is and will remain innovative. The company's outstanding innovative capacity convinced the guests from Central Asia and, above all, inspired them to think and act innovatively in the future. ■



Katharina Bömers has been a Project Manager for International Training at the Chamber of Industry and Commerce (IHK) of Munich and Upper Bavaria since 2011. She is responsible for the organisation and realisation of management training.

From Idea to Innovation



How can creativity be promoted and ideas generated? How can innovation be born from ideas? To find answers to these questions, it is necessary to know the potential for ideas and innovation and to mobilise it. MP alumni discussed this topic during two follow-up workshops in Wuhan (China) and Delhi (India).

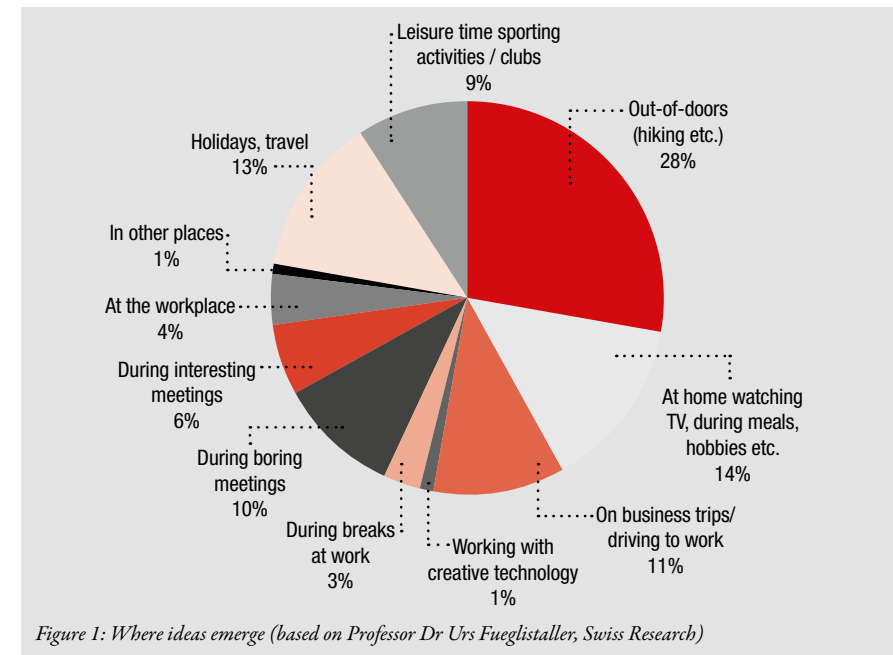


Wuhan / Delhi. Albert Einstein was in the habit of sitting in the bath for hours. Once, when a well-known Indian scholar visited him, Einstein's wife greeted him with the words: 'You will have to wait because he is lying in the bath and nobody knows when he will be getting out'. An hour later, Einstein was still in the bath and his wife told the visitor: 'He has his best ideas playing with soap bubbles in the bath. There he finds solutions to problems that he had thought about again and again in vain.'

Soap bubbles as the source of ideas and a relaxed atmosphere were the best atmosphere for Einstein to be creative. In discussions on ways of generating ideas, the use of creativity techniques is often mentioned as the means of success. But do they really help? If we look at the places in which ideas emerge, the success of creativity techniques is rather limited with a share of one percent (Figure 1). Altogether, it is evident that only 24 per cent of all ideas emerge within an enterprise, whereas 76 per cent are generated outside an enterprise.

It is important to explore new areas and create the right environment on the basis of these insights in order to convert new impressions into ideas and solutions. Sreedhar Jolapettai Veeramuthu from Smartpoint Technologies Pvt Ltd. in Chennai, India reported: 'The MP gave me the opportunity to discover new things, far away from day-to-day business. Through the visits to companies and the exchange with German experts from different fields, I have gained new impetus for developing my company further.'

Travel as a source of ideas also plays an important role in the latest innovation research. Within the Presence innovation method, which was developed at Massachusetts Institute of Technology (MIT), the focus is on so-called 'learning journeys', which are embedded in a structured process consisting of reflection and the further development of the ideas towards innovation. Different perspectives are adopted in this process. In this way, scope is created for new thoughts, and the ability to 'think outside the box' is



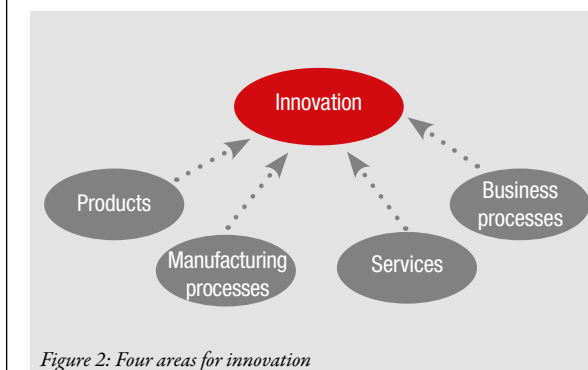
strengthened. Thus, the MP is ideal for generating new ideas, and, through its structure, it offers the framework for converting them into innovation.

What is innovation?

But how are ideas turned into innovation and what is innovation anyway? It can be defined as a new product or service that is able to be successfully positioned in the market – innovation is more than just an invention. To develop attractive and marketable new products and services, companies therefore need to consider and combine all possible areas for innovations. This means creating offerings in which new products, new manufacturing processes, new services and new business processes are intelligently dovetailed (Figure 2). Two examples from the follow-up training show how MP alumni have mastered this challenge and successfully transferred their ideas into new products and services.

Raajesh Talwar from R.T. Automations in Faridabad, India has developed a fully automatic system for high-precision drilling. Rotational speed and pull-down are automatically adjusted according to the material. He got the idea for the system during a discussion with a German entrepreneur who was looking for a solution for his production. Raajesh Talwar's engineering expertise and the continuous search for a solution were the motivating force to develop this new system for the German partner.

Genghong Zhu from Epoch Inc. Machine Tool Co. Ltd. in Hunan, China is another example. Together with the German company Mahle, he developed a high-precision lathe control and was awarded Preferred Supplier status for it in 2012 (also see Journal 1-2013). Several visits to Germany, an intensive exchange of experiences with the development department at Mahle and his own expertise



Apple very successfully uses the interplay between these four areas. With iPhone and iPad, the company has developed products with state-of-the-art technology. New production processes for components – the touch screen, for example – are closely linked to product performance. With the programming of apps, Apple has created a new market for services, and business processes in ordering and delivery via the internet are simple with the iTunes Store.

in the manufacture of precision controls were important factors for this new development. As the machine requires intensive customer service, there was demand for him to position new services in the market. Epoch now provides training as well as maintenance services in China. The innovation research of the past ten years shows that ideas and innovation particularly emerge at the interfaces between divisions in a company and the interfaces to customers and partner companies. It is therefore very important to particularly support the interplay of internal development teams with partner companies and external experts through

effective innovation management. Thus, the areas of creativity and idea management, the selection process of ideas and the product development process must be aligned to each other. This again requires systematic management of the innovation process and the organisational structures.

But can creativity really be steered? Only to a certain extent, as the example of Einstein shows. Rather, it is important to create an environment in which ideas can emerge. That means a corporate culture in which scope is created for trying out something new and mistakes are seen as part of learning and developing further. It is therefore up to companies to find the 'right' way of proceeding to ensure interplay between creativity and management because innovation is the multiplication of knowledge, creativity and perseverance (Innovation = knowledge x creativity x perseverance). Or in other words: innovation is a lot of work and an only partially plannable process, in which numerous framework conditions have to be taken into consideration.

It takes curiosity and experience, instinct and expertise as well as an alert eye on



Dr. Bertram Lohmüller is Director of the Steinbeis Global Institute at the Steinbeis University Berlin (SHB) and CEO of Export-Akademie Baden-Württemberg GmbH. He is an expert for innovation management and completed his doctorate on this subject at Cranfield School of Management (UK). He is collaborating with a software company to develop an IT solution to support idea and innovation management.

Social Media Boom in Mongolia



Social media are experiencing a boom in Mongolia. Mongolians who have not yet optimised their web sites and linked them to social media to gain German customers should urgently do so. Mongolian MP alumni learned during a workshop about the correct approach.



Darkhan. Mongolian executives are very open to communication via social media. This is not surprising because most of them live, as do almost two thirds of the Mon-

golian population, in Ulan Bator or one of the other larger cities and have good internet connections. A short distance away from Ulan Bator things look different, as the participants in the workshop 'Social Media and Web Competencies for Managers', which took place in the Mongolian Secret History Camp in September 2014, soon found out. In rural regions, telephone and particularly internet connections are often problematic.

According to the Internet World Stats Analysis of December 2013,



only 21.5 per cent of Mongolians regularly use the internet. In comparison to the 84 per cent in Germany, this figure at first seems small. However, considering that the use of the internet in Mongolia has doubled since 2011, it soon becomes clear that the new media are rapidly gaining ground here. Whereas in 2011 eight per cent of the Mongolians used social networks, today 20 per cent do. The most popular social network is Facebook, followed by Biznetwork and Voodoo. If we take a look at the use of mobile telephones, which is above

average at 88 per cent, it becomes clear that there is immense potential for the use of new media particularly far from larger cities. The Trans-

It is best to register several domains that lead to the company's site. If, for example, you offer travel, it is recommendable to register a domain like www.urlaub-in-der-mongolei.de, which combines several search terms. If you are specifically looking for German customers, you should also secure one or more .de domains and make sure that the German is error-free.



A common mistake in designing a web site is to write 'Welcome to our internet presence!' in the first line. This is only helpful if you want to be found on Google under the search term 'welcome'. Especially the first lines on a page and the headings should contain certain key terms or key words relating to the products or services offered. In general, when designing a web site it is important to bear in mind that the contents and the graphical formatting should be pleasing to the potential client, just as a worm should be tasty to the fish and not the angler. The typical German surfer pays close attention to a clear

structure that is reflected graphically on all pages. It is wise to entrust a professional agency with the design of the web site. Agencies normally also check whether any rights

of third parties could be infringed on through the use of pictures or the mention of particular brands. In addition to your own web site, you should secure a Facebook address, which is made up as follows: www.facebook.com/firmenname.



formation Index of Bertelsmann Stiftung of 2014 confirms this; the smartphone is replacing the computer and the tablet. A large number of companies have been established particularly in and around Ulan Bator in recent years, which benefit from the increased use of social media.

The seminar participants were aware of the importance of the internet and social media for their business success. On the basis of German examples of popular web sites, they analysed how they could improve their own web presence. The subject of search engine optimisation was met with considerable interest. With a market share of over 90 per cent, Google is the most often used search engine in Mongolia. You need to know a few tricks to land among the first ten hits for a search query. First of all, selecting a suitable domain is decisive.



Participants of the Alumni conference in Javagant Soum

Social Media promote business success

Many German SMEs know that linking their web site to a social network can be very helpful with regard to both customer retention and customer acquisition. Here it is important to choose a network that suits the target group. The seminar participants are also already familiar with social media but have mostly only used them for private purposes until now. Only a few of them were aware that a Facebook page could also promote business success. Chinbat Oyun-Erdene, for example, described his Facebook experience in connection with advertising

for a new fashion shop 'Art of Fashion'. For the campaign, he gave preference to models who were not well-known but had a lot of friends on



Facebook. After it had been agreed that the models would also share the photos on their pages, the news about the new shop spread very quickly. A suitable social media mix should be chosen, depending on the customer group and the type of products offered. Today, having just a Facebook presence is no longer sufficient.

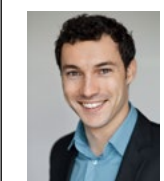
Two thirds of the Mongolian Facebook users are between 13 and 24 years

of age; this medium is therefore suitable for a young target group. The users in the Russian network Odnoklassniki, which is also popular in Mongolia, are slightly older. Biznetwork or LinkedIn are

used for business purposes. Twitter and YouTube are also suitable for social media campaigns. The evaluation of marketing measures is just as important as the well-aimed acquisition of new friends and followers. Real-time monitoring instruments



enable quick measures to counteract unwelcome events. If a contribution is seen as an added value and not as advertising, it will be shared. Because the motto of the digital natives is: Sharing is caring. ■



Communication trainer Erik Malchow has supported MP groups from CIS states and Asia and actively helped participants to establish business relations with German companies since 2009. Besides his work as an expert tutor, he also lectures on media and communication at European University Viadrina in Frankfurt/Oder.

Hermes for Moldova



How can business between German and Moldovan companies be safeguarded financially? Companies from both countries ask themselves just this question at the start of their business relationship in particular. During an alumni seminar held in Chisinau, Moldovan participants learned of the German state's answer: so-called 'Hermes cover'.

Chisinau. For German companies, it is above all a case of limiting their business risk if they deliver products to a Moldovan company. However, Moldovan companies often lack sufficient capital to be able to offer German companies guarantees in the event of a recession or currency fluctuations. An interesting solution exists for both sides though: Hermes export credit guarantees. At the start of October 2014, the GIZ and alumni association INVENT Moldova held a one-



day seminar in the Moldovan capital on the topic of 'Hermes-covered financing from Germany: opportunities for Moldovan entrepreneurs'. Expert Andreas Steinborn from Delcreda GmbH was on hand to explain the Hermes guarantee mechanism itself and the conditions for Moldovan companies. In May 2014, he held a similar seminar in Mongolia that proved a resounding success (see Journal 1-2014).

Prior to the seminar, the over 20 Moldovan participants present were mostly unaware of the Hermes guarantee instrument. Interest was particularly high among alumni whose companies are involved in the import of raw materials and technical equipment. The managers were able to gather information

and clarify misconceptions. A Moldovan participant, who previously considered this tool unsuitable due to Moldova's unfavourable classification in the Hermes country risk scale, is now planning to apply for Hermes cover to purchase a grain silo in Germany. The opportunities that Hermes cover offers in the purchase of medical equipment 'Made in Germany' was discussed at great length.

In the international comparison, Moldova currently still places last in the country ranking of Hermes export loan guarantees. However, this could change in the long term due to the EU Association Agreement. The condition for this is stable economic and political development within the country. ■

Alumni Successes and Networking in Minsk



A large national MP alumni conference took place in Minsk for the first time in June 2014. More than 70 Belarusian alumni from almost all the MP years participated. 'Young' alumni also attended, who had completed their training in Germany just a month before. The high attendee rate is primarily thanks to the conference theme: Success factors of the cooperation between German and Belarusian companies.

Minsk. At the start of the conference, the Belarusian group that had visited Germany in 2013 were able to present pleasing practical results from the German-Belarusian cooperation. The participants finalised contracts with German companies for imports to Belarus amounting to several million Euro; further contracts worth millions of euros are planned or will be signed shortly. In the panel discussion, alumnus Vitali Bozhkov, for example, reported on his plans to sell five German prefabricated houses in Belarus.

The successes of the group were not least of all due to the favourable economic framework conditions described by Dr Klaus Baier. As the long-standing chairman of

the German-Belarusian Economic Club and a member of the Consultative Council for Foreign Investment at the Council of Ministers of the Republic of Belarus, he pointed out the attractiveness of the Belarusian market for German businesses. He said in particular that the advantages of Belarus as a location, such as the low wages in comparison with Germany, the good qualifications of Belarusian specialists in some industries (e.g. IT) and the country's favourable geographical location between the EU and the Eurasian economic region were attractive for German companies. However, Dr Baier did not conceal the difficulties involved in bilateral economic cooperation which stemmed, for example, from the fact that the Republic of Belarus is still not a member of WTO or from the lack of legal transparency for foreign investors. Dr Holger Rapior, the Standing Representative of the German Ambassador to Belarus, also mentioned the potential of the Belarusian market for German enterprises and stressed the significance of the MP for German-Belarusian business cooperation. Sergej Novitski, the Representative of the Belarusian association of

commercial enterprises called on the conference delegates to actively contribute to the reforms of Belarusian commercial and investment law and offered the support of the association. Novitski manages the Belarusian Representative Office of Henkel Bautechnik.

Another important matter at the alumni conference was networking among Belarusian alumni. A contact exchange run in parallel in the foyer of the International Education and Exchange Meeting Place, a conference venue in Minsk, rendered a valuable service in this respect. The participants took full advantage of the op-

MP alumni from Belarus



portunity to exchange contact details and explore cooperation possibilities – also at the evening reception and closing celebration of this first alumni conference in Belarus.

The conference was organised by GIZ, the Institute of Business and Technology Management at the Belarusian State University and the Belarusian alumni association 'ABCoperation', which was established in 2012. ■



At the Johannes Rau education and exchange centre in Minsk

Logistics for Azerbaijan



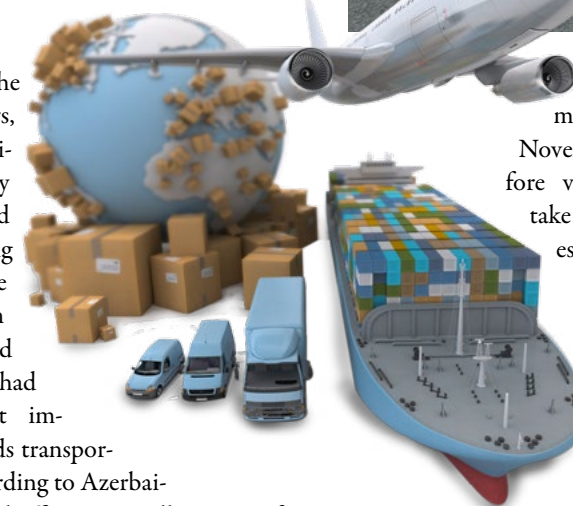
Modern logistics are a challenge for Azerbaijani companies. A workshop on just this topic was held during the MP alumni conference that took place in Baku at the end of October 2014 and was attended by around 100 MP graduates. Interested Azerbaijani alumni were able to exchange ideas with a German logistics expert.



Conference participants in Baku

Baku. In the past five years, the Azerbaijani economy has evolved at lightning speed. The growth in imports and exports has had a significant impact on goods transportation. According to Azerbaijan's statistical office, 28.1 million tons of goods and 149 million passengers were transported via the New Silk Road in the first half of 2014 (see info box). A total of 49.7 per cent of goods were transported by road, 33.9 per cent by rail and 16.4 per cent by sea; 22.5 per cent (6.3 million tons) can be attributed to transit goods. The existing logistics capacities frequently reach their limits as a consequence.

The crude oil and natural gas industry particularly struggles. Indeed, the systems are highly complex, and the technical equipment is often very heavy and bulky and therefore unsuitable for overland transport, reports Ruslan Latifov, Head of Procurement and Logistics for a project of the State Oil Company of Azerbaijan (SOCAR). The planned Oil & Gas Processing and Petrochemical Complex (OGPC) will comprise a gas processing plant, petrochemical plant and oil refinery. 'In Azerbaijan, which does not afford direct access to the world's oceans, only the Volga-Don Canal is viable as a transport route in light of the volume of heavy and bulky equipment required for construction of the plant. However, it is only



open from mid-April until mid-November. It is therefore very important to take the logistics process into account during the planning,' says Latifov.

Tobias Ramstötter, who is Head of Department at Eberl Internationale Spedition

GmbH & Co KG, reported on the German logistics industry's experiences during a workshop. Eberl has been active in the fields of freight forwarding and logistics as a forwarding agent, shipper and outsourcing service provider for over 40 years now. The company is renowned for its services tailored to customers' individual needs. The workshop participants found the exchange of experiences with representatives from other companies extremely useful. 'Workshops such as the one with Eberl are utterly crucial for us.

They will play a decisive role in the resolution of logistical issues, not least by establishing a network of specialists from around the world,' Latifov sums up.

The New Silk Road (TRACECA)

The Transport Corridor Europe-Caucasus-Asia (TRACECA) brings individual transport projects for the expansion of trade and business relations between countries and regions together in one programme. TRACECA creates a natural link between Europe and Asia through this route, and is also described as a project for the revival of the Great Silk Road. The corridor starts in Eastern Europe (Bulgaria, Moldova, Romania, Ukraine) and passes through Turkey and the Black Sea via the Southern Caucasus on to Iran where it joins the Central Asian railway network and continues towards Turkmenistan and Kazakhstan.

Source: www.traceca-org.org

The German and Azerbaijani economics ministries as well as the Baku Business Education Center hosted the alumni conference at the industry and business centre. In her welcome address, the German Ambassador to Azerbaijan, Heidrun Tempel, underlined the significance of the MP for the development of bilateral business relations and described it as an important contribution to increasing German companies' focus on Azerbaijan. ■



Ruslan Latifov

Unconference in Kiev

An interactive ‘unconference’ took place in Kiev in mid-November. For two days, the alumni’s thoughts didn’t only revolve around the difficult situation in their own country. The follow-up on the training in Germany and the future economic development of Ukraine were the main topics at the event. ‘There was an unbelievably dynamic atmosphere that carried everyone along’, the participants said. This sense of community turned the ‘unconference’ into a success story.



Kiev. When a conference deliberately turns away from traditional organisational forms, it is called an unconference. An unconference develops without a predefined topic and with no separation between audience and speakers. The idea goes back to an observation made in 2003 by Tim O’Reilly, founder of a publishing company, author and software developer. He found out that the coffee breaks were by far the most productive phases at classical conferences. Hence, he declared the breaks to be the actual conference and in 2005 launched the first ad-hoc unconference. It was organised entirely by the participants without any guidelines in order to learn and share knowledge in an open environment. Four basic rules apply to unconferences:

1. All participants are individuals with equal rights in an open community.
2. Leadership is not predefined but can arise at any point.
3. There is no audience; everyone is an active participant.
4. The event is open to anyone interested.

This format also seemed to be suitable for the large event in mid-November in Kiev. 150 alumni from Ukraine, Belarus and Moldova met for an unconference and follow-up to exchange experiences and find answers with help from a circle of experts. Veronika Arpentin, MP alumna

and Leader of the EBRD group for supporting SMEs in Moldova; Taras Kachka, Ukrainian delegation member at the Association negotiations with the EU; Andy Kuzich, Business Development Director at the management consultancy Price-waterhouseCoopers Ukraine; Alexander Markus, Delegate of German Industry and Commerce in Ukraine and Veronika Movchan, Academic Director of the Ukrainian Institute for Economic Research and Policy Consulting put their economic expertise to the test in a two-and-a-half hour question-and-answer session.

How can our companies successfully assert themselves in the EU markets? And how can we protect our markets against foreign competitors? These questions currently concern the Ukrainian business community; the attentive silence in the hall showed just how topical they are. There was no talking or laughter to be heard. The participants listened with great concentration and had intensive discussions with the experts. The alumni asked questions, but also contributed their own recommendations and ‘recipes’. Many of them found that changes in corporate culture were necessary for being successful at home and abroad. Long-term cooperative relationships based on trust are the goal. Alexander Markus explained how a domestic market can be protected against competitors from abroad. He advised the participants to have their products certified and carry out active branding. He also said that resolute action against corruption was necessary. Andy Kuzich emphasised that companies should primarily align themselves to exports. He said that meant acquiring

English language skills for a start and also highlighted being able to recognise market trends. In addition, alumni members who already successfully export to the EU described how important it was to attend as many events abroad as possible. They said that once the European market rules had been internalised, it was easier to gain a foothold in other international markets. Further recommendations from the experts were: carry out market research, recognise trends and find your own niche, improve energy efficiency and value creation, and last but not least, that continuous further education and personnel training played a decisive role. This was the only way to hold one’s own in an ever-changing environment. During the following interactive Open Space event, the alumni had the opportunity to expand on the topics raised. True to the main principle of an unconference, they independently developed an agenda, formed work groups and moderated them.

The recipe of the success of the unconference – the combination of solidarity and creativity – also came to bear at the evening culinary networking event. There the alumni had to prepare different dishes in groups, and then to successfully market the self-created dishes. Here again, team spirit and imagination were needed, and it became evident that new working methods can lead to improved output. Taras Ogijchuk, a Ukrainian programme participant, summarised his impressions: ‘In particular, the unconventional way of dealing with dry theory and the experts’ professionalism gave the unconference an air of simplicity – despite the complexity of the topics’. This put it in a nutshell: the participants in the unconference went home full of new ideas. ■



Elena Bey is head of the NewBizNet centre for SME promotion in Lviv, which specialises in consulting services for private enterprises based in Western Ukraine. She has run seminars and workshops for MP participants and alumni for many years now.



The Seven Steps to Success

At the ‘Strategic Planning for SMEs in International Business’ workshop, MP participants learn how to strategically plan their joint ventures and successfully implement them step by step. The key is never to lose focus.



Hanoi. Training to prepare for the MP: ‘Strategic planning of cooperation with Germany’ was on the agenda. First each participant worked independently to list their company’s strengths and the German target groups they would like to establish a business relationship with during their time in Germany. Then they were asked to describe the most important reasons for cooperation from the target group’s perspective. However, this last step revealed just how imprecise the concepts for partnerships were. The group used very general terms like ‘B2B customers’ early on when describing the target group, which did not provide a very solid basis for identifying concrete German partners. In the workshop, participants learned to describe their ideal partners as precisely as possible and invest their energy in researching potential partners’ most pressing problems in particular. This kind of precision is es-

sential to targeted acquisition. Thus the Vietnamese executives from the upper and middle management levels took the first four steps to success: an analysis of the business field and their company’s own strengths on the market, along with a description of the most important target groups and their most pressing problems.

EKS – the strategy

The Engpasskonzentrierte Verhaltens- und Führungsstrategie (Bottleneck-Focused behaviour and Management Strategy – EKS) put forth by Prof Wolfgang Mewes focuses on developing a profile that highlights the individual strengths of a company and its employees. This allows an optimal range of services to be developed for a target group that are custom-tailored for the group’s most pressing problems. The success of this method lies in concentrating existing resources and skills in the most effective way.

This strategy is consistently followed for a given target group. The better a company knows the target group, the more valuable the products and services it offers can be. Innovations are ideally developed in cooperation with customers as part of this process. This provides the firm with a systematic problem-solving approach that makes it irreplaceable for the target group. The customer-oriented innovation strategy is the fifth step to success. In order to

be able to sustainably supply the market, it is essential to work with partners who offer complementary services that round out your company’s range. Identifying these partners is the sixth step. The partner’s core competencies create synergies that generate much higher added value than just the sum of the individual parts. Step seven involves a strategy that offers a permanent solution to one of the target group’s persistent basic social needs and as such aims to achieve market leadership.

Pujiang. MP follow-up: ‘Strategic planning of cooperation with Germany’ was on the agenda again. The Chinese executives talked about their successes in cooperation with German business partners. The descriptions of the target groups were much more precise. In just one year they had clearly learned a lot about the market, their customers and their

customer’s problems. Training in Germany and company visits were essential elements in this process. Consequently, the first joint ventures have begun with German partners. ‘Made in Germany’ products and the Chinese partners’ comprehensive knowledge and networks in their domestic market are examples of two huge advantages here. ‘The analysis and targeted search for a German company whose portfolio perfectly complements our products resulted in successful initial business contact very quickly,’ Wenli Zhou reported at the workshop, before talking about the contract his company had already signed. The first steps in the EKS have been successfully taken. It may take a while before the products are introduced to the market, but concentrating the company’s strengths on a narrowly defined target group, the innovative identification of new niches and consistent focus on the company’s own strategy are all yielding measurable positive results after just one year. ■



Christian Codreanu is Head of International Training at the Chamber of Industry and Commerce (IHK) of Munich and Upper Bavaria. He is responsible for the organisation and realisation of the Manager Training Programme, and holds workshops to help participants prepare for and follow up on their stay in Germany so as to ensure lasting business contact.

Branding in the Northern Caucasus



Branding is of equally high interest for companies, public administrations and society. Reason enough to choose it as the topic for an alumni conference which took place in Stavropol at the end of October 2014. More than 100 alumni accepted the invitation by the Northern Caucasus consortium of the alumni associations from the Russian President's programme. Experts from Russia, Germany, Japan, Lithuania and Italy were available to provide information and answer questions and gave the alumni valuable tips.



Stavropol. The topic of branding is on everyone's lips – even in regions in which an own brand has yet to be established, which includes the Northern Caucasus. The high-quality regional foods are hardly known in Russia; the negative image persists, and new tourist destinations, but also traditional holiday resorts, are too seldom visited. The efforts made by the administration to improve the region's reputation have not yet had the desired effect. Most Caucasian companies do not have a sound knowledge of branding; nor do they have the resources to promote their brand.

'Very open and very honest! Interesting and profitable from the first to the last contribution!'

Participants at the alumni conference

The allocation of roles between the public administration, companies and the population for establishing a brand and development strategy for the region was at the centre of the discussion. The Russian model of regional brand development by the respective administration was compared with the model of the coordination of interests as practised in Europe and Japan. To achieve this, several municipalities found a joint enterprise, which markets the region as a whole and thus as a 'brand'. This enterprise represents the interests of all its partners and presents their respective strengths and characteristics under the motto of 'Involve people – find partners'.

How can it be achieved that the population of a region willingly supports tourism initiatives of the administration and companies? In the opinion of a large number of conference participants, material incentives in the form of new jobs and additional earnings in structurally weak areas were absolutely sufficient; they would be automatically created through successful regional development and marketing measures, e.g. in the tourist sector. However, the German management consultant for tourism con-



Conference participants in Stavropol



cepts, Dr Kai Pagenkopf, and Michihiro Hamano, Director of the Japan Center in Moscow, emphatically contradicted this opinion. They said that the formula 'Tourists are guests, and locals are service staff' was too simple and only worked to a certain extent. The tourism strategy in the Northern Caucasus was the best example. Purely material advantages would not be sufficient in the long term. The local population should also benefit from additional leisure time facilities and new educational opportunities created through tourism. For example, specially designed guided tours for tourists could be integrated into school curricula for history, geography or biology. This was common practice in Switzerland and Germany. A small village dolphinarium in the Japanese prefecture of Ōita, which combines fun and a learning factor for children, served as another example of taking care of the welfare of the local population.

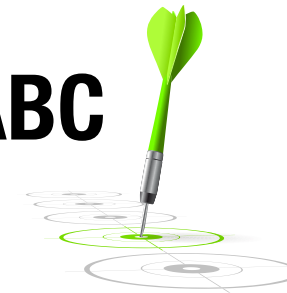
How does one mutually find partners? In an analysis on this subject, Olga Savolainen, German expert on business with Russia, compared video presentations on Dubai and on the region of Stavropol. The impressive presentation on Dubai was jointly financed by 50 companies. The financial expenditure for each company was very limited, but together they had far more scope for shaping things than the administration in Stavropol. Rustem Muchametsjanow, developer of a new brand at the lorry manufacturer KAMAZ, also emphasised the advantages of the concept of branding in partnership. ■



Dr. Anna Suchkova is an economics lecturer at Lomonosov Moscow State University. She has advised on and helped to shape implementation of the MP in Russia since 1998.

How do you develop an alumni association further? Belarusian MP alumni who met for a two-day interactive workshop in Minsk at the end of September 2014 were faced with this question. There they learned how to independently develop a strategy and define possible development options for their alumni association 'Association of Business Cooperation' (ABC).

Three Goals for ABC



Viktor Kozlov (right) and Andrei Makarevich, Chief Executive of the Alumni Association ABCooperation

Minsk. When MP alumni come together, they feel capable of achieving a lot. 'We had to meet stiff selection criteria in order to participate in the MP. We are all different – we come from different industries and have different jobs. But when we meet, we form a unit and gain in significance. The alumni association can help us in expanding our businesses, lead us to new markets and help to arrange contacts to important partners. Together we are strong!' This kind of self-perception paves the way for trustful relationships – both within the association and the international MP community.

The Belarusian alumni utilised this potential for mutual support during the training in Minsk. They discussed the most important milestones for the future of their alumni association. They drew up 14 goals for medium-term prospects, of which three main goals were confirmed by vote. The first goal is the optimisation

and regular update of the ABC website. Furthermore, the alumni want to involve themselves actively via internet platforms. The second goal concerns the association's financial independence. Here membership fees, raising third-party funding and fee-based events are possible solutions. The alumni see the expansion of the member base as their third main goal. They will participate actively in attracting and selecting candidates so that they can contact potential members at an early stage. Association members also come to preparatory seminars to acclimatise the participants to the training in Germany and share their own experiences with them. Exclusive offers for alumni are intended to make membership attractive – they include access to ABC's extensive German-Belarusian business network or invitations to German trade missions. ■

IMPRINT

Journal
'Fit for Partnership with Germany' Manager Training Programme of the German Federal Ministry for Economic Affairs and Energy (BMWi)

Issue 2/2014

Publisher:
Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
Manager Training Programme of the BMWi
Reimut Düring, Head of the Manager Training Programme of the BMWi
Email: mp-pr@giz.de
Internet: www.managerprogramme.com

Responsible parties:
Christina Otto, Daniel Strube

Editorial team:
Natalia Astrin (responsible party), Jan Löcher, Dr Gerd Schimansky-Geier, Daniel Strube

Layout:
Diamond media GmbH, Miria de Vogt

Contributors:
Michael Emmrich, David Fuchs, Karina Gabrielyan, Isolde Heinz, Christine Jung, Tobias Knubben, Dr. Angela Leeke, Ljudmila Metzdorf, Ronald Schulz, Karin Weber

Photo credits:
AHK, BMWi/Susanne Eriksson, BZM, DMAN, Thekla Ehling, Christine Fiedler, Fotolia, Yevgeniya Gorobets, Sebastian Hassmann, iStock/Getty Images, Harald Kahn, Kautex Textron GmbH & Co. KG, Viktor Koryakin, Jan Löcher, NBL, picture alliance/Cultura (Titelbild), picture alliance/dpa, Shutterstock, Daniel Strube, Sandra Then, Kovalev Vladislav, Rudolf Wichert

Translators (Russian version):
Juri Alekseyev, Natalia Astrin, Armen Hovannesian, Natalya Safronova, Tomarenko Fachübersetzungen

Translators (English version):
Norah Schmidt, Sarah Smithson-Compton, Thomas Swinehart, Tomarenko Fachübersetzungen

Publication frequency:
twice a year

Date of publication of the current issue:
January 2015

Editorial deadline for the next issue:
April 15, 2015

All rights reserved. Reprints – also of extracts – only with express permission in advance. While every care has been taken, no liability is assumed for the content. The cartographic presentations do not imply any recognition of international boundaries or regions.

Funded by the German Federal Ministry for Economic Affairs and Energy (BMWi).

ISSN 2195-8718

New and Old Business



Up to now, 'Truck Motors' in the Ukrainian city of Kharkiv has only repaired motor vehicles and dealt in spare parts. Now, this is going to change: Yevgen Kabanets, owner and managing director, intends to take on the sales and distribution of agricultural machinery of the companies Agravis and Fricke in Ukraine. And the old business is also to be polished up. Thus, Kabanets' employees are soon to go to school – with the support of DEULA-Verband, the German association of educational establishments in the field of agricultural technology.

Kharkiv. No one can say that Yevgen Kabanets was bored in Germany; the Ukrainian businessman already has firm projects and orders in the bag. He is to represent the company Agravis in Ukraine as from 2015. The management team of Agravis is preparing corresponding contracts and will be taking them to Kharkiv for signature during a visit that has already been arranged. A project with the company Fricke is also well underway. Fricke already has 45 locations in 17 countries and is very interested in further expansion in Ukraine. Such is the interest, that experts from Fricke have already been to Sumy to jointly plan the project for expanding the Ukrainian firm in the areas of service and repairs. The contract details were negotiated at the beginning of June 2014 so that in the first two years, Kabanets is to act as a dealer in the Ukrainian market. Once the political situation has stabilised, further negotiations will take place regarding an exclusive agreement.

'The participation in the MP opens up new perspectives.'

The entrepreneur also hoped that, through the MP, he would be able to assert himself more quickly in the market segment of service for agricultural machinery. Here new management methods were needed, which he acquired in a detailed and practice-oriented way during the programme. 'At last I was able to get to know and learn to understand work processes in large companies', Kabanets reports. He transferred quite a lot of this knowledge to his own company, e.g. the careful analysis of customers' requirements and problems. The entire process from the acceptance of goods through to service and right up to the evaluation of customer satisfaction is very closely monitored by the responsible employees in order to retain customers for the long term. 'We examine every mistake, every customer complaint so that they don't happen again', the participant explains. He has also successfully implemented a new customer-friendly notification system to notify the customer on completion.

cation system to notify the customer on completion.

To gain a foothold in the agricultural machinery industry, it is not only necessary that the boss has a good command of the latest methods; the employees also need professional training. The members of the German federal association of educational establishments in the field of agricultural technology (DEULA) are among the most significant regional and national providers in this industry. Reason enough for Kabanets to place the training of his employees as disseminators for the technical support in the hands of DEULA. He was able to hold first talks with DEULA and a representative of the Ministry of Energy, Agriculture, the Environment and Rural Areas in Schleswig-Holstein. The ministry is to provide support with practical agricultural placements and DEULA will examine the general possibilities for vocational and further training. Kabanets has a specific training centre in mind where Ukrainian specialists can learn how to provide technical support for agricultural machinery on the basis of the DEULA methodology. Joint training with large machinery suppliers such as Claas, RIELA and AMAZONE could also be organised locally. Furthermore, Kabanets is looking for a possibility to open several service centres that will specialise in repairs and maintenance of Claas agricultural machinery – with authorisation from Claas. 'The participation in the MP opens up new perspectives and enables a different view of our own business, which benefits us greatly', he summarises. ■



Yevgen Kabanets

Steam boilers for Africa



Aymen Dimassi is the Managing Director of a small company that produces steam boilers and also offers complementary products for boiler plants. For example in the food industry, the boilers are used to sterilise milk or brew beer. Steam boilers also have their applications in the automotive industry and agriculture.

Ksar Hellal. Aymen Dimassi founded his company, Industrial Automatic and Mechanic Systems (IMAS), back in 2008. Dimassi, with a background in engineering, completed a series of technical training courses to specialise in the field of automation technology. With the help of the Manager Training Programme, he is now also developing his management and marketing skills. Together with 19 other participants, the company manager came to Germany in early summer 2014 with the Tunisian pilot group. The quality of personnel management left a lasting impression: 'The qualification of employees, degree of organisation, and identification impressed me. In Tunisia, this is rare – not least because of the different economic situation. Unfortunately we cannot afford to invest in human resources at the moment. But this is absolutely crucial. We must work on this,' says Dimassi. In a first step, he organised safety training for his ten employees: 'After the programme, I took the time to identify shortcomings within my company. Enhancing work

safety formed part of this.' Further aspects that he wishes to improve include work productivity and efficiency.

The stay in Germany was a great success for Dimassi. He sought a manufacturer of larger steam boilers not only wishing to market these in North Africa but was also interested in joint production and a joint venture in Tunisia in the medium term. VKK Standardkessel Köthen GmbH proved the perfect match. The two companies are currently discussing a further cooperation. IMAS is to first assume representation of the company, and the first customer queries about the new boilers have already been received.

Besides VKK Standardkessel, Dimassi also met with Karl Dungs GmbH & Co. KG based in Urbach in southern Germany. Dungs manufactures the combustion control technology that IMAS needs

during the installation of steam boilers. A sales partnership in addition to an after-sales agreement were discussed; the according documents are now being prepared. Dungs' export manager will soon visit Tunisia to convince himself of the qualifications of the ten IMAS employees.

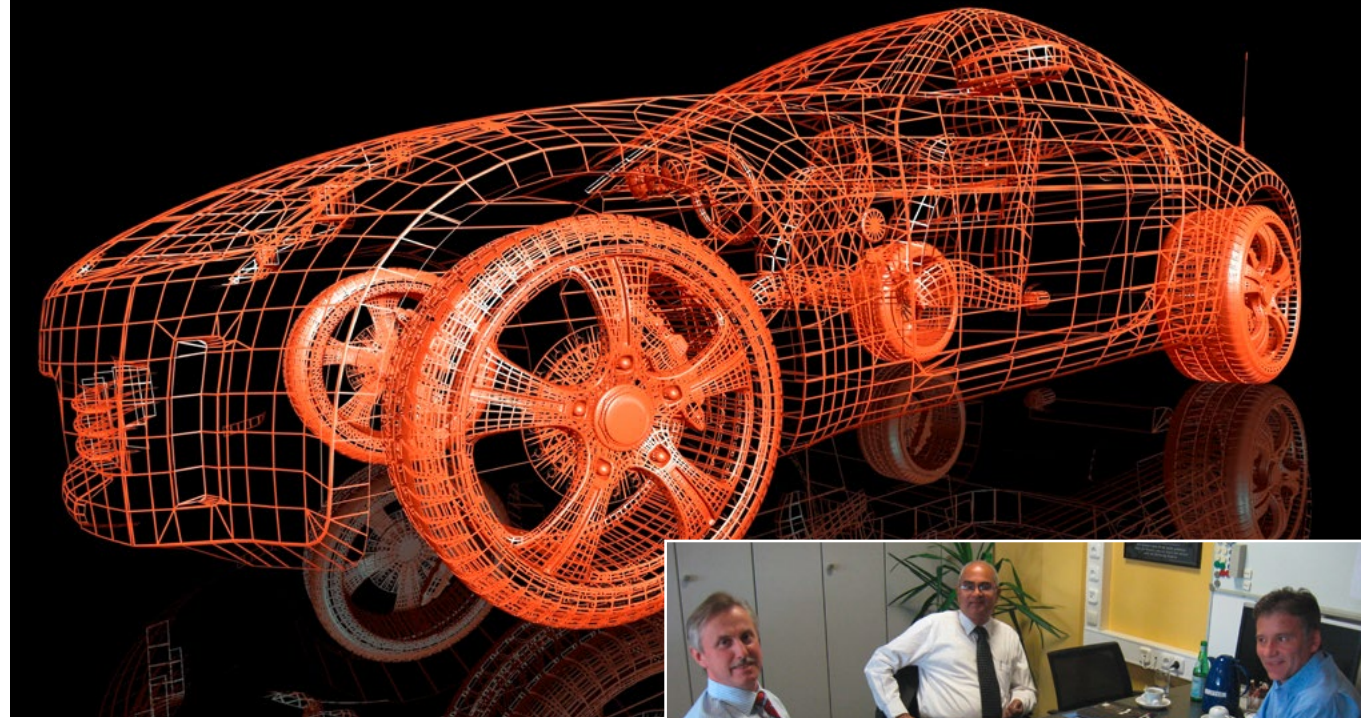
Dimassi is also one step further with GEA Ecoflex GmbH based in Sarstedt, which was seeking a partner in Africa for the sale and installation of heat exchangers. An agreement has already been signed with the Lower Saxony company and representation in Tunisia assumed. After-sales services and a joint venture are also to be

set up to manufacture parts for the heat exchangers in Tunisia. To ensure everything runs smoothly, both companies have sent their engineers to visit their counterparts. After

GEA employees were in Tunisia, IMAS employees have now visited Sarstedt for technical training. The first joint project is already under way: IMAS is supporting GEA in a state project for the production of electricity in Tunisia, and is responsible for installing the parts for GEA. 'To date, I have had partners in Spain, Italy and France. The MP has allowed me to also expand my business to Germany and to make my company fit for the future,' Dimassi concludes. ■

'It is absolutely crucial to invest in human resources. We must work on this.'

German Technology and Indian Know-How



‘The programme brought me to Germany. And it continues to draw me back’, reports Ravindra Mahadeokar. He is a mechanical engineer and the managing director and owner of a small medium-sized Indian company that specialises in the production of automation technologies.



Nashik. The 49-year-old entrepreneur’s first contact with Germany was at the end of 2011 when he travelled to Bavaria to attend the MP for a month. Mahadeokar was looking for new technologies for the growing Indian automotive market. And he needed new ideas for how to optimise and develop Summit Engineers and Consultants, the company he founded in 1996.

With the support of the MP, Mahadeokar found a partner in Strama-MPS Maschinenbau GmbH & Co.

KG – a supplier for large companies such as BMW and Bosch. This collaboration has allowed him to develop his business very dynamically over the years. Summit is currently Strama’s marketing, service and production partner in India and a joint venture is in the works. His other German customers include plant engineering and construction company 3CON, pump and sprayer manufacturer ZUWA-Zumpe, paint finishing systems manufacturer Sprimag and door systems manufacturer Reko.

‘I could have come here on my own initiative. But who would have shown an interest in me and believed in my company?’, Mahadeokar says. He was also not very

‘I could have come here on my own initiative. But who would have shown an interest in me and believed in my company?’

familiar with German culture, the business environment and the customers. Now he comes to Germany almost every year to meet up with old business clients and

acquires new ones, such as most recently at the German-Indian Round Table, a meeting of German and Indian business people, in June 2014.

Summit has enjoyed powerful growth in recent years. Today Mahadeokar employs 55 people, almost double the number from 2011. Since 2012 turnover has increased by 90 per cent every year and was around 1.8 million euros in 2013. ‘I changed a lot of our business processes. I have authorised some representatives and delegate a lot more. This gives me more time to deal with all the strategically important aspects.’ Mahadeokar is currently working on a new business plan to further develop his company, satisfy his international customers, and support continued rapid growth over the long term. ■

Turkmenistan plans to invest heavily in expanding its energy infrastructure over the next few years. From 2013 to 2020, more than 3.6 billion euros will flow into this sector. In addition to new power plants, many modernisation projects are planned for energy transmission and distribution. A third of the total investment sum – around 1.2 billion euros – is earmarked for these projects.

Business Opportunities for German Companies



Ashgabat. The state-owned Turkmenenergo company sent Deputy Head of Electricity Supply Dowlet Muchammedov to train in Germany, so he could establish close contact with potential suppliers and technologies for these ambitious plans. Turkmenenergo is responsible for generating, transmitting and distributing electricity in the country. The company reports directly to the Ministry of Energy.

‘A Turkish energy company was awarded the bid for the first stage of the modernisation project. In the supplier area, there are still a lot of opportunities’, Muchammedov reports. German suppliers from the energy sector enjoy a very good reputation in Turkmenistan. Turkmenenergo has successfully worked with German firms for many years now, ordering items

like transformers from German companies such as Siemens.

So a personal meeting with the Siemens Energy Division was arranged for Muchammedov while he was in Germany to discuss and identify possible fields of cooperation. Delivering gas turbines for electricity generation was a particularly important topic of discussion.

In Germany, Muchammedov also made progress on the planned expansion of the high-voltage power lines. ‘The modernisation plans for the construction or replacement of 63 voltage transformation substations, 70 substations, 110 km of high-voltage power lines and 870 km of power lines. I would not be at all surprised if German companies were involved in the project,’ Muchammedov hints. ■



Ashgabat

We are interested in your opinion!

Give us your feedback about this journal at <http://feedback.managerprogramm.de>





Ceramic tile and clinker brick manufacturer Ströher markets its products worldwide. Thanks to the Manager Training Programme, the company is now also making a name for itself in Kyrgyzstan. While the market may be small, the customers there are by all means interesting.



Dillenburg / Bishkek. Andreas Manweiler always keeps an eye out for new sales opportunities. He is actually responsible for Russian business at ceramic and brick manufacturer Ströher based in Dillenburg in the federal state of Hesse. However, the company has meanwhile successfully tapped into the Russian market despite the country's size: a multitude of retailers ensure that façades, terraces and entrance areas feature German tiles and so-called clinker brick slips from Saint Petersburg to the depths of Siberia. Manweiler has therefore also been putting out feelers to the neighbouring states for a couple of years now. In many of the former CIS countries, he already works closely with retail partners. For a long time, the market in Kyrgyzstan was not on his radar – until Aibek Sadykov from Kyrgyzstan came upon Ströher.

Sadykov travelled to Germany in autumn 2012 with the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy. He specifically targeted Ströher, and wanted to familiarise himself with the company during his time in Germany. Sadykov even left his

group for one day to visit Dillenburg. He was welcomed at the site by export manager, Peter Kraft, who not only showed him the company's products but also gave him a tour of the entire production plant.

Ströher has specialised in the manufacture of a niche product for more than 130 years. The company produces ceramic tiles and sheets in different designs for outdoor purposes. Products and designs are also developed according to architects' wishes for large properties. The clay sheets are made in the production plant at the company site and fired at up to 1,300 degrees Celsius.

Depending on the product, Ströher uses modern roller passage kilns in which standardised tiles and steps can be fired in 2–3 hours. The firing procedure for so-called clinker brick slips is considerably more complex: these thin ceramic boards that look like classic clinker bricks spend 24–36 hours stacked in a tunnel kiln.

'Different colour nuances are created on the surface of the clinker brick slips during the traditional firing process,' explains René Skotarczyk, marketing manager at Ströher. When affixed to a façade, clinker brick slips later look like genuine, brick masonry.

Production takes place around the clock throughout the entire year. Around 260 employees ensure that tiles, steps and clinker brick slips are produced in the plant and marketed worldwide. In Germany, they mostly go to specialist retailers. 'Given that our products are mainly used

in outdoor areas, their processing and laying is challenging and is therefore completed by professional tilers,' says Skotarczyk.

In recent years, the business with clinker brick slips has primarily increased – a tendency that is expected to continue. A growing proportion of products end up overseas. The export quota of tiles and

'Without the Manager Training Programme and the visit by our future sales partner from Kyrgyzstan, we would never have tapped into the market potential there.'

Andreas Manweiler, Ströher GmbH



clinker brick slips currently lies at 45 per cent. All around the globe, sales partners bring the tiles from Dillenburg to their markets, as has also been the case in Kyrgyzstan since last year.

Following the visit by retailer Sadykov, the sales rep responsible for Russian business, Andreas Manweiler, made contact again. He followed up, spoke with and emailed the Kyrgyz. After a few months, both had created a concept for how Sadykov could develop the new market for Ströher. The challenge was to address the right customers, because the Central Asian country has a population of just 5.5 million. 'Many cannot afford our high-quality products,' says Manweiler. However, there is a small section of the population with purchasing power that is by all means interesting for Ströher: 'And they should be familiarised with our products.' In a showroom, Sady-

kov now presents the upmarket ceramic tiles and clinker brick slips from Germany to local building contractors and architects. Business is going well. If it should grow any further, Ströher would like to develop the sales business. 'It is like an additional business. Without the Manager Training Programme and the visit by our future sales partner from Kyrgyzstan, we would never have tapped into the market potential there,' says Manweiler. ■



Sibylle Schikora is a business journalist and editor at wortwert – Die Wirtschaftsredaktion based in Cologne.

Building trust



Washing up brushes from Mexico are gaining ground in Germany

Mexico-City. Carcal is a Mexican family-run business with an over sixty-year history that specialises in the production of cleaning brushes. The colourful washing up brushes, scrubbers, nail and toilet brushes have ensured cleanliness from Mexico to Australia for many years now. Recently, they can also be found in Germany.

'The programme allowed me to build trust in our products.'

This is the work of Laura Elena Ruiz Lopez. At the end of 2013, the 28-year-old export manager and granddaughter of the company founder participated in the Manager Training Programme for Mexican managers in Germany. 'I find it a shame that we didn't come to Germany any sooner,' says Lopez. 'Somehow, our products are German, as all our production and packaging systems now come from Germany.' Indeed, Carcal has invested ten million euros in modernisation of its systems alone in the past six years.

Despite this, it was not easy to get a foot in the door in Germany, Lopez continues.

Above all, they had to battle prejudices towards Mexican quality. During business meetings, she had to work hard to persuade potential clients and build trust in her company and products. 'The fact that the economics ministries in our countries support the programme and the participants are selected with care was like a quality seal for our products.'



Laura Lopez

Following successful negotiations with wholesale company TEDi GmbH, she was able to secure a contract for the supply of washing up brushes. The qualified economist estimates the supply volume at low six figures by the end of 2014. They are also in talks with other buyers, such as the wholesalers, HAST group International GmbH and Edeka. Without the negotiation and presentation training she received in Germany, the talks would not have been such a success, Lopez believes. And with her new knowledge of the quality and certification requirements, she is able to secure deliveries to Germany in the long term. This is not only in her own interest though.

'The programme allowed me to build trust in our products. And I help enhance Mexico's image as a reliable business partner in the process,' says the 28-year-old export manager. ■



Employee retention



Are employees a cost factor or an investment in a company's future? While for a long time the focus remained on staff cuts in Germany, the demographic shift means many companies are now facing the challenge of retaining high-potential personnel – a company's most sensitive and valuable asset. Strategies to retain employees are becoming an increasingly important element for the success of a company.

Entrepreneurs are able to set themselves apart from others and to foster the according working environment for their employees throughout their employment life cycle. Employee retention, which is also known as retention management, now means acquiring and retaining qualified employees by creating a variety of positive incentives. Depending on the method of calculation and employee level, every new employee generates costs totalling six to 24 months' pay. This investment is considerably higher than the cost of retaining a suitable employee. A stable workforce also helps ensure projects are completed with success without any interruptions. Relationships with colleagues and customers are good, and the practical knowledge built up over

time remains with the company. Within this, employee retention does not actually aim for low fluctuation in the narrow sense. The focus is primarily on the retention of high performers in key positions.

Companies that choose this route have borne the employees in mind. They have analysed employees' motives, satisfaction and appreciation, and addressed these in a targeted manner. The following step-by-step process has proven itself in practice for this corporate management task:

1. Create a database: record fluctuation, survey relevant employee groups, conduct exit interviews, measure absences as an 'early warning system'.

- 2. Take stock:** have the existing tools for employee retention evaluated.
- 3. Define the target group:** decide which employee groups must be retained (possible question: where does a lack of employee retention present a particularly high risk?).
- 4. Set targets:** determine the employee group's appreciation and needs.
- 5. Interpret your findings:** bundle a package of measures from the variety of possibilities for individual implementation.
- 6. Create a road map:** summarise the measures and tools in a road map for employee retention that suits the company and its employees.
- 7. Implement your road map:** process, control, and evaluate.

Concrete practical examples show that the benefits of fewer absences and lower fluctuation can be recorded just six months following the introduction of employee retention tools. Employees should also make suggestions and receive feedback from their superior.

An executive can have a significant impact on employee retention. A superior should readily be perceived as strict from time to time. In contrast, pleasant superiors often shy away from seeking an exchange with employees to point out errors to them. Conflicts are avoided. This leads to the dissatisfaction with employees' performance at some point becoming so great that the human resource manager ultimately terminates their contract. The affected employee feels unfairly treated, as they never had a critical discussion with their



Suggestion: think up questions on the appreciation of the level in Maslow's hierarchy of needs (see table) your employee is on for their next appraisal. Describe the needs for each individual level – it may surprise your employee how much you appreciate them. Then offer them a concrete option for support meeting their level:

Need for ...	Possibility for support for the executive	Possibility for support from the company
Self-actualisation	<ul style="list-style-type: none">• Independent tasks• Work arrangement options• Challenging tasks• Meaningful work• Openness for private life	<ul style="list-style-type: none">• Flexible working hours and location• Further and advanced training• Task development and enhancement• Time for private life
Esteem	<ul style="list-style-type: none">• Feedback (praise and constructive criticism)• Communication and information• Mutual advice• Delegation of responsibility and decision-making powers	<ul style="list-style-type: none">• Career prospects• Marking of birthdays, years of service, etc.• Incentive bonuses• Overtime provisions• Handling of suggestions for improvement• Good equipment (technology, rooms, cars, etc.)
Belonging	<ul style="list-style-type: none">• Participation• Open-door policy• Integration checklist for new employees• Encouraging collegiality in the event of relocations, illness or holiday leave• Support and feedback from colleagues• Communal lunches with employee involvement	<ul style="list-style-type: none">• Transparent information (e.g. employee newspaper, newsletter)• Team work and support within and between departments• Communal activities and parties• Conflict resolution offers• Company values• Corporate image
Safety	<ul style="list-style-type: none">• Information on tasks and expectations• Clear rules and regulations• Predictability of behaviour and consequences• Transparency of decisions	<ul style="list-style-type: none">• Information on the economic security of the company• Work safety measures• Social benefits• Re-integration following family commitments• Support in the event of health issues
Basic physiological needs		<ul style="list-style-type: none">• Salary and wages• Needs-appropriate, ergonomic workstation set-up• Possibilities for movement and quiet zones and workspaces.• Set-up and cleanliness of common areas• Complimentary drinks; potentially fruit, muesli bars or similar• Offers of health promotion measures

superior. The other employees have a similar experience, feel insecure, and ask themselves questions without receiving any responses. They also leave the company as a consequence, as they feel that employees are treated unfairly and there is no prospect of change.

The training of executives constitutes an important non-monetary measure following selection of the appropriate personnel, though this should be coupled with a commitment: every investment in training should involve a training agreement in which the employee commits to continue working for the company for a minimum of three to five years after completing the

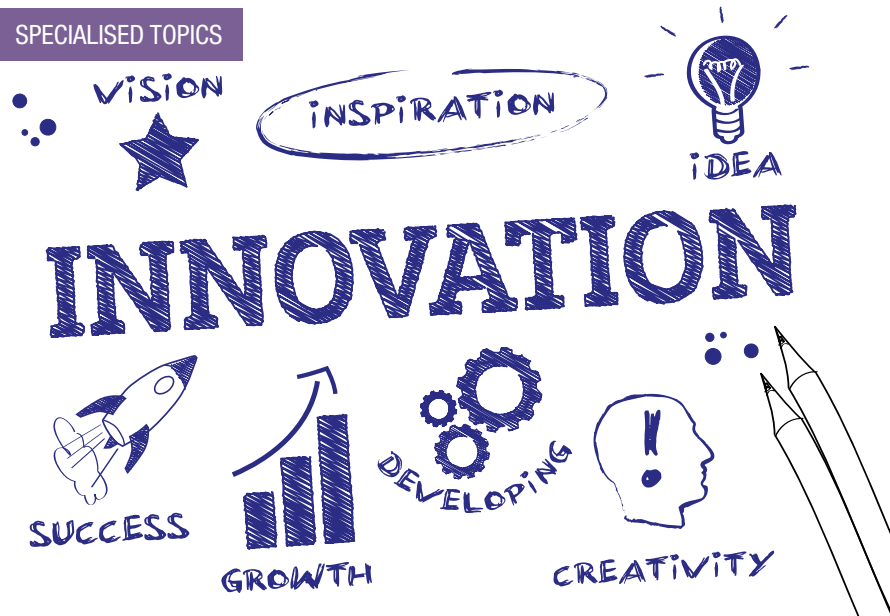
training. If not, they must reimburse the costs of the training – depending on the local legislation, either entirely or in part. Provided this commitment is stipulated, the company can offer an executive development plan with one-on-one coaching, development assessment, and seminars on social, personal and specialist skills to help retain employees with minimal risk.

Employee retention is thus a versatile process in which regular commitment and openness are required from both the employer and the employee sides. As soon as economic thinking and human action are linked within the company, higher performance and turnover can be achieved

thanks to the personal sense of responsibility, loyalty and motivation of company employees. ■



Ronald Reich works as a trainer and seminar leader at Kiel-based personnel development agency and consultancy, Metanoia GmbH. He runs training sessions on the subjects of self-management, time management and motivation for MP participants.



A Systematic and Interactive Approach to Innovation

Innovations offer a competitive advantage, which is why companies feel enormous pressure to innovate. There is a widespread misconception that innovation 'simply happens when you have creative employees'. Yet innovation rarely occurs by accident; it requires strategic structures and controlled processes. Systematic innovation management was the subject of a seminar for MP participants from the health care sector. In her guest lecture, instructor Dr. Stephanie Rohac explained how companies are actively shaping their futures through innovation management and why executive from the middle and upper management levels play a key role in the process.

Managing innovation is very different from managing day-to-day business. In innovation management, the greatest challenges are thinking about tomorrow today and taking systematic action. This is exacerbated by the fact that the effects of innovative decisions are often not visible until a much later point in time.

What is innovation? What can companies do to more successfully exploit innovation potential? How can firms con-

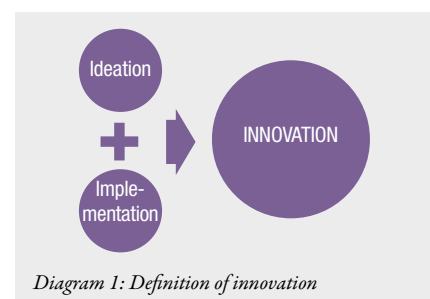


Diagram 1: Definition of innovation

sistently focus on the market during the innovation process in order to minimize capital investment risk?

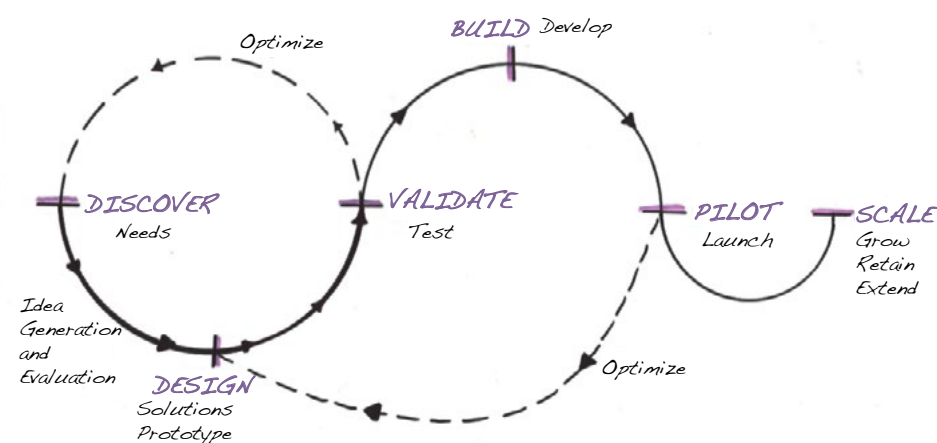


Diagram 2: The interactive innovation process

Innovation creates value for users

Innovation occurs (see diagram 1) when new products, processes or systems (ideation) are exploited in a market or company and achieve acceptance (implementation). So innovations are new products, processes or systems users perceive as valuable.

Innovation is about more than just inventing new products. It can also involve changes to processes and systems. Using innovative management techniques to shortening patient waiting times, for example, can be defined as a process innovation.

From linear to interactive innovation processes

When we think of innovation, we often imagine the archetypical inventor tinkering with a product he or she does not recognise the potential market value of until it is actually introduced to the market at the end of the innovation cycle. In this scenario, a large amount of capital is invested at the beginning for idea development (ideation). The actual value to the user is tested very late (implementation). Whether the initial investment was worth it cannot be determined until the end of the entire process.

In an increasingly transparent and dynamic market, companies with longer innovation cycles therefore incur large financial risks. To limit these risks, organisations should include more feedback loops into the innovation process

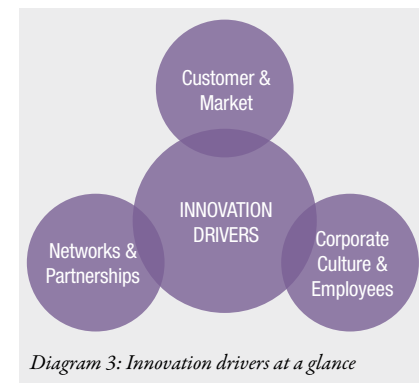


Diagram 3: Innovation drivers at a glance

by involving customers in ideation, for example. The interactive innovation process (see diagram 2) allows products, processes and systems to be continually tested via targeted feedback loops and optimised based on value.

The interactive innovation process is characterised by targeted and increased communication with customers, employees and partners.

From idea to innovation: innovation potential in organisations

Innovation management is successful when organisations focus on the customer and work horizontally across organisations and divisions. The key drivers of successful innovation are: the customer and the market; corporate structure and employees; and networks and partnerships (see diagram 3).

Each individual innovation driver generates important core questions and aspects that can simultaneously be viewed as innovation potential.

Customer & Market

The customer and the market are important drivers of innovation. Organisations need to assess to what extent the customer's point of view is perceived, recorded, evaluated and implemented in a solution-



Core questions an organisation should ask:

- To what extent is the customer's point of view (e.g. needs, expectations, feedback) perceived, systematically and proactively recorded, evaluated and implemented?
- To what extent is the customer involved in the development process as a creative resource?

based manner and the extent to which the customer can be integrated into an early stage in the development process as a creative resource.

Customers determine the value of an idea as an innovation. Organisations that actively involve customers in the feedback process recognise development potential more rapidly and can therefore target the market more consistently. This requires a systematic process that records, evaluates and implements customer need, expectations and feedback. Organisations should work hand-in-hand with customers from initial contact onwards. It is helpful here to identify the organisation's points of contact with the customer and use this to integrate feedback loops at optimal points in the process. Employees who serve as personal contacts play a key role and should be trained for their part in targeted seminars. In an additional step, feedback should be evaluated and used to initiate concrete measures for change.

The customer's role as a creative resource is another important aspect. Involving the customer early in the development process ensures the development of innovations that meet needs and truly offer the user value.

Core questions an organisation should ask:

- How successfully do executives promote an innovation-friendly culture within the organisation?
- Do structures and processes within the organisation allow employees to take an active role as innovators?

Corporate Culture & Employees

Corporate culture and employees also drive innovation. Organisations need to assess how innovation-friendly their corporate culture is and the extent to which structures and processes allow employees to take an active role as potential innovators.

Executives in the organisation play a key role in promoting a culture of innovation and empowering employees. Innovation-oriented managers actively influence the innovation process: They ensure that the

resources needed to promote the creative processes are available. They create a clear framework for developing and realising ideas by setting specific rules and standards. Additionally, executives allow for the critical assessment of products, processes and systems inside the organisation. They offer support, create sufficient space for brainstorming and idea evaluation, and promote collaboration among employees from different divisions. Executives encourage a solution-based approach to mistakes and enable a learning process (a culture of learning from mistakes). They value every employee as a potential innovator for the company and consciously delegate creative responsibility. They actively promote the development of every employee's ability to manage change, and offer incentives that encourage employees to get involved in optimising products, processes and systems.

Core questions an organisation should ask:

- To what extent does the firm develop relationships with other organisations that allow for targeted collaboration and the exchange of ideas (external networks)?
- To what extent does the firm encourage networking opportunities inside the organisation to allow targeted collaboration and the exchange of ideas (internal networks)?

Networks & Partnerships

Networks and partnerships also drive innovation. Organisations need to assess how successfully they promote networks with external partners and use networks outside the organisation for collaboration and exchanging ideas. ■

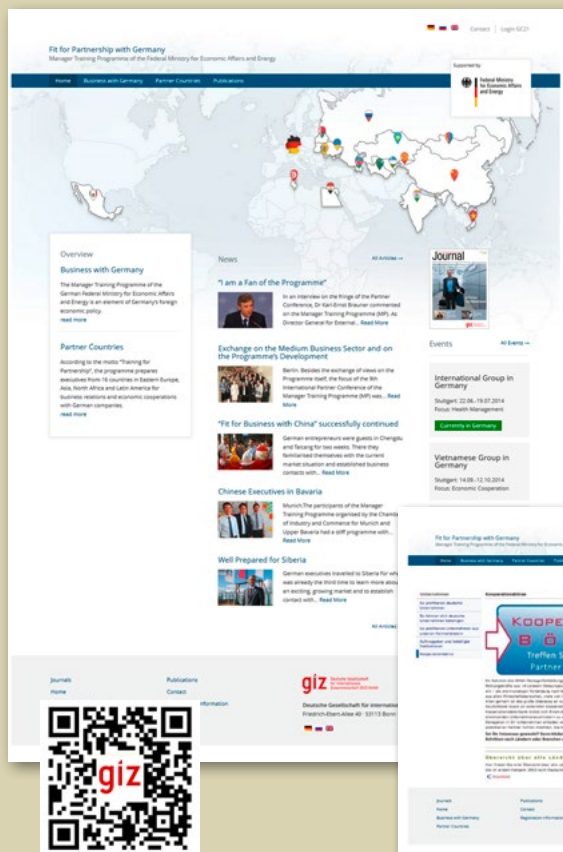


Dr. Stephanie Rohac is a trainer with a focus on change competencies. She spent several years working in industry in the field of international marketing, and also lectures at a number of universities. She supports and trains people, who wish to further themselves, their organisations and teams, or their brands.

The Manager Training Programme of the German Federal Ministry for Economic Affairs and Energy on the Internet:

Lots of information at a glance for participants or anyone interested in the programme!

www.managerprogramme.com



The Manager Training Programme:
Now on Facebook!

www.facebook.com/managerprogramme



Meet your partners of tomorrow today!

Come and find potential business partners
in our Cooperation Forum at
<http://www.managerprogramm.de/kooperationsboerse>

We are interested in your opinion!

Give us your feedback about this Journal at
<http://feedback.managerprogramm.de>.



Deutsche Gesellschaft für Internationale
Zusammenarbeit (GIZ) GmbH
Friedrich-Ebert-Allee 40
53113 Bonn
T +49 228 4460-1227
F +49 228 4460-1333
E mp-pr@giz.de
www.managerprogramme.com

Manager Training Programme

Supported by:

