

Journal

Fit for Partnership with Germany

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

In Focus: Energy Efficiency in Industry



The Indian lion poised to leap
India at Hannover Messe
Page 8



First follow-up event in Mexico
MP participants present training outcomes
Page 16

IN FOCUS: ENERGY EFFICIENCY IN INDUSTRY

PAGE 27



EDITORIAL 3

NEWS' 4-6

'The economic relations are still far from being exhausted' 4



- Building bridges together 4
- 'German Business Day' in Kyrgyzstan 5
- Focus on the Competence System 6
- Fit for Russia 6

GERMANY 7-15

- COGNOS International becomes Akademie International 7
- India at Hannover Messe 8
- Farmers from Eastern Europe in Germany 10
- International Project Management for German-Chinese Projects 12
- Situational Leadership as a Success Model 14
- trAIDe – your partner in global business 15

PARTNER COUNTRIES 16-26

- First follow-up event in Mexico 16
- AHK Mexico – Your partner for business opportunities in Mexico 18
- Partner Networks Ukraine 20
- Moscow: A breath of fresh air for the Management 22
- China's targeted economic policy changes 23
- Peer Consulting in Tunis 25
- Follow-up in Kyrgyzstan 26

IN FOCUS 27-41

- National Action Plan on Energy Efficiency 27
- Ukrainian Entrepreneur is counting on Energy Efficiency 31



- Map: Electrical Energy in the MP-partner countries 32
- Germany has a leading position worldwide in energy efficiency 34
- An Export Hit "Made in Germany" 37
- Energy Efficiency in Central Asia 38
- Energy Efficient Projects in Penza 40
- Improving Energy Efficiency in a German Iron and Steel Works 41



ALUMNI 42-49

- 5. Alumni Get-Together in Phu Quoc 42
- Alumni Activities Started in Egypt 44
- Alumni Coming Together in Eastern Europe 45
- Baku: Rescue Operations for SMEs in Crisis 46
- Azerbaijan: A Visit to an Industrial Park 47
- Mongolia: Marketing Strategies for SMEs 48

SUCCESSFUL PARTICIPANTS 50-55

Kazakh Mechanical Engineer Takes Advantage of German Know-how 50



- Good Connections to China 51
- Uzbekistan's Textile Industry and German Technology 52
- German-Russian Cooperation in the Field of Aesthetic Medicine 53
- Turkmenistan: Turnover tripled through clever management 54
- China: A Solid Ride on German Chassis 55

SPECIALISED TOPICS 56-59

- Trade Fairs: Marketing and Sales Tool in One 56
- Vision Energy 4.0 – Made in Germany 58



IMPRINT 49
GIZ CONTACT INFORMATION 60

Dear Friends of the Manager Training Programme!

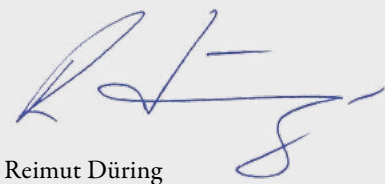
This year, India was the partner country at the world's largest industrial fair in Hanover. The aim of the Indian subcontinent's campaign 'Make in India' was to promote the country as an investment location and to expand economic co-operation. About 400 Indian exhibitors presented their product portfolios at Hannover Messe, which was attended by over 220,000 professional visitors. For us, it was a welcome opportunity to present the Manager Training Programme with India to a broad audience – with outstanding success: more than 250 business representatives, of whom a considerable number were from India, informed themselves at a joint discussion on market opportunities in Germany and India organised by GIZ and Germany Trade and Invest. A meeting between German and Indian companies was the highlight and the closing event. Also present were 45 Indian managers who were participating in manager training in Germany at the time. In every respect a very successful event!



Speaking of fair visits: are you already planning your next exhibition booth at a trade fair? Then I recommend our article on trade fair preparation. The author uses ten golden rules to describe what makes a trade fair appearance successful.

Decreasing energy costs, reducing environmental impacts, strengthening the competitiveness of companies. Improving energy efficiency has a positive effect in many areas of a company. In some industries, e.g. the steel production or building material industries, it is even a matter of vital importance determining whether a company can survive in the market in the medium term. The subject of energy efficiency has already played a significant role in German industrial companies for some time now – with the result that local firms occupy a leading position in the world in this respect. In view of the scarcity of natural resources and very volatile energy prices, energy-efficient production is an important issue concerning the future for companies all over the world with high energy expenditure. That is why we have placed the emphasis on energy efficiency in this issue of the Journal. The focus is on the use of energy-efficient production methods in industry, and the example of a workshop on the topic of energy efficiency in the Uzbek capital Tashkent shows that the efficient use of energy is also gaining importance in the MP partner countries.

I wish you an interesting read!


Reimut Düring



'The economic relations are still far from being exhausted'



At the Hanover Messe, the German Chancellor Angela Merkel spoke in favour of more intensive trade relations with India. This year, India was the partner country of the world's biggest industrial fair. 'Trade between Germany and India can still be improved, although Germany is already India's largest European trading partner', said Merkel.

Hannover. 'Germany has done more than any other Western country to tap into India's business world', said the Indian Prime Minister Narendra Modi and offered German industry a partnership in the development of a new India. Modi said there were enormous opportunities and promised the creation of an investor-friendly environment: 'India is standing ready to welcome the whole world with open arms.' He promised business-friendly reforms and drew attention to economic growth rates of over seven per cent as well as liberalisation in the insurance and banking sectors. Modi said his government not only wanted to create reliable investment conditions but is also planning huge infrastructure projects. 'The economic relations are still far from being exhausted', he continued. Two Indian groups also visited the Hanover Fair within the scope of the MP (see article on p. 8).

Five bilateral declarations of intent for corporate cooperation in the area of re-

newable energy were signed at the Hanover Messe on 14 and 15 April 2015 within the framework of the Indo-German Energy Forum (IGEF). They encompass research and investment projects in the field of photovoltaics. The agreed development volume is over 550 megawatts of electricity generation. 'I am pleased that with the agreed corporate cooperation we have implemented the arrangements made at the RE-INVEST investment conference in Delhi in February 2015', stressed Uwe Beckmeyer, Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy (BMWi). India intends to substantially expand the area of renewable energy by 2022. The bilateral energy cooperation between India and Germany was initiated in 2006 on the occasion of that year's Hanover Messe. ■

Source: Federal Government / Federal Ministry for Economic Affairs and Energy (BMWi)

Building bridges together



Berlin. On 7 May 2015, the German-Mongolian steering committee met in Berlin for what was the third time since the programme was launched back in 2009 to take stock of programme implementation to date. The achievements are impressive: a total of 209 managers from Mongolian companies have participated in the Manager Training Programme so far, developing their knowledge of the German market and establishing new business contacts. Of these, 37 have completed training specifically for the mining and extractive sector.

The majority of managers from SMEs rated both sides as a success and proof that the MP makes an important contribution to diversifying the Mongolian economy. The MP helps SMEs from a variety of industries such as agriculture and food processing, construction, consulting, tourism, retail and textile processing to become more competitive internationally.

'MP is one of the most successful programmes of the BMWi with other countries'

Andreas Obersteller, BMWi

Andreas Obersteller, the German co-chairman of the steering committee and deputy head of department at the BMWi, emphasised the important contribution that the MP makes to reinforcing the existing good relations between the two countries and building new bridges. Yondon Manlai-bayar, co-chairman on the Mongolian side and head of the Department for Economic Affairs at the Ministry of Foreign Affairs of Mongolia confirmed the joint plans to extend the MP to 2019. ■



Members of the steering committee

'German Business Day' in Kyrgyzstan



The German Business Day attracted more than 250 participants. Besides German companies and the Manager Training Programme (MP), a large number of Kyrgyz businesses were represented.



The German delegation meets with President Almazbek Atambayev

Bishkek. The German Business Day was held in Kyrgyzstan for the first time on 20 May 2015. The objective of the event was to develop and deepen bilateral German-Kyrgyz relations through intensive dialogue among business representatives of both countries. The Delegation of German Business in Central Asia, the Investment Promotion Agency under the Ministry of Economy of the Kyrgyz Republic and the Kyrgyz Chamber of Commerce and Industry jointly organised the event.

In the run up to the event, the President of the Kyrgyz Republic, Almazbek Atambayev, received the German delegation led by Rainer Lindner, Executive Director of the Committee on Eastern European Economic Relations, to which Dr Angela Leeke, Senior Project Manager for the MP in Central Asia, also belonged. During the meeting, the development possibilities for

German-Kyrgyz trade and economic relations were discussed in detail. The Kyrgyz head of state described the efforts being made to create attractive conditions for foreign investments, for instance through the liberalisation of investment and tax policy. Lindner pointed out that German entrepreneurs are interested in investment projects in the areas of industry, infrastructure, mining and banking, among others.

The emphasis of the German Business Day was on the energy sector, which is of fundamental strategic importance to the Kyrgyz economy. The large need for modernisation in this area cannot be managed without foreign investment. Besides the international organisations, German entrepreneurs are also prepared to contribute to the economic development of the country. Furthermore, representatives of

German companies, also including firms that are already active in Kyrgyzstan, Kazakhstan and Russia, reported on the distinctive characteristics of a commitment in this region. It is particularly pleasing that companies that have so far not been active in Kyrgyzstan were also represented in Bishkek. Among them were a specialised construction company and several mechanical engineering companies.



The Manager Training Programme was also represented at the business forum. In their contributions, Dr Angela Leeke and Ibarat Kurbanova from the alumni association stressed the important role of the MP in the development of German-Kyrgyz economic relations. The MP alumni – entrepreneurs and top managers from the most diverse sectors of the economy – know exactly what needs to be considered when dealing with German business partners. They are therefore virtually predestined to become reliable partners for German companies seeking access to the Kyrgyz market. More than 20 alumni took the opportunity to speak with representatives of German companies after the event. ■



From left: Jörg Hetsch (German business delegation), Maryat Chaibullin (Bionorica AG), Dr. Angela Leeke (GIZ)



Focus on the Competence System



Bonn. At the annual work meeting between GIZ and the training centres involved in the Manager Training Programme, the focus was on the new competence system introduced in 2014 for the structuring of the training component of the MP. At the end of February 2015, representatives of all 14 training centres arrived at GIZ in Bonn to discuss experiences from the pilot phase of the competence system and create a joint basis for work in 2015. Ute Leupold from the Federal Ministry for Economic Affairs and Energy (BMWi) emphasised the importance of such meetings, which help to ensure uniform quality standards

and optimise the MP. She spoke of high expectations placed on the meeting and the great economic significance that the Federal Government and particularly the BMWi attach to the Programme: 'Together, all parties continuously develop the Programme further and adapt it to current challenges.'

The two-day work meeting was also about this joint development. The one-year pilot phase of the competence system in 2014 delivered several insights and created a solid basis for fine-tuning and its adaptation to the practical challenges faced in implementing the Programme.



The training centres have gathered very positive experiences, e.g. with the cooperation project, an instrument of great benefit both to the participants and the structuring of the entire training period. Potential for improvement is seen particularly for the evaluation criteria and the multiple choice test. In an open and appreciative atmosphere, the Programme designers worked out different proposals for the best realisability of the competence system, which will be gradually incorporated into the Programme implementation in 2015. The competence system promotes the efficiency of the MP and contributes to a better achievement of the existing goals of the MP, without changing the present format, structure and content standards. ■

Fit for Russia



Russia is still an important export and investment market for German companies, and has long been one of the fastest growing foreign markets. Despite current EU sanctions, it remains a key market for German firms. The Russian economy is in dire need of modernisation. The regions listed below in particular harbour untapped growth potential for cooperation between German and Russian firms. But successful collaboration requires sufficient preparation and careful, detailed planning.

The 'Fit for Business with Russia' training seminar is designed to initiate business contacts and joint ventures with Russian firms and teaches the know-how needed for success. The Russian government issues invitations to the programme, which offers participants access to decision-makers from business administrations in the regions,

Russian management practices and business culture, and information about the current economic and legal framework conditions in Russia.

Russian experts prepare programme participants for their stay in Russia at a three-day workshop held in July and September in Bonn. ■

Regions, dates and sectors

- **20/09-03/10/2015:** Baschkortostan Republic and Udmurtian Republic (mechanical engineering and logistics)
- **11-24/10/2015:** Nizhny Novgorod and Mari El Republic (cross-industry economic cooperation at the company level)
- **08.-21.11.2015:** St. Petersburg and Leningrad area (IT and automobile)

COGNOS International becomes Akademie International



national will be a familiar one. At the start of 2015, Cognos International merged with another company in the Cognos Group, the Akademie für Führungskräfte der Wirtschaft. The Hamburg location has since been integrated into one of the leading training institutes for executives in the German-speaking world under the name of Akademie International. The Akademie für Führungskräfte works with a large pool of trainers affording national and international experience, and has been a reputable address for personnel, team and organisation development for the German Mittelstand for 60 years now. Our MP participants and alumni are now also able to benefit from this expertise.

We offer short programmes for alumni to further develop business relations with German and European companies, also in combination with a visit to a trade fair. Small groups and intensive individual support ensure the success of every single participant. Our new short programme will be held within the context of the Medica, the largest specialist trade fair for medical

Hamburg. For alumni of the Manager Training Programme, who completed the programme in Hamburg between 1999 and 2014, the name Cognos Inter-

technology, which will take place in the week of 15–20 November 2015. We have also prepared a programme for our alumni for the next Hannover Messe taking place on 25–29 April 2016. Our offers are geared towards all alumni and other trade fair visitors wishing to make the most out of their visit. We help to identify and contact the most appropriate partners in the run-up to the event, and develop a successful presentation and negotiation strategy for international partners. Of course, we also help arrange travel and accommodation. Besides intensive preparation before travel, the programme additionally includes training in small groups and individual coaching, in order to best prepare the participants for meetings during the trade fair visit, in addition to in-depth debriefing which facilitates the best follow-up on the discussions with the new contacts.

To help foreign companies effectively position themselves internationally, we offer specialist programmes both in Germany and abroad. Our next programme topics are production organisation and personnel management. We offer follow-up trips to Germany specifically for MP alumni to further develop existing contacts and build up their expertise on the topic of 'How to do business with Germany' gained during the programme.

We also support MP alumni and their companies in the field with in-house measures by deploying trainers and specialists from Germany to companies abroad as necessary.

On request, further topics and formats within the subject of 'Management and Leadership, Training Made in Germany' can be addressed. ■

More information:

www.akademie.international/en/





India: the official partner country at Hannover Messe 2015

India at Hannover Messe

The Indian lion poised to leap



India was the partner country at this year's Hannover Messe. The Indian subcontinent presented itself at the world's largest industry trade fair with a great deal of confidence. According to the motto of 'Make in India', it campaigned for investments and the establishment of business cooperations – with Germany in particular. Both the potential and the challenges that lie in further development of Indo-German business relations formed the focus of a discussion round with the GIZ and Germany Trade and Invest (GTAI) in the business forum held at the trade fair. A B2B meeting between German and Indian companies formed the highlight and conclusion. A total of 45 Indian managers currently participating in the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy in Germany also attended.

Hannover. The event drew a large crowd: more than 250 company representatives, including a significant number from India, attended the discussion round in the business forum at Hannover Messe on 14 April to learn about Indo-German business cooperations and opportunities for market entry. What strategy would lead to success within each of our markets? Which intercultural differences should be borne in mind to ensure that business success is not jeopardised? Following a brief introduction by GTAI Chairman/CEO, Dr Benno Bunse, entrepreneurs from Germany and India shared first-hand accounts of their own experiences and offered tips. Experts from the GTAI then provided general economic information on the Indian and German markets. Lively discussions between the podium speakers and audience ensued. Particularly, the Indian company representatives in attendance praised India as a business location and campaigned for investments. A number of discussion participants also highlighted the positive



Networking at the cooperation exchange



A popular event: more than 250 business people attended the business forum at Hannover Messe



Countless one-to-one business talks at Hannover Messe



Karl Wendling (Deputy Director-General, German Federal Ministry for Economic Affairs and Energy)

economic developments in India over the past few years, which should in turn be reflected in a more positive German view of the Indian economy – without making a secret of obvious problems, such as corruption or the state of the infrastructure.

GIZ Senior Project Manager, Michael Emmrich, presented the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy as an example of good practice for the establishment of business relations between countries. An Indian alumnus of the very first MP with India underlined the programme's advantages: Vikas Jain, Director of the Bhansali Group, participated in the programme back in 2009. The MP allowed Jain to establish contact

with countless German companies. In parallel, he founded the Indian alumni association together with a number of other programme graduates, which has

set itself the goal of acting as a long-term contact for German companies in India and thus helping to reinforce bilateral business relations.

The fact that the MP enjoys high political esteem was made clear in the greeting by Deputy Director-General at the German Federal Ministry for Economic Affairs and Energy, Karl Wendling. He described the MP as an important component of Indo-German business relations. Wendling emphasised that the MP particu-

'We have visited a number of interesting German companies and are eager to enter into cooperations. We are ready and waiting for you!'

Parita Sanghvi, MP participant from India

larly offers small and medium-sized companies the chance to access new sales markets and to thus participate in the global exchange of goods. One further advantage of the MP lies in the lasting and long-term business contacts that are established. Moreover, Wendling ex-

plicitly thanked the Indian programme partners, the Confederation of Indian Industry (CII) and the Federation of Indian Chambers of Commerce and Industry

(FICCI), for successfully implementing the MP. He concluded by expressing the hope that German companies could in future also travel to India as part of the MP, as is already the case with the partner countries of Russia and China.

At the end of the event, the German and Indian company representatives present were given the opportunity to establish business contacts. In the GTAI's Investment Lounge, around 45 German and 50 Indian managers exchanged business cards, held preliminary talks, and arranged follow-up meetings. The Indian managers currently participating in training in Germany as part of the MP took part in the matchmaking, too. One participant, Indian manager Parita Sanghvi, who is a partner at Empire Industries based in the West Indian city of Mumbai, has already drawn the first positive conclusions from her stay in Germany and combined this with a message to German companies: 'We have visited a number of interesting German companies and are eager to enter into cooperations. We are ready and waiting for you!' ■



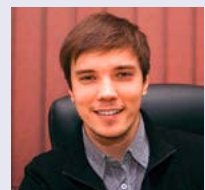
Farmers from Eastern Europe in Germany In Search of new Agricultural Markets



Agriculture is one of the focal topics of the Manager Training Programme. Every year, several executives from various partner countries – first and foremost from Eastern Europe – complete an industry-specific training course in Germany. Since 2002, a total number of 146 farmers from Ukraine, Belarus and Moldova have learnt modern German management methods in their field of activity and established business contacts with German companies. An agricultural group from Eastern Europe was brought up to date at the Wirtschaftsakademie Schleswig-Holstein GmbH in Kiel in February 2015. For most participants, the search for new markets was at the fore.

Kiel. The fields in Ukraine are valuable and sought after; the interest of both Russia and Western agricultural groups is enormous. Similarly fertile – and not yet commercially exploited – soils can only be found in very few other regions of the world. About one quarter of the fertile ‘Chernozem’ soil (black soil) worldwide is in Ukrainian territory. There are approximately 32 million hectares of arable land there, which is equivalent to one third of the area of arable land in the EU countries. Already today, Ukraine is the third largest exporter of maize and the seventh largest exporter of wheat in the world. However, the Ukrainian government has postponed the long-promised liberalisation in the agricultural sector over and over again. Up to the present day, land may not be sold – this hampers the economy and creates uncertainty, especially as so far the average lease contracts have a term of only five to seven years.

two breeding establishments to see the plant in operation. Managing director Hempel will be travelling to Ukraine soon to gain an on-site overview and to specify further details for the project planning. The packaging lines will be supplied by the Bavarian company VAMA Maschinenbau GmbH, and the modular system components for the ventilation systems will come from REVENTA GmbH in Westphalia; the latter will also carry out the on-site assembly. Thus, within the scope of the project with Hempel, seven further company contacts with potential suppliers were established.



Dmytro Tytarenko

Fine white rabbit meat is also becoming increasingly popular in Germany. So far, demand – 1.5 kilogrammes per inhabitant per year – has mainly been met. Stricter regulations on how the animals are to be kept could, however, lead to a drastic drop in this proportion within a few years. Imports come exclusively from China and Eastern Europe.

In Ukraine too, rabbit meat is already so popular that demand exceeds supply. Dmytro

Tytarenko came to Germany with the aim of finding a cooperation partner for setting up a large farm for rabbit breeding. His company Agrotex produces rabbit food and hutches and has invested heavily in the breeding of pedigree rabbits. The contact with the engineering company Christian Hempel GmbH in Germany proved to be a complete success. The managing director was very keen on the planned undertaking – and after several days of visits and discussions, the two parties signed a cooperation contract. Hempel will accompany the project and procure the equipment for the slaughtering and packaging line. Together the new partners visited

Ukrainian MP participants described the negative effects of the economic sanctions that cut them off from the market. In particular, they reported that they hardly have had access to fresh capital for investments and that interest rates were unaffordable at about 50 percent. This means that, in order to finance a loan, they would have to generate a return of 60 per cent, which is absolutely illusory. Nevertheless, their expectations of finding new business fields and business contacts were not dampened.

Not only the 15 Ukrainian participants came to Germany with high hopes; farmers from Moldova and Belarus were also highly motivated to achieve the training goals. They mainly represented SMEs with the emphasis on plant breeding, the cultivation of grain and fruit, as well as sheep and rabbit farming. They were also looking for German customers for innovative products such as sunflower proteins and hempseed oil. In comparison to previous groups, the participants this time were more interested in exporting their local products to Germany than in purchasing agricultural machinery from large manufacturers like Claas, Riel or Amazonen.

Within the scope of the Programme, the participants paid group visits to 21 companies and met another 80 potential business partners in individual business talks. The participants from Eastern Europe were well prepared through the methodical input in the training course and were therefore confident business partners on an equal footing. The combination of training, visits to companies and specialist lectures provided the necessary



Nelli Său

MP participant from Moldova founded a family business with her father in 2013 – a

14-hectare apple plantation. From then on, the graduate in business administration was responsible for all administrative business processes in the company and became aware of the MP. She applied without hesitating: ‘This was a unique opportunity’, she said. She wanted to complement her entrepreneurial skills and knowledge and gain know-how on farming with new organic varieties of apples. In order to do so, she visited the apple farm ‘Herzapfelhof’ run by the Lühs family in the fruit-producing region of ‘Altes Land’.

Jork, near Hamburg, is where the original Herzapfel (‘heart apple’) grows: For over 30 years now, Herzapfel has been the trademark and name-giver of Herzapfelhof, where the

expert fruit growers Lühs told her everything there is to know about the business and its long tradition as well as the idea with the Herzapfel. With stencils or laser technology, apples and other fruits such as oranges, lemons and nuts to be used for advertising purposes are decorated at short notice with logos and texts according to the customers’ individual requirements. At Herzapfelhof, visitors can pick fresh fruit themselves or become sponsors for a fruit tree.

The MP participant was extremely interested in the innovative solutions for storage, sorting and calibration of the apples. She became acquainted with all areas of the family enterprise, especially the marketing concept and the company’s second source of income, i.e. tourism. The young entrepreneur was delighted with the overall concept of Herzapfelhof. With a wealth of information and ideas gained during her training in Germany, she has come a step closer to her goal of optimising the production processes in her company.

balance. Several small family-run farms – but also large international global players – offered the executives insights into the most diverse business activities. European standards for certifications in organic agriculture, especially for the import of organic products, were met with particular interest.

Organic products such as apples and wine from Moldova or sea buckthorn, honey and medicinal herbs from Ukraine could complement the German consumer market. Two specialist lectures on these topics by the company ABCERT AG and Bioland, the association for organic farming in Germany, provided the interested participants with specific infor-

mation. The focus was on EC Regulation No. 834/2007 (EU-Eco-Regulation) on organic production and its labelling as well as the EU organic logo and the German national eco seal. With effect from 1 July 2012, the EU statutory regulations on organic farming stipulate the labelling of pre-packaged organic foods with the EU organic logo, the corresponding code number of the control authorities and general information on where the raw materials used in the product were produced. This applies to products from organic farming that undergo a processing step within the EU.

Participants from Eastern Europe expressed their complete satisfaction with the specialist programme offered. All relevant facets of the agricultural sector, e.g. machinery, breeding/growing, production, processing, storage, organic cultivation, plant protection, etc. were dealt with thoroughly. Hence, the farmers gained comprehensive knowledge and know-how about innovative German methods and technologies. ■



Visit to Amazonen-Werke H. Dreyer GmbH & Co. KG



Marlies Riemer-Lange is a senior project manager at WAK SH GmbH where she is responsible for international projects. She holds a degree in commerce (Dipl.-Kauf-frau) and manages and is responsible for hosting the MP at WAK.



The Chinese MP group at TÜV Rheinland Akademie in Cologne

International Project Management for German-Chinese Projects

Successful Cooperation



In May 2015, middle and upper management executives from small and medium-sized family-run Chinese companies came to Cologne to attend the Manager Training Programme at the TÜV Rheinland Akademie. Project management was one of the central topics on the agenda. The course highlighted some country-specific differences between China and Germany.

Cologne. Project objective, timeframe and available resources are generally viewed as the three main components of a project. But the old adage 'business is about people' applies to Germany and China in particular. For international

projects, it is most effective to expand these three core project areas by a fourth overriding dimension: 'culture'. If the cultural differences between China and Germany are not considered, cooperation is almost doomed to fail before it

has even really gotten off the ground. The group compared and analysed German and Chinese approaches to phases of project management.

Project goal

Setting a project objective for a project that involves a number of firms ideally results in a binding contract that describes project flow. German companies view this contract as a list of milestones and set of standards that need to be completed and checked off. For the Chinese though, it is just the initial foundation to be changed and adjusted over the course of a project through numerous discussions. It is a 'moving target' of sorts, and can create a state of constant flux that

does not seem to comply with the German concept of project management on first sight.

Identifying the stakeholders is another large difference. Chinese recognize and understand power relationships, while German team members have made an effort to acquire this understanding. When working with a comparatively flexible project goal, this knowledge gap can lead to more than just a sense of insecurity.

During training, MP participants expressed astonishment at the decision-making power accorded every German project manager. This power is not based on the implicit trust of the boarding team, but rather on the exact specifications and responsibilities that limit the project in all dimensions like guide rails.

In Germany, as soon as the project goal is set, internal communication is very goal-oriented and direct. Supported by charts, time-distance diagrams and protocols, personal preferences are subordinated to the project goal. In China, discussion reigns supreme and protocols, for example, are seen more as guideposts for further development. A Chinese partner should never be publically shown up for a difference between the goals set and what was achieved. The same applies to mistakes. In China, a mistake is depicted as an opportunity to look for alternatives

and blame is not assigned directly to any one team member. This also means though that the German members of an international team have to learn to recognize hints about a mistake they may have made. The objective is to find ways to promote intercultural communication. Chinese managers assess themselves as much more flexible in this area compared to German business partners.

The project team and project manager are key success factors for any project.

Time

The time factor is relevant worldwide and exceptionally important for large and small projects alike. In Germany, the set project plan generally stipulates a final completion date. In China the schedule is determined more by external or internal stakeholders. As a rule, short projects are the goal everywhere. In the Chinese

10 recommendations for Chinese-German projects:

- 1 Base projects on mutual trust and openness.
- 2 Everyone involved should complete intercultural training before the project kicks off.
- 3 Project team members should get to know each other at a kick-off meeting.
- 4 A unified project language should be agreed from the outset.
- 5 Two equal project managers reduce the amount of discussion, increase transparency, and limit problems caused by time delays.
- 6 Project costs should be calculated ahead of time and budgeted on both sides.
- 7 An atmosphere of curious, mutual learning is an effective partnership foundation.
- 8 Criticism should be dealt with cross-culturally as on a sports team.
- 9 The project should be as flexible as possible and inflexible as necessary.
- 10 Only a 'team' can successfully complete a project.

business environment, time delays are strongly compensated by the manpower factor.

Resources

The project team and project manager are key success factors for any project. So the composition of the project team is approached from very different culturally specific perspectives. In Germany, a project team is set up based on skill sets. This helps install a small, highly efficient team. In the first project phase, the team members get to know each other better and everyone uses their expert skills and strengths to the team's advantage. Team configuration is generally structured and equal. In China though, trust is viewed as the basis for fruitful cooperation. So in a Chinese project team, the formal and information connections among the individual team members determine team composition. The entire project team is subject to many very strong invisible hierarchical structures. From a German standpoint, it might initially seem like chaos, but the Chinese equanimity evident should not be interpreted as indifference.

Every project involves risks. These may be technical, financial or involve human

resources or time. Then there are the environmental risks or external risks such as suppliers. This classification system is very European though, and perhaps even very German. These risks are analysed in more or less detail depending on the size of the project, and evaluated using mathematical models and simulation software where applicable. The probability of the possible risks and their financial consequence is identified for every stage of the project, according to the German theory at least. A risk manager is usually not included in a Chinese project team. From a Chinese point of view, the efficacy of taking on a role in which a person can only realistically 'lose' is questionable. A pragmatic approach is preferred with a focus on solutions for the imponderable.

In conclusion, successful Chinese-German projects, regardless of size, require a great deal of trust and intercultural skills on both sides to be successful. ■



The founder of Concept and Sales, Thomas Starke, offers sales consulting and Project management coaching. As a trainer at the TÜV Rheinland Akademie and other partners of the GIZ, he readily shares his practical experience with the MP participants.

Situational Leadership as a Success Model



Communication with employees, an own leadership style, the atmosphere in teams – these are current leadership topics in both Germany and Eastern Europe. During a seminar, Belarusian and Moldavian executives got to know different models of successful team leadership and how to apply them to their own cases from their day-to-day management experience. The model of situational leadership was of particular interest as it quickly led to good results in a case study from one participant's business practice.

Cologne. The managing director of a large Belarusian software company is already successful in the business-to-business segment. He now wants to also offer his products in the business-to-government segment and has hired a new employee for this purpose. As an objective, this colleague is to establish contacts to public authorities and thus create a basis for future sales channels. She has already had a successful career with public authorities and is an acknowledged expert in her field. However, she has a rather reserved manner, and she has specialised knowledge but lacks process skills. In the software company, she may and should take decisions – something that she was neither encouraged or allowed to do in her former job with the authorities.

The managing director is not satisfied with her performance because she does

not make decisions, has a problem fixation in meetings, delays processes and does not integrate herself into the internal structure. Other departments already react negatively to her as she represents a 'bottleneck' and delays internal processes through her indecisiveness. Now her boss is faced with the question of whether to dismiss her or whether he can still do something to change the difficult situation into a positive one.

Situational Leadership

The Americans Paul Hersey and Kenneth Blanchard has developed the Situational Leadership Model. In this model, they



compare four leadership styles of managers with the four so-called development levels of employees. Not every leadership style is always adequate – it depends decisively on the development level of the individual employee. The challenge for the leader is therefore to have a complete set of leadership styles at his disposal and to apply them as required.

It is also important to become aware of one's preferred leadership style. The MP participant named leadership style 4, i.e. delegating, as his 'natural favourite leadership style'.

With the exception of the managing director who presented the case study, all of the seminar participants took part in a collegial consultation in order to demonstrate the point of view of the colleague concerned. They were to assume the colleague's role and express in the first person how they would feel in her place and what they expected from the supervisor. It very soon became clear that the colleague hoped to receive more support and more coaching from the supervisor. In her new job in the new company, the colleague is between development level 2 (moderate competence, occasional commitment)

and development level 3 (high competence, frequent but not constant commitment) on the development level scale.

After the collegial consultation round, the managing director, who had been listening to the colleagues, realised that he needed to act differently with this employee if he wanted to lead her to success and that his natural leadership style (delegating) was not the best choice in this case. It also became clear to him that he would still have to act as her coach for

at least a year to bring her up to development level 4. Only then would he be able to return to his natural leadership style.

With the aid of the leadership model, the managing director decided not to dismiss the employee, but to regularly carry out meetings and coaching with her every two weeks. In the process, the colleague would be able to gain the internal know-how she lacked in order to be successful in her new position. 'The model not only

helped me to reach a definite decision on whether I should dismiss the colleague, it also showed me a new approach. This, combined with the definition of my own favourite leadership style, was an 'aha!' experience, and I will apply it in other cases in the future, too.' ■



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trAIDe – your partner in global business



Cologne. The trAIDe GmbH consortium based in Cologne is part of the new training centres for the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy. In cooperation with the Rheinisch-Westfälischen Technischen Hochschule Aachen International Academy GmbH, it supports MP participants on behalf of the GIZ. Since 2014, trAIDe has prepared participants from North Africa, Mexico and India for business with Germany.

trAIDe is a partner in international business relations for both export and import companies. Customised matchmaking facilitates the set-up and development of lasting international business relations. Tools developed in-house to cater to the supported companies' needs in an efficient and targeted manner guarantee success here.

After completing the Manager Training Programme, alumni are offered a broad

range of complementary services. These include in-depth advice and concretisation of the projects arising from the establishment of individual contacts during the Manager Training Programme. Hurdles preventing successful project implementation often still exist after the programme is complete and must be overcome. Solutions to these initial hurdles facilitate the mutual development of long-term partnerships.

For alumni aiming to purchase products or services in Germany, trAIDe offers concrete business and cooperation projects to find and mediate further potential business partners through intensive partner sourcing. The trAIDe network thus offers the opportunity to not only identify the ideal partners in Germany but also in countless other markets worldwide.



prehensive analyses, store checks can additionally be conducted for the consumer goods industry to further review the suitability of products for the German market and gain an overview of common product designs. A marketing strategy can then be developed from the information gained to successfully position products on the German market. ■

More information:
www.traide.de

Mexico City



First follow-up event in Mexico



Mexico has been a member of the 'MP family' for two years now. To date, three groups with Mexican executives have already participated in the training in Germany. At the end of March 2015, the participants met in Mexico City to discuss their experiences – and these were by all means worth sharing.

Mexico City. The Manager Training Programme with Mexico came at the right time. 'It is important to draw the German economy further into the Mexicans' focus,' says the German ambassador to Mexico, Viktor Elbling, during the reception at the ambassadorial residence. Fundamental structural reforms planned for the coming years will also offer foreign companies a whole wealth of business opportunities. According to Germany Trade and Invest (GTAI), the energy reform will not only secure investments in the oil, gas and electricity sectors but also advance development of the infrastructure and supplier industries. The same applies for beacon projects in infrastructure devel-

opment: the new airport in Mexico City in addition to the railway lines from the capital city to Toluca and Querétaro. The German Mittelstand also stands to benefit from this – and the programme of the Federal Ministry for Economic Affairs and Energy (BMWf) constitutes a bridge builder. 'The MP fosters greater cooperation between the private sectors in both countries,' the German ambassador emphasises. Elbling appeared impressed with the potential of the Mexican companies involved, and has also pledged the embassy's support in the future. Ute Leupold from the German Federal Ministry for Economic Affairs and Energy (BMWf) and Jacob Rocha, President of the National In-

stitute of the Entrepreneur of the Mexican Ministry of Economy (INADEM), also praised the achievements of the MP with Mexico to date.

The GIZ and INADEM invited participants from the first three groups to Mexico City for the first MP follow-up session. The event proved popular: of the total of 64 alumni, 49 attended. The high participation is an indication of the interest in also remaining in contact with both the MP organisers and the participants themselves in the long term. Preliminary ideas came from both the BMWf and INADEM: Leupold and Rocha invited the participants to keep in contact with one another in the future, for example via an alumni network. Moreover, as the national institution for Mexican SMEs, INADEM offered the participants extensive support for their future overseas business ventures.

Attractive offers were also made to the Mexican alumni by the German-Mexican Chamber of Commerce (CAM-EXA). Deputy Managing Director, Andreas Müller, provided an outline of the chamber's work (see p. 18). He emphasised that CAMEXA sees itself as a bilateral institution that not only represents the interests of the German but also the Mexican economy. As such, Müller specifically presented CAMEXA's services for Mexican companies and invited the MP participants to liaise closely with the chamber. The state of negotiations on TTIP, the transatlantic free trade agree-

ment between the European Union and USA, was also discussed. Mexico already offers twenty years of active free trade experience – the most important remains the North American Free Trade Agreement (NAFTA). Further transamerican agreements with Canada, Central America and Uruguay as well as the Pacific Alliance (Colombia, Peru and Chile) have allowed Mexico to become a bridge within the American double continent. A lively discussion took place between the participants on the advantages and disadvantages that could arise for Mexico from the foreseeable new dimension of economic cooperation between both

economic regions. They agreed that the country would on the one hand lose its special status with toll-free access to both economic regions, but that further investments could come to Mexico from the EU on the other. Particularly, the participants from the automotive industry, the country's most important export sector, saw advantages for their companies in this. However, the participants also raised fears of repercussions for Mexican interests in the foreseeable increased presence and associated competition from European manufacturers on the US American market, which could lead to a loss in market shares for Mexican companies.

Showcasing programme outcomes, working together on new cooperation projects, and advising one another – these were the aims of the first follow-up meeting in Mexico. Presentations by the MP participants and programme evaluations in the groups rapidly showed that the expectations of the MP had been entirely met. The achievements of successful participants are detailed in the info boxes. ■



Alejandro Jiménez: 'On a personal and professional level, this is one of my best experiences. Feeling welcome and getting to know such an interesting people, company owners and profes-

sionals working on every sector and industry. I am very much looking forward to finishing the process to do business with German companies and through them, the rest of the continent. I consider this as a great opportunity to create a link between companies and countries so we can all have benefits out of this programme by having the chance to share best practices and to reach new markets for our companies.'

Company: Trazos Creativos is an Ad company founded in 2001. Its main services are: marketing consulting, graphic design, social media, web, video and audio production. We've been doing business with companies in México nationwide and for companies in Europe, the U.S. and Argentina among other countries.

At the follow-up: For me, the best experience at the follow-up is to understand that a German programme leaves nothing to chance. This way to give continuation to the programs makes them stronger and helps to reach every participant to achieve their goals. Another benefit of the follow-up sessions is to expand the Mexican companies networking by getting to know every participant from previous generations.

Cynthia Serrano: 'At the follow-up I had the opportunity to get to know all the colleagues of others generations, and sharing our experiences. I think we obtained very useful feedback from each other.'



Company: Taller Serra is a Mexican design, manufacturing and merchandising enterprise, founded by Cynthia Serrano Jiménez in 2006. We develop innovative jew-

elry pieces, by combining industrial goldsmith techniques, with our Mexican handcrafted heritage. In the same way, we merchandise this by paying care and attention to each customer, in order to provide the specific collections for their markets demands.

Results achieved within the MP: 'I made a first approach into the German market and determined my specific target in Germany – Museum stores, tourist boutiques, design boutiques, hotel boutiques. I also found new technology to develop new collections (Lampert Puk Machine)'.



Karina Toxqui: 'Our company has always had the product and the people to take off in the German market, we just didn't know how to approach. This boost and impulse was possible through the lessons and visits to German companies. I see the programme as an accelerator in our business plan.'

Company: Industrias Automotrices RC (IARC) is company located in Mexico City that specializes in rubber injection for grommets, spring pads, stabilizer bars, strut mounts, rubber isolators, boots and stampings. IARC

has over 60 years of experience and more than 200 employees serving the automotive industry with engineering capabilities. The experience and footprint has allowed IARC to be a Tier 1 supplier for clients like Volkswagen.

Results achieved within the MP: IARC through the MP had the opportunity to develop sales tools to successfully meet face to face with potential suppliers. As a result, IARC received four RFQ from which one ended up in a signed contract with an overall projection sales of \$1M USD per year for a three years period. The negotiation took about 10 months to receive a firm purchase order. Without the face to face meeting and the ability to speak the same cultural language learned during the programme, this sale wouldn't have been possible.

AHK Mexico

Your partner for business opportunities in Mexico



Mexico City. Mexico is the fourth largest economy in the world and, after Brazil, the second largest in Latin America. Its gross national product of 1,261 billion US dollars corresponds to around one third that of Germany. Besides oil production and mining, tourism and particularly the export-oriented processing industry play a decisive role in the overall economy. This is also reflected in foreign direct investments that bring Mexico considerable capital inflow every year. In 2013, around 35 billion US dollars reached Mexico through investment projects; experts expect similar or even higher sums in the coming years.

One unique feature of the Mexican economy is its strong focus on international markets. This is determined by the country's favourable geographic location and its proximity to the largest single trade market in the world, the USA, and actively enhanced by the large number of free trade agreements with 45 countries worldwide.

Mexico offers international companies an attractive business climate and is ranked thirty-ninth in the World Bank's

Doing Business index for 2015 that rates the conditions for successful business, meaning it is far ahead of the BRIC countries of Brazil (120), Russia (62), India (142), and China (90).

German companies in Mexico

The large and growing presence of German companies in Mexico reflects the flourishing bilateral business relations. Since the first German traders set sail for Mexico to set up businesses there in the mid-nineteenth century, around 1,700 companies with German equity participation have made their way to the country according to the Mexican ministry of economy, in which around 30 billion US dollars have been invested to date. Today, as in the past, they encounter conditions that are favourable to Germans that invite them to do business. The break from the long upheld isolation and state economy from the mid-1980s and associated liberalisation and opening up of the country to the global economy prompted a massive influx of foreign direct investors. The surveys conducted by the German-Mexican Chamber of Commerce of its members have for years revealed con-

sistently high confidence in the country's economic potential and a high degree of loyalty to the location.

Manager Training Programme

Germany is in turn also of interest to Mexico in business terms, as is for example reflected in the success of the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy 'Fit for Partnership with Germany' for which Parliamentary State Secretary Beckmeyer from the Federal Ministry for Economic Affairs and Energy (BMWi) signed a joint agreement with Mexico at the sixty-fifth Latin American Day. The programme that provides targeted support for participants wishing to do business and enter into economic cooperations with German companies is supported locally by the National Institute of the Entrepreneur of the Mexican Ministry of Economy (INADEM). Mexican companies were offered a one-month training scheme in Germany for what is now the third time. Thus 22 entrepreneurs and leading executives from Mexico travelled to Germany last autumn and negotiated concrete supply contracts and potential cooperations with German export companies.

Competitive advantages

What makes Mexico so attractive? It is the cost advantages that the country offers over Europe, the USA and meanwhile also China. It is moreover the fact that they operate in the de facto US dol-



Deutsch-Mexikanische
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lar region, which relativises the dependency on the euro in a company's mix of locations. However, it is particularly the ten free trade agreements that Mexico has agreed worldwide. To be able to export from a decidedly competitive Mexico to the partner countries (among others, the USA, European Union, Canada and Japan) toll-free is a real ace up Mexican trade promoters' sleeve.

In the global context, Mexico is today one of the most important platforms for industrial production. German companies naturally play a part in these dynamics; indeed, their number has more than doubled alone in the past 20 years. They are above all involved in automotive and automotive parts manufacturing, in the chemical and pharmaceutical industries, in medical technology, electrical engineering, and precision engineering. In the past few years, it was the investment decisions of the major international automotive manufacturers that prompted the establishment of German, mostly medium-sized companies from the supplier side. Today they form the core of the new investors. The recent announcements by Audi, BMW and Mercedes-Benz that they will begin manufacturing vehicles in Mexico in the coming years will further reinforce this trend.

However, besides manufacturing companies, most Germans are actually active in the country within sales companies. The dynamism of the processing industry is leading to a considerable need for capital goods in manufacturing, which is beneficial to the importers of German machines. Within an estimated nine billion euros of German deliveries to Mexico, these products make up a large share of 2.4 billion euros.

Development of a Mittelstand with purchasing power

That Mexico with its almost 120 million inhabitants has been spared from home-made crises since the mid-1990s has led to the development of a young and ambitious Mittelstand wielding purchasing

power estimated at over 40 million people, who are decidedly keen to consume. The local market has

therefore considerably increased in significance for the German companies based in the country.

Important structural reforms

The expectations of positive economic development in the country are due to the ability of the current government to form cross-party alliances on the agreement of important structural reforms, which should reduce the development deficit that has led the country to lag behind for many years (such as in the fields of telecommunications, education and energy) and lead the country back to the path of modernisation. The impact of these reforms as impetus for the economy are associated with high expectations among the Mexican public, and many international observers are also considering the country the 'new China'.

Services of the German-Mexican Chamber of Commerce

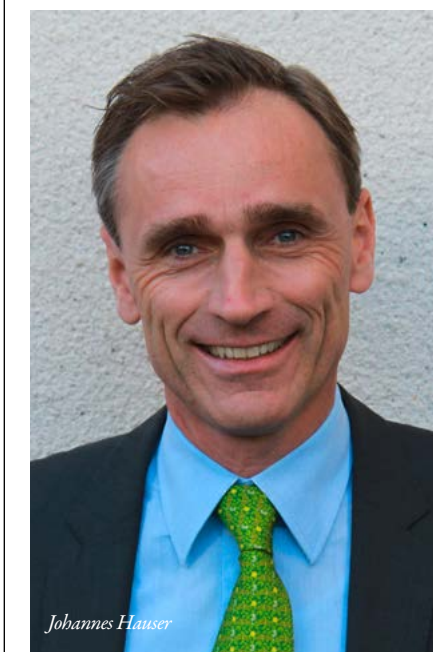
The German-Mexican Chamber of Commerce (AHK Mexico) has been active in the country for more than 85 years now.

With around 650 members, it is the largest European chamber in Mexico and, after the American Chamber of Commerce, the second largest foreign business representation in the country.

The primary task of AHK Mexico is to establish and develop business relations between Germany and Mexico. It represents German business interests and supports companies from both countries in trade and investments.

The chamber's activities are based on several pillars: it represents its members' interests vis-à-vis the government and private sector associations in Germany and Mexico, and it also serves as a platform for members to exchange as well as to establish and reinforce business networks. The chamber's further and advanced training centre is called CAMEXA+.

Together with its service association, DEInternacional de México, AHK Mexico provides extensive support for German companies to establish business relations in the country – to access markets and establish companies, for example. One of the central services is research into potential business partners (i.e. representatives and sales partners), the search for suitable business premises, and the organisation of trips to the respective regions. ■



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Partner Networks Ukraine

'Exchange of experiences is very important to us'



The Manager Training Programme is not only an instrument for supporting the economic cooperation between Germany and Ukraine but also for promoting the socio-economic development of the Ukrainian regions. Yet how can the regions in Ukraine, their companies and people be better reached, involved more strongly in the MP and enabled to participate in the advantages it offers?

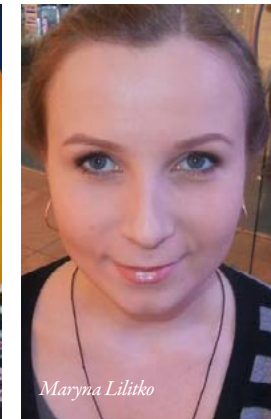
Kiev. During the years of their work with the Programme, many of those involved have established close ties to it. They have recognised the benefits it provides, are interested in the Programme or grateful for it, are committed to it and want to play an active part in shaping the MP. In 2013, the Programme office in Kiev encouraged these actors to form voluntary, decentralised, regional partner networks consisting of different organisations, public authorities, municipalities and private individuals with highly diverse goals regarding the MP. GIZ sees itself only as a cooperation partner in these networks, who coordinates the work.

Each participant derives their own benefits from this joint project. For example, the Ukrainian Ministry of Economic Development and Trade and the regional authorities promote the economic development of the regions through the expansion of foreign trade and the SMEs. They build the image of their regions as reliable economic partners and drive regional economic interests forward. They also develop entrepreneurial potential through manager training and make the national partner programme, the 'Ukrainian Initiative', known right down to the municipal level. Organisations such as universities, associations,



societies and companies and also alumni benefit, e.g. by improving their image with partners, customers or employees, specifically marketing their services, gaining new customers and partners and attaining self-realisation through voluntary work. And, not least of all, the collaboration also helps the MP itself. It enables numerous motivated participants from dynamic companies with an orientation towards international co-operation from all Ukrainian regions to benefit from the opportunities the MP offers. This also strengthens German-Ukrainian economic relations.

Currently there are partner networks in Kharkiv, Khmelnytskyi, Lviv, Odessa and Sumy. A further six regions have expressed their interest in a collaboration. In the following interview, the partners describe their experiences so far:



GIZ: The partner network hasn't existed for very long and is already achieving considerable successes in strengthening the MP in the Ukrainian regions. What is your secret?

Olga Bolibok, Kharkiv: Behind every successful project is a strong team. The basic idea of the partner network was to bring together proactive people from different areas and organisations and give them the opportunity to get to know each other and to promote the MP in their region. At the moment, the network in Kharkiv comprises of more than ten representatives from different organisations.

Mykhailo Pavliv, Lviv: The collaboration with the Lviv district administration and the department for external relations at the Lviv city council is very good. Nine MP alumni have been actively involved since the end of 2014. We also publish selection dates and information on the Facebook pages of the network members and on the region's business portals.

Maryna Lilitko, Khmelnytskyi: The most important thing is the dissemination of information by the network members in the region. The collaboration with MP alumni has proved its worth.

The political and economic situation in the country is very tense. How does this affect the canvassing of participants?

Mykhailo Pavliv, Lviv: We have to increase our efforts considerably in order to gain the same number of participants. The weakening of companies' purchasing power due to the devaluation of the hryvna is having the strongest effect; restrictions imposed by the Ukrainian national bank on currency purchases add to the problem. As a consequence, the companies' management is hardly moti-

vated to send employees to a training course as good managers are scarce in times of mobilisation.

Olga Bolibok, Kharkiv: Due to the upheavals in the country and its European orientation, many entrepreneurs are increasingly setting their sights on the European Market; this again raises interest in the

Programme. The MP is an effective instrument for a first approach to the European business environment as it helps to establish the necessary contacts with potential partners. These are the most important reasons for participation. Our task is to coordinate processes and prepare applicants for selection interviews.

Oleksij Nasarenko, Sumy: The current situation in the country has shown Ukrainian business circles the acute necessity of directing their focus towards the European Market. This applies both to export and import business. Product quality and modernisation of own production lines have priority; here, participation in the MP is the best solution for companies. Finding German suppliers and getting to know the broad range of interesting products or services offered while in Germany is a unique opportunity.

There are already partner networks in several Ukrainian regions. Do you exchange information and views with each other?

Olga Bolibok, Kharkiv: Exchange is very important to us! Representatives of the various regions meet on a yearly basis to discuss their experiences and plans for the future. It is essential to support each other before the selection: if applicants can't make it to the selection event in Kharkiv, we normally send them to selection events in neighbouring areas – and vice versa. This contributes largely to our canvassing success.

Mykhailo Pavliv, Lviv: We are in contact with the network in Kharkiv. Following its example, we have introduced an online registration system for participants. We are also in contact with the districts of Chernivtsi, Ivano-Frankivsk and Rovensky, which send us their candidates.

What training topics are executives in your region particularly interested in?

Olga Bolibok, Kharkiv: Kharkiv is the city of machinery manufacturers, engineers, physicians and farmers, and those are the topics the participants are interested in.

Mykhailo Pavliv, Lviv: Subjects such as general economic cooperation (import and export) and energy efficiency also meet with great interest; agriculture is not quite so much in demand at the moment.

Oleksij Nasarenko, Sumy: In our region, executives are mainly interested in general economic cooperation and agriculture.

Maryna Lilitko, Khmelnytskyi: Interest in groups with a focus on general economic cooperation remains strong, while there is still a lack of interest in industry-specific formats.

Do you keep in touch with alumni from the Programme?

Olga Bolibok, Kharkiv: Establishing an MP alumni association is one of our priority tasks. We already have a large number of alumni in Kharkiv, and many of them are interested in an exchange with their training colleagues; they regularly attend seminars and forums. With an alumni association, we would certainly have an important and useful instrument, also for the development of the Programme.

Mykhailo Pavliv, Lviv: We have been collaborating with the alumni since the end of last year. In March 2015, they actively participated in the organisation of the 'GIZ Programme Days in Lviv'.

Maryna Lilitko, Khmelnytskyi: We too keep in contact with MP alumni. They give us detailed reports on their impressions and experiences regarding the training in Germany. We use these reports as examples and ideas for anyone interested in the Programme.

Oleksij Nasarenko, Sumy: We keep close contact with active alumni because the MP doesn't only connect businesses but also people! ■

A breath of fresh air for the Management



When a company is in crisis, it is tempting to fall back on tried-and-true methods, to focus on core skills, business process reengineering and other 'tools' intended to breathe life back into a firm. In reality though, this seldom brings the desired results, and the opposite is often the case. Hasty strategy changes and frenetic searching for quick solutions tend to intensify the crisis and a lack of concrete plans can make employees and managers feel insecure. At the follow-up in Moscow, Russian MP participants learned how to keep a cool head in a crisis and select the right strategy.

Moscow. Many books on crisis management urge readers to try out one of the scenarios they offer like a cure-all that will automatically solve everything. This seminar was not designed to help participants choose the best recipes from all the 'cookbooks' on offer though. It provided attendees with a new point of view of their own companies, encouraging them to be honest with themselves and their employees and ask concrete questions: What caused the crisis in my company? Have we tried every possible option? Are we applying the right strategy? Was it caused by the global crisis alone or was our approach to financial planning, human resources or marketing wrong?

The most important insight when planning a crisis management strategy is that there is no silver bullet. Only strategic

planning at the right time can help a firm walk the fine line between survival and bankruptcy. This is why Kathleen M. Eisenhardt and Donald N. Sull presented the strategy as simple rules at the seminar. It helps a firm's employees understand each strategy applied in a crisis.

If a general financial crisis has gripped the entire financial system, then only those managers who have made errors in judgement are responsible for a company's failures. Case studies on Holzmann, Daimler, Leica and Coca-Cola clearly showed that even global corporations are not immune to management error. Massive conflicts between individuals and/or groups often result in mismanagement. But poor leadership, a lack of concepts or strategies, insufficient monitoring and personal deficits can also exacerbate a crisis.

Only focusing on key competencies, the right price policies, good product quality, higher productivity, a good image, and satisfied customers can get a company back on track.

The manager training for Russian managers in Germany took place during a turbulent time of sanctions and the decline of the rouble. When analysing their own situations, seminar participants noted that only those entrepreneurs who viewed the crisis as an opportunity to develop and modernize were ultimately successful. Waiting for new legislation or state assistance, or trying to wait the crisis out in the hopes it would be over soon proved less than effective.

Yaroslav Dubishchev restructured his logistics in time and skillfully used the market's reorientation phase to his benefit. This meant he was even able to increase his exports. Olga Pichtelkova took advantage of growing interest in energy efficiency and passive houses (despite sinking energy prices) and successfully transferred German technology to her region. And Anton Rusakov was forced to accept that his original joint venture goal could not be realised since it involved dual-use goods. Here too, rapid reorientation was the key: Together with the Maicom Quarz GmbH microelectronic engineering firm, Rusakov developed a concrete project to establish a new TV set speaker manufacturing line.



Left: Anton Rusakov, right: Yaroslav Dubishchev



Olga Pichtelkova



Andrei Gladyshev also adjusted quickly. His collaboration project targeted new markets. As he began exploring the strategies and management techniques employed by German textile companies, he was struck by a completely new idea. His plan to replace imports with in-house production resulted in a huge sales increase for his firm since he was able to

more fully tap existing market potential. His company is now planning to open a factory outlet with a flexible price structure following the example set by German clothing manufacturer Trigema.

These examples are proof that a company can emerge stronger and with new impulses only if it views a crisis as a chance,

and recognises and takes advantage of new opportunities. Every stage of the decision-making process has to be weighed strategically. This is the only way to successfully walk the tightrope between short-term survival and strategic action. ■



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China's targeted economic policy changes



China is in transition. The country's leadership has new ambitions to further open the economy both externally through a range of agreements designed to support China's export economy, and internally through multi-layered reforms. These two trends are creating new business opportunities, but also pose challenges for foreign firms.

Peking. In 2001, China's entry into the World Trade Organisation sealed its integration into global supply chains. In recent years, the government has become more active in strengthening the international sale of Chinese wares through free trade agreements. A series of bi- and multilateral agreements have been signed with countries from Asia, and from Oceania, South America and Europe as well. Even though firms from the EU have not enjoyed preferential access to the Chinese market, many are already active in China or in Asian partner countries because of the low operating costs and increased economies of scale they enjoy. These companies could also profit from lower customs rates

brought about by intensified integration in the Asian region.

It is becoming increasingly important for foreign firms to be active on the ground in China. In many branches, the country has developed into an important sales market. But the Chinese economy is starting to cool off. The 7.5 percent growth objective set by the government for 2014 was not met, as real growth was just 7.4 percent. According to the Conference Board and World Bank, future gross national product (GDP) growth will range from just

Market potential of foreign companies in 2015

Engineering	↗	ICT	↗
Automobile	↗	Environmental technology	↗
Chemistry	↗	Medical technology	↑
Construction	→	Energy	↗
Electronics	↗	Food	↑

Source: Germany Trade & Invest. Further information: www.gtai.de/branchen-international



► 5.5 to 7.0 percent by 2020. China must and has already begun to change course. The old development model dependent on exports and investment can no longer generate the necessary growth to secure jobs and prosperity. More comprehensive reforms are needed to enable access to new drivers of growth.

This was recognised by the Chinese government, which in 2013 passed a reform agenda to last until the end of 2020. It includes foreign trade and investment reforms to dismantle bureaucracy, focus the economy on market forces, and ensure guidelines for foreign investment approximate to domestic investment. Based on agricultural policy reform, plans are in the works to increase agricultural efficiency and drive urbanisation more rapidly. The government intends to loosen the strict 'hokou' or household registration system that has thus far blocked migrants from the countryside from sufficient access to education and social services in urban areas. Increased efficiency in agricultural technology will replace the missing workers in rural areas, which is likely to drive demand for agricultural technology such as harvesters, and high-quality fertilizer and pesticides as well. Rapid urbanization is also changing shopping and eating habits, leading to an increase in the purchase of pre-packaged foods. This trend is likely to interest manufacturers of packaging technology.

Planned reforms in the areas of vocational training and education, health and un-

employment insurance, retirement provisions, and the health care system have been identified that will contribute to prosperity and social security in cities. Implementing these plans will likely further drive domestic consumption currently slowed by the poor coverage of social risks such as unemployment, illness and retirement. Furthermore, social security reforms are set to expand the health care system, which is promising for the pharmaceutical and medical technology industries. The service sector also offers good market opportunities, especially in software, finance, education, medical care and geriatric care. In medical technology, international manufacturers already dominate the market today.

The country's efforts to improve environmental conservation are particularly significant. The exceptional level of pollution brought about by rapid industrialization in recent decades is adversely affecting the health of China's citizens and rapidly endangering China's growth. The new reform efforts therefore focus on improving environmental management for sustainable development. These measures target air pollution in particular, but energy efficiency is also playing an increasingly important role in urban planning and traffic, for example.

It is becoming increasingly important for foreign firms to be active on the ground in China.

Furthermore, the Chinese government intends to create an innovative and future-oriented economy that ensures growth through technological advance. China's processing industry is well on its way to generating higher quality products. Additionally, rising wages are pushing a trend towards digitalization and automation in industry. In 2014, China was the largest market for industrial robots. Demand for automation technology is likely to rise dramatically over the coming years.

After more than a year, progress in implementing the reforms is already visible. For foreign firms in China, the results have been mixed thus far. They have welcomed simplified registration requirements, less bureaucracy and more efficient customs proceedings, but continue to report problems regarding the protection of intellectual property, rule of law, market access and equal treatment with domestic firms. While Chinese law itself is relatively progressive, implementation continues to lag behind. For small firms in particular, solving these problems is very important, as it will make it easier for them to gain a foothold in the Chinese market. ■



Lisa Flatten is responsible for the ASEAN countries at Germany Trade & Invest, Bonn. Before joining the GTAI she predominantly dealt with Chinese economic development.



Peer advice at the follow-up event

Peer Consulting in Tunis



Peer consulting involves give and take on an even playing field, something Tunisian participants were already quite good at during their time in Germany. At the follow-up in Tunis, they again profited from the intelligence of the group – thanks to the peer consulting method.

Tunis. A follow-up seminar is an opportunity to take stock one year after a programme in Germany – but also to learn new things for the future in exchange with trusted colleagues. When this experience exchange is structured, it is called peer consulting; a method often employed in management training in Germany. Participants from the Tunisian pilot group applied it to their own business practices at the follow-up in February 2014.

The principle is as simple as it is effective: a 'case presenter' needs a solution for a concrete issue or problem. Although he or she uses the expertise of colleagues to illuminate the problem from different perspectives, the presenter is responsible for the ultimate decision. Peer consulting is fundamentally different from expert consulting: In the latter, an expert is hired and his or her advice is followed to the letter. The key factors in peer consulting are adherence to the time limitations and process structure, which a moderator ensures, and the strict distribution of roles. Experience has shown that the latter can be particularly difficult. Although the case presenter explains the situation in detail, he or she then has to pull back and just listen while peers offer

possible solutions. Being open to other perspectives and expanding one's action potential is crucial to the process, and all the members of a group ultimately profit. As a problem-solving approach, peer con-

Some rules of thumb for peer consulting in SMEs:

- Always use a concrete example. These can involve processes of change, new challenges, and problems with and among colleagues.
- The case can be analysed retrospectively or future solutions can be formulated.
- Take care to ensure that peer consultants are not part of the problem and that no conflicts of interest or competitions arise in the group.
- Trust the expertise of your colleagues and choose the best solutions.
- An ideal 'peer group' consists of at least three and at most eight participants including the case presenter. Divide the group into smaller subgroups if there are more than eight interested parties.

sulting offers a great deal of scope for addressing a very wide range of topics. The Tunisian participants quickly agreed on the case they wished to discuss, as 70 percent of the Tunisian SMEs are currently experiencing a similar problem.

'I am the boss, and that means I have to do everything myself. I cannot simply rely on my employees and constantly have to check to ensure that they have really done everything right. This means I don't have time for the things that are really important for my company,' is how Farouk Karoui from Believe Engineering, a Tunisian IT company, described his situation. What initially sounded like a time-management problem was divided into different areas during the peer consulting process. After 90 minutes, the to-do list was complete: Introduce a quality management system in accordance with ISO 9001, identify management responsibilities with the cooperation of the entire team, and draw up clear criteria for key performance indicators (KPI) and a roadmap for the company's strategic development. Karoui will take these steps in the near future. ■



Dr. Julia Moritz has been working at Cognos International since 2009, and as head of the Akademie International, an international section of the Akademie für Führungskräfte der Wirtschaft GmbH, in Hamburg since 2015. Within the framework of the MP, she is responsible for the overall organisation and works as a trainer.

Follow-up in Kyrgyzstan

Extending Networking



In mid-May 2015, over 30 Kyrgyz alumni attended a follow-up and annual MP meeting in Bishkek and at Issyk Kul Mountain Lake to improve their management skills and develop new contacts.

Annual alumni meeting beside Issyk Kul lake



Bishkek/Issyk Kul. This time, information exchanges about successful projects, the difficulties encountered in initiating contact with German firms and change management in companies took place 'on location' as alumni gathered at AG Santechna in Bishkek. The firm's COO, Maxim Cho, completed training in Germany in 2014. Founded in 1956, the family firm in Bishkek lays pipes, performs welding, and installs insulation. Cho has successfully used his new knowledge to optimize the planning and organizational structure of his firm. He created a separate commercial and marketing department which allowed employee workflow to be organized more efficiently. The MP alumnus is currently planning to enter a new field of activity as well: He wants to market service and goods from Germany in Kyrgyzstan. His experience from the seminar on international acquisition has helped him build a relationship with the German BKG Bunse-Aufzüge GmbH from Paderborn. Other alumni, such as Kubanychbek Scheyitov, also reported on their successes and challenges. Scheyitov's firm is now an

authorized dealer for German chemistry giant Henkel AG & Co. KGaA and sells Ceresit adhesives in Kyrgyzstan. He is also currently negotiating taking over sales representation for Miele & Cie. KG.



Baktybek Sulaimanov (L) and Ulan Mukhammed



Participants at the follow-up event

Interactive training seminars in Issyk Kul offered participants an opportunity to improve their management skills in teambuilding and efficient change management. During teambuilding exercises, alumni identified their respective team roles and tested their reactions and responses to particularly challenging situations in an interactive game. After completing training, the participants all agreed that success was only possible if everyone pulled together. It was important, they noted, to respect every participant's position and skill set, and to make the best use of each individual's unique characteristics. In the change-management seminar, alumni learned strategies for implementing changes in companies and the most important communication rules involved.

Alumni outreach in the World Café

The Kyrgyz alumni association, the 'Alumni Association of the German Manager Training Programme' (AADM) has been under the leadership of Ibarat Kurbanova since 2014. The AADM was actively involved in organizing the annual meeting. The goal was to bring active alumni together as a team, create an environment that fostered exchange, and discuss the association's future. What do alumni expect from follow-ups and outreach? How can differences and similarities be linked beneficially? What can alumni achieve together and how is a strong team formed? These and other

questions were discussed at four tables in a World Café setting. One word stood out in the minutes of the conversations: networking. Alumni identified the most important activities involved in the follow-up and outreach stage as: building relationships with each other and with German partners, creating synergies, regular information exchange, peer consulting and mutual support in business development and entering new markets, and agreed that networking was the best recipe for success. Attendees left Issyk Kul as part of newly formed networks to meet in Bishkek the following day to take part in a FreshBiz game. ■

In Focus: Energy Efficiency in Industry



The most environmentally friendly, cheapest kilowatt-hour is the one that we do not consume at all: energy efficiency is today a much-discussed subject. Indeed, Germany and the EU states – and meanwhile also our MP partner countries – afford the subject great significance. Their governments establish the according laws and support measures and create the necessary framework to enable companies to improve their energy efficiency and reduce their environmental impact.

Following on from the focal topic of renewable energies covered in the 1/2014 is-

sue, we now turn to energy efficiency – the second pillar of energy transition in Germany. With its National Action Plan on Energy Efficiency (NAPE), the German federal government is pursuing a clear line to boost energy efficiency in all relevant areas. Many companies are taking advantage of the funding programmes and have become pioneers in energy-efficient production. This increasingly also includes using waste heat and opting for systems offering greater efficiency. Salzgitter Flachstahl GmbH, a winner of the Dena award for energy-efficient production, provides insight into its company practices.

And how are entrepreneurs in our partner countries reacting? In their reports, alumni from the Ukraine and Russia explain what energy efficiency means for them. The subject of energy efficiency is increasingly also on the agenda in our Central Asian partner countries – demand for advanced specialist training is accordingly high. Germany is therefore not only contributing to energy-efficient industry in MP partner countries with production facilities but also with proven knowledge and methodological recommendations.

National Action Plan on Energy Efficiency



With its National Action Plan on Energy Efficiency (NAPE), the German federal government has agreed a comprehensive package of measures for the eighteenth legislative period. Increasing energy efficiency is a task for the whole of society. The NAPE aims to involve all social stakeholders in this process and to boost awareness of the advantages of energy-efficient action.

Berlin. To date, the energy transition has focused on phasing out nuclear power and creating new electricity generation capabilities based on renewable energies. In future, boosting energy efficiency will constitute the second pillar of the energy transition. Attaining the climate protection aims also depends on further increasing energy efficiency. At the same time, energy efficiency makes an important contribution to supply security and is likewise a decisive condition for implementing the energy transition in the most cost-effective manner possible. What's more, energy efficiency measures not only reduce the energy costs for individuals and the economy but open up new market opportunities, too.

In the past, energy efficiency has often been associated with restrictions and restraint. And yet increases in energy efficiency primarily yield opportunities: energy efficiency as a business model offers market opportunities for innovative businesses for both of (new) energy services and producers of more energy-efficient technologies. Retrofitting buildings not only boosts domestic added value, but tenants and property owners also benefit from the reduction in heating costs and increase in living comfort.

¹ This estimate relates to the NAPE package of measures agreed by the German federal government on 3 December 2014, which includes tax incentives for retrofitting buildings. However, no agreement could be reached with the federal states on tax incentives. Energy efficiency incentive programs are now being set up to encourage retrofitting measures.

It is exactly here that the NAPE comes in: the energy efficiency strategy of the German federal government aims to boost awareness of the advantages of energy efficiency measures and to encourage people to be more energy efficient. The measures outlined in the NAPE are a decisive step affording huge potential that exists in all consumer sectors.

Further efforts necessary

The German federal government's aims to reduce energy consumption are ambitious: by 2020, primary energy consumption should be reduced by 20 per cent compared to 2008. However, the latest figures and scenarios indicate that these aims will not be reached with the existing measures. Additional measures have therefore been agreed with the NAPE, which should play a decisive role in closing this gap.

With the NAPE measures, additional energy savings totalling 390 to 460 petajoules of primary energy consumption can be achieved. This roughly corresponds to the energy consumption of the federal states of Thuringia and Bremen. At the same time, the NAPE measures will reduce greenhouse gas emissions in Germany by the equivalent of 25–30 million tons of CO₂ – a key contribution to achievement of the national climate protection aims.¹

The NAPE targets the final energy consumption and offers a bundle of measures for end consumers such as private households, companies and public administration. The primary energy consumption also takes the energy generation side into account. Measures aiming to enhance the efficiency of energy generation are equally decisive to the attainment of the targets.

Key fields of action

The NAPE identifies key fields of action to reinforce energy policy:

- Stepping up energy efficiency in buildings
- Energy efficiency as an investment and business model: new impetus for energy services, efficiency technologies and competitiveness

gy services, efficiency technologies and competitiveness

- Individual responsibility for energy efficiency: measure – understand – act – save
- Upgrading measures in transport

The NAPE defines concrete immediate measures for each field of action in addition to long-term work processes, which will be concretised and implemented over the course of the eighteenth legislative period. All measures follow the basic principle of 'supply information – provide support – demand action': information and transparency are decisive in boosting efficiency. Financial incentives aim to provide targeted impetus for improving efficiency and to establish best practices to emulate. Regulatory legislation will ensure minimum standards across the board.

Besides the new and optimised measures detailed in the NAPE, the existing successful instruments of German energy efficiency policy will be continued.

Stepping up energy efficiency in buildings

Germany's building stock should be virtually climate neutral by 2050. Besides increasing the share of renewable energies, energy consumption must also be reduced. This can only be achieved with a sensible, cost-effective combination of various existing and new instruments. Voluntary, economically viable action coupled with incentives schemes, consulting and information form the basis.

Energetic modernisation of the building stock can only succeed if it is seen as an opportunity by all involved. The aim is therefore to build trust and encourage cooperation between the different stakeholders to improve the living standards, quality of life and reduce the dependency on fossil fuels together. Last but not least, energy efficiency helps enhance domestic added value. The energetic retrofitting of residential buildings also presents a social challenge. Ensuring

affordable living space is available has always been one of the central challenges of housing policy. Poorly insulated buildings with outdated heating have long added to the ancillary costs, particularly to households with a low income. Immediate NAPE measures such as quality assurance and optimisation in addition to the stepping up of existing on-site energy consulting, a CO₂ building modernisation programme, heating assessments, and the energy efficiency incentive programme should help improve the energy efficiency of buildings.

An energy efficiency strategy will also be developed for buildings, which will form the strategic framework for the energy transition in buildings and take key aspects such as social and financial issues (heating tender model, earnings model, etc.) into account. The energy efficiency strategy for buildings is to be agreed by the German federal government in autumn 2015.

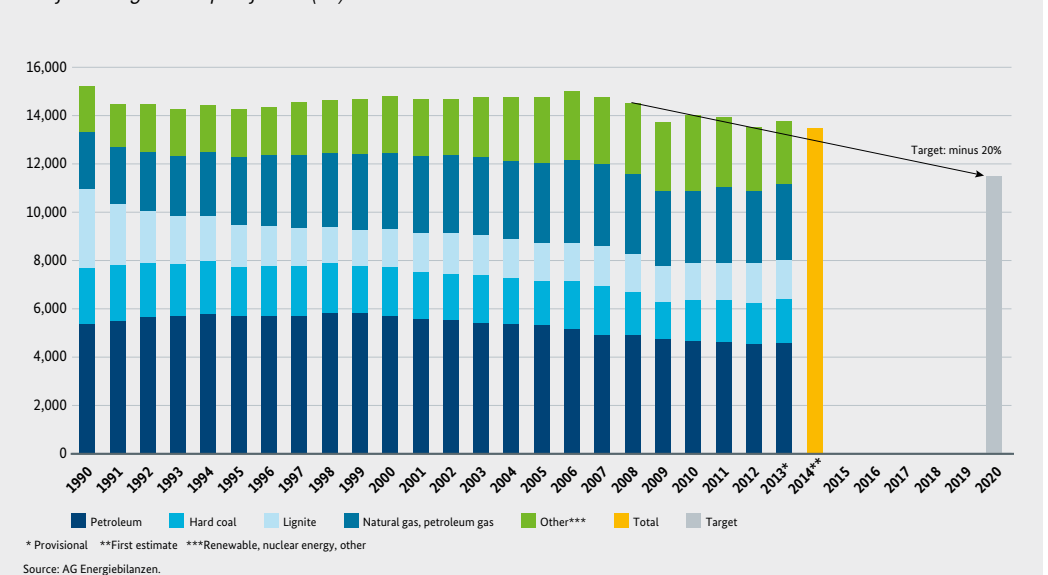
Energy efficiency as an investment and business model

Companies wishing to make their production processes as efficient as possible are able to reduce energy costs, earn healthy returns and hone their competitive edge. Energy efficiency has the potential to become an additional business model for innovative companies far more than it has in the past. Innovative energy services and efficiency technologies are markets offering opportunities for

growth both in Germany and worldwide. Increases in energy efficiency in turn enable an increase in investments in Germany. The NAPE immediate measures will provide targeted impetus for the further development of energy-saving business models:

- By introducing a competitive tendering scheme for energy efficiency, a new approach will be taken to encourage more market-based and cost-effective efficiency solutions. This programme will not provide funding according to a fixed quota. Projects promising the greatest energy savings for the lowest costs will instead be favoured. Funding will be increased over the coming years, with 150 million euros earmarked for the competitive tendering scheme in 2018.
- Contracting involves transferring responsibility for energy supply to a service provider. Efficiency gains are achieved as a consequence, as the service provider has a vested interest in improving efficiency. Targeted funding will be provided for this future-oriented energy service to finance contracting through the provision of default guarantees by guarantor banks. This will allow SMEs in particular to become active in this market. Project developers will also be supported to help reduce the transaction costs for energy-saving contracting projects.
- The KfW energy efficiency programmes for companies will be upgraded and the focus drawn to using waste heat.

Development of primary energy consumption by energy source
Adjusted figures in petajoules (PJ)



- The pilot programme for energy savings meters will explore the possibility of introducing a new model for financing energy efficiency measures based on intelligent energy savings meters.

In a long-term work process, the framework for energy efficiency services will be improved in collaboration with relevant stakeholders. Impetus is also to be provided for the development of new financing schemes.

Individual responsibility for energy efficiency

Energy efficiency cannot be increased alone by state intervention. The assumption of individual responsibility for energy efficiency is also crucial. Only those who are aware of their energy consumption and are reliably informed of the different options for saving energy can reach future-oriented decisions. Which is why consulting and information instruments constitute important components of the NAPE. Criteria stipulating transparency and standards for energy-relevant products are particularly important, too.

- The energy efficiency networks initiative established in cooperation with leading and specialist organisations and other German business associations aims to set up around 500 new energy efficiency networks by 2020. Municipal energy efficiency networks will be supported, as will the work of energy efficiency managers for tapping into synergy effects in business parks.
- Large companies will be required to complete an energy audit every four years. Energy consumption will be systematically assessed and efficiency measures recommended. This will allow Germany to meet the requirements of the EU Energy Efficiency Directive.
- The SME Initiative for Energy Transition and Climate Mitigation and energy consulting for SMEs supported by the German federal government, Association of German Chambers of Commerce and Industry (DIHK) and German Confederation of Skilled Crafts (ZDH) will specifically target small and medium-sized business.
- Industry-specific efficiency campaigns will be developed further and supported:

energy savings in companies can be enhanced if additional industry-specific measures are implemented.

- With the National Top Runner Initiative, the German federal government will bundle its measures to accelerate the market penetration of high-quality services and products contributing to a reduction in energy consumption. Within the scope of the EU negotiations on updating the EU energy labelling and ecodesign directives, Germany will campaign for high standards and thus reinforce the EU Top Runner strategy.
- Due to the high electricity savings potential in municipal waste water plants, energy checks and analyses of these facilities will also be supported. Similarly, huge potential for increased efficiency exists in agricultural enterprises. Programmes for energy consulting and to support energy efficiency tailored specifically to these businesses will be introduced so as to tap into this potential.

In a long-term work process, existing consulting agreements will be reviewed and streamlined in cooperation with industry, academia and civil society and to providers of training for the field of energy consulting. Aspects such as the comprehensibility, effectiveness, meeting of quality requirements, and comparability of certification for consultants will be examined.

Performance indicators and benchmarks will be developed for the commercial sector as well as for private households. The energy efficiency of information and communication technology will form one further focus. The potential for savings is particularly high here.

Transport

In Germany, transport accounts for 28 per cent of the total energy consumption and 17 per cent of greenhouse gas emis-

sions. While these percentages may have decreased in recent years, absolute traffic volumes continue to rise. The German federal government has therefore resolved to implement additional measures as part of its 2020 Action Plan for Climate Protection to ensure that the transport sector makes a reasonable contribution to mitigating climate change and conserving energy. This includes encouraging greater use of electric vehicles, for instance. Commercial buyers of electric vehicles may be given the opportunity to claim a special tax reduction. The federal and state governments also plan to increase the proportion of electric vehicles in their fleets.

Stakeholder involvement and monitoring

The two newly-established energy transition platforms for energy efficiency and buildings played a decisive role in development of the NAPE. Representatives from industry and environmental associations, the scientific community and state representatives all worked together. A variety of suggestions for measures were fed into the process via these forums. These platforms will continue to play a decisive role in the implementation of long-term work processes in the future.

With agreement of the NAPE, the German federal government has injected new impetus into energy efficiency policy; implementation of these measures is now decisive. An independent expert commission will supervise and evaluate the action plan to monitor the process and the impact of these measures. ■

Ukrainian Entrepreneur is Counting on Energy Efficiency



Taras Ogichuk is a pioneer. In 1989, he was among the first students from the USSR to complete an internship in the USA. He was 21 at the time and just about to graduate in business administration. Today, more than 25 years later, Ogichuk is a successful entrepreneur with a Ukrainian university degree and an American MBA. Through his business activities, he is integrated in an international network.

Kharkiv. The founder of several companies visited Germany in 2013 to participate in the Manager Training Programme with an industrial focus on energy efficiency. The timing could not have been better: 'The armed conflict in Ukraine began shortly after I returned home, causing supply problems for gas (among other things). Since then, energy efficiency and alternative forms of energy have been playing an important role. The know-how gained during the training has been very valuable for my companies', Ogichuk says today.

His company Krok, which has been providing high-pressure industrial cleaning services since 1998, has also benefited from it. Ogichuk uses pumps manufactured by the German company Hammelmann for the process and produces further systems himself. After returning to Ukraine, he tackled the subject of energy saving intensively. In the process, the old gas heating system was replaced with a system fired with wood and briquettes. This has led to savings of 40-50 percent in heating costs, which reduces the dependency on gas supplies. Ogichuk also has a commercial building in the heart of Kharkiv where he has his own offices and lets offices on two floors. Through the modernisation of the heating systems there, he has been able to reduce heating costs by 25-30 percent.

A business idea for a large real estate project was also born in Germany. It concerns a 200-year-old building with an area of 4,000 m² in the centre of Kharkiv, which Ogichuk bought as an investment in 2006 and which has largely been vacant since then. 'Due to its size and the high energy costs, it was difficult to find a suitable use as the market for office space is saturated', the alumnus explains. 'Then I got the idea to let a large part of the build-

ing to foreign IT companies that use Kharkiv as an outsourcing location. First I will have to refurbish the building to improve energy efficiency. The initial costs are

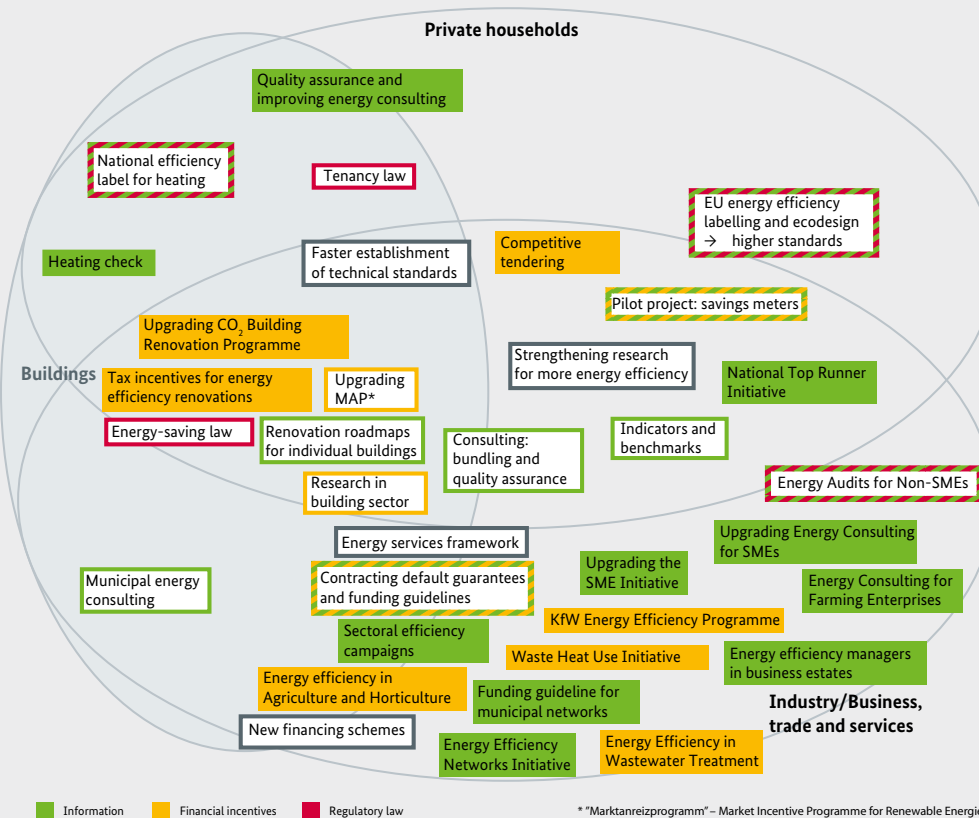
high, but this measure will soon bring a return', he says. It is intended that the building will have thermal insulation in addition to solar systems and energy-efficient heating and air-conditioning systems. The other rooms are to serve as showrooms for the companies whose products were used for the refurbishment.

Ogichuk shows a good deal of commitment and enthusiasm when he talks about his latest venture, with which he will be entering new territory. He established Topers Ukraine in 2015, a company for the production of bioenergy and mineral fertiliser. 'What's special about it is that our biomass comes from agricultural residues. We use chicken manure from egg and poultry production. First we produce the fertiliser; then, in a second step, we generate energy from the biomass produced as waste in the process', the entrepreneur explains. The research and development phase is ongoing, and the first very positive results from the laboratory analyses of the mineral fertiliser produced are already at hand.

In the long term, Ogichuk does not want to only produce for the Ukrainian market, but intends to also market the innovative technology internationally, also in Germany. 'Now my corporate target is to establish new business areas in the field of energy efficiency and in the development of alternative energy sources.' ■



Short-term measures and long-term work processes of NAPE for the 18th legislative term



Source: Federal Ministry for Economic Affairs and Energy

Further information:

www.bmwi.de/EN/Topics/Energy/Energy-Efficiency/nape.html

Download the National Energy Action Plan on Energy Efficiency (NAPE) at: www.bmwi.de/EN/Service/publications,did=701906.html

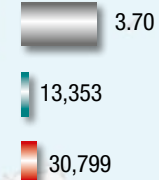
Electrical Energy in the MP-Partner Countries (2012)

Source: International Energy Agency (IEA)

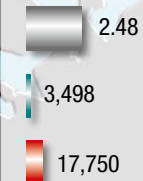
- Electricity consumption per capita MWh
- Industrial power consumption in GWh
- Total power generation in GWh



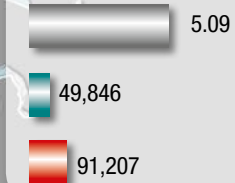
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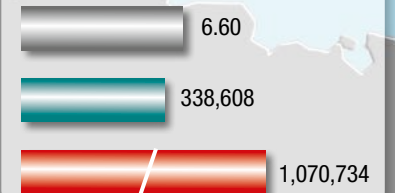
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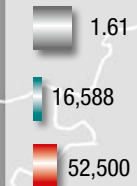
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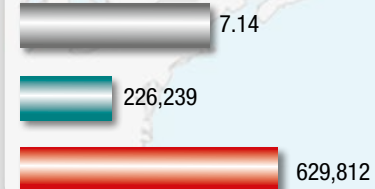
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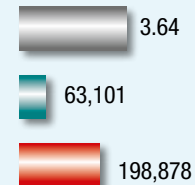
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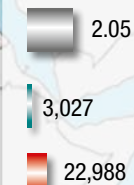
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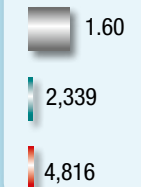
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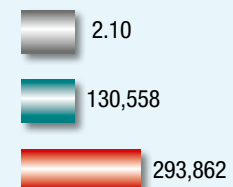
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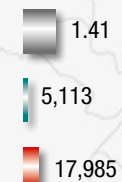
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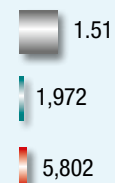
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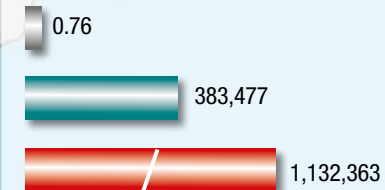
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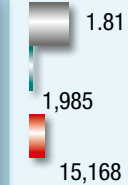
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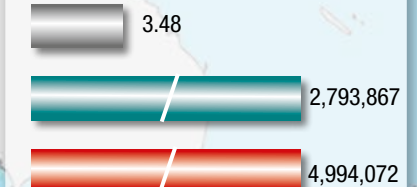
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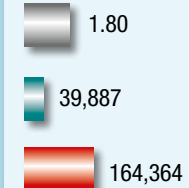
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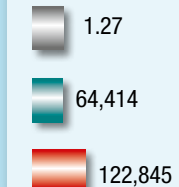
China



Egypt



Vietnam



Still strong energy savings potential

Germany has a leading position worldwide in energy efficiency



For the German Federal Government, increasing energy efficiency is one of the levers with which to achieve a turnaround in energy consumption. There are numerous possible starting points, e.g. in the manufacturing industry, as just one example. They include the use of waste heat or more effective motors. The creation of networks, in which companies cooperate in developing opportunities for savings, is also promising.

Berlin. According to sources of the American Council for an Energy-Efficient Economy (ACEEE), Germany is in top position worldwide in the field of energy efficiency in the manufacturing industry. Germany was followed by Italy, P.R. China, France, Japan and the United Kingdom in the order indicated, not taking economic regions such as the European Union into account.

Nevertheless, the German Federal Government's National Action Plan on Energy Efficiency (NAPE) states that the progress observed and measures implemented with regard to energy savings in the past years are not yet sufficient to achieve the national



Primary energy consumption in Germany 2008 to 2014
(in petajoules; energy productivity in euros/gigajoules)

	2008	2010	2012	2014
Altogether	14,380	14,217	13,447	13,077
• adjusted for temperature	14,487	13,946	13,550	13,566
Energy productivity	182	181	199	208
• adjusted for temperature	181	184	198	202

Sources: Working Group on Energy Balances, BMWi – Facts and Figures, Energy Data, 2015

efficiency goals which have been set. As of the end of 2014, more specifically, an additional reduction of primary energy consumption (PEC) of at least 1,400 petajoules (PJ) is seen as necessary.

If, however, progress is to be made on the chosen path, numerous obstacles need to be overcome in the private sector to convince decision-makers of the necessity of investment. Financial aspects play a major role, and here innovative financ-

ing models could possibly open up new avenues. For instance, high transaction costs often hinder the implementation of a measure to improve energy efficiency. According to a study by Siemens on the energy transition, expenses for obtaining information, planning as well as coordination and decision-making processes are usually not taken into account in cost-benefit calculations.

In addition, from a management-level point of view, the payback period for the relevant investments is too long (example from the Siemens study: transformers with an amorphous core). Longer-term calculations do show an attractive internal rate of return (IRR), but a relatively short payback period is still the criterion that is decisive for the go-ahead. Furthermore, in some cases it is a matter of insufficient capital. And the fact that envisaged technologies are not yet mature enough or are too expensive also put the brakes on decisions.

Smaller firms need to catch up

Additionally, the Institute for Energy Efficiency in Production at the University of Stuttgart (EEP) established that for far more than half of the small and very small companies polled, an investment in energy efficiency has been a secondary priority so far. The EEP has carried out surveys since 2012 as the basis for its energy efficiency index. The latest version will be published on the Institute's website in mid-2015.

German politicians want to uncouple the development in energy consumption from general economic trends by increasing efficiency. Despite sustainable economic growth, PEC is to drop by 20 percent by 2020 and by a total of 50 percent by 2050 – in each case compared to the base year 2008. This requires an average annual increase in energy productivity of 2.1 percent in relation to final energy consumption. However, according to the German Federal Government's publication 'Zweiter Monitoring-Bericht Energie der Zukunft' (Second Monitoring Report Energy of the Future), the figure observed for 2008 to 2012 was below the target of the Energy Concept.

According to information from the Federal Ministry for Economic Affairs

and Energy (BMWi), German industry's total final energy consumption (FEC) in 2013 was 2,600 PJ (2012: 2,587). The generation of process heat (exclusive of hot water and space heating) accounted for the largest portion with 1,701 PJ (1,665). The conversion to mechanical energy made up another 575 PJ (2012: 569). The manufacturing industry mainly used gas (2013: 772 PJ; 2012: 758) and electricity (704 and 699 PJ respectively) as the source for both areas of application.

Although the energy intensity improved in the manufacturing industry between 1993 and 2008, it remained largely constant after that until 2013. Between 2008 and 2013, the figure varied by an average of 4,695 megajoules (MJ)/1,000 euros of gross value added, but both 2008 and 2013 closed with a result of about 4,645 MJ/1,000 euros. Particularly with regard to electricity consumption, German industry was considerably more efficient in the period between 2008 and 2013 with a reduction from 1,504 to 1,444 MJ/1,000 euros.

Utilisation of waste heat is becoming interesting

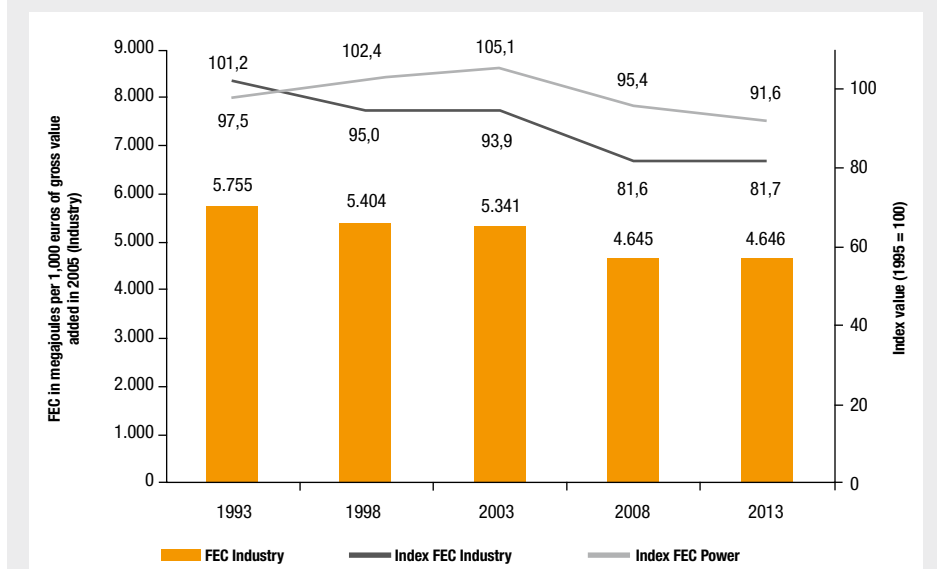
According to experts, the utilisation of waste heat – particularly for industrial processes – holds strong and so far unexploited potential for increasing energy

efficiency. They say that heat recovery from heated air in buildings led to savings of 20 to 30 percent in heating costs; the utilisation of waste heat in a printing works would even generate surplus thermal heat.

Often the further use of waste heat appears to be economically inefficient at first glance, but in most cases an exact calculation shows the opposite. As a rule of thumb, utilisation is almost always worthwhile if process heat is generated on a continuous basis during production. Very often, it is also profitable in other cases, for instance in the metalworking industry, in dry cleaning and laundry operations and particularly in bakeries. There are numerous possibilities for using heat from the air, from liquids or from machinery and equipment, e.g. through the installation of heat exchangers in ventilation systems, the 'tapping' of cooler circuits in machinery, the modification of air and water cooling systems or the extraction of air from strongly heated rooms.

Often considerable results can be achieved through the purchase of new machines and equipment. For example, the efficiency of new pumps and electric motors is 40 percent higher. Generally, most industrial and crafts companies use some type of electric motor. Experts believe that most motors consume 'far too much' electricity; often old, over-

Development in energy intensity 1993 to 2013



Note: The energy intensity is equivalent to the final energy consumption (FEC) in megajoules per 1,000 euros of gross value added in 2005.

Source: BMWi – Facts and Figures, Energy Data, 2014

dimensioned motors are still in use with an inefficient rotational speed or are brought to the required speeds through transmission.

Progress is made during cyclical upswing phases

A dynamic efficiency improvement is mostly observed in times of strong production growth when many new plants are built and, as a result, the average efficiency in plants increases. It is, however, expected that the production of most energy-intensive products will stagnate in Germany in the future. Thus, only a few new production capacities are built in the course of reinvestment. According to an investigation by IREES Fraunhofer, this means that improvements in efficiency are mainly based on the modernisation of existing plants.

Altogether, the researchers believe that by 2035 in technical areas of several energy-intensive branches of industry total savings in electricity of 49 PJ and in fuel of 214 PJ are possible. In their opinion, the largest part of this potential can be economically tapped into. The use of the best available technology (BAT) as well as process innovations and waste heat recovery offer the best prospects.

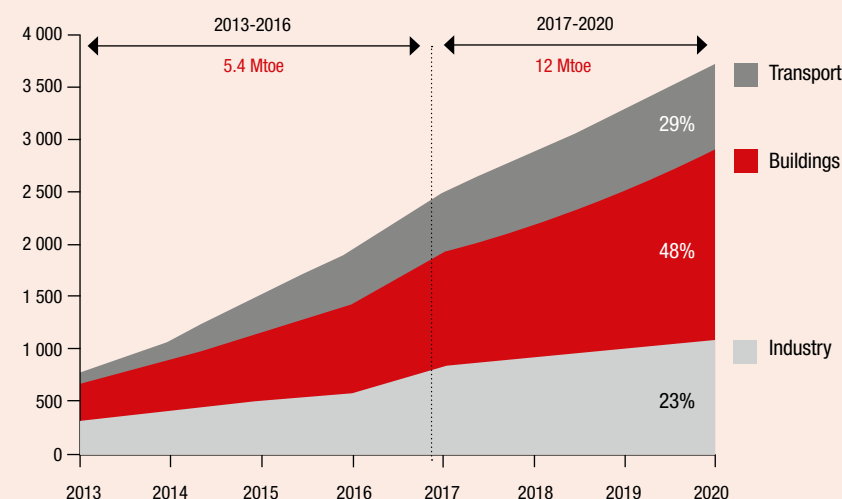
Experts predicts a ten percent annual increase in energy demand for **Vietnam**. Deregulation and a continuously growing budget deficit due to energy subsidies motivate the private sector to tap into the experience of German companies and to invest in their products and services. Due to the rising costs and restrictions on energy supplies resulting from ever more stringent environmental regulations, the market for sustainable energy use continues to grow in importance. Experts estimate the savings potential in industry to be at least ten to 30 percent. Energy management systems, certification and the

according implementation will in future become a task for companies with high energy consumption.



Source: Energy Efficiency Export Initiative

Tunisia: energy savings by sector



The industrial sector is responsible for the biggest portion of Tunisia's overall annual energy consumption (36 per cent). Within the sector, around 60 per cent of energy consumption can be attributed to the construction, building materials, ceramic and glass industries. For the period 2010-2030 the industrial sector is estimated to have the largest potential for energy savings of around 18 million tons of oil equivalent (Mtoe).

Sources: ANME / Energy Efficiency Export Initiative

Within the framework of the cooperation at EU level, the Federal Ministry for the Environment publishes leaflets that describe the individual sectors in more detail with regard to BAT. The list of publications ranges from waste treatment to the cement, lime and magnesium oxide industries. One leaflet also deals with the subject of energy efficiency.

Incentives through 'Energy Efficiency Awards'

In order to promote the efforts of individual companies, the German Energy Agency (dena) grants its international Energy Efficiency Awards every year within the framework of its 'Initiative Energie Effizienz' (Energy Efficiency Campaign). In 2014, dena honoured Aluminium Norf GmbH for its method of processing aluminium strips, heated from rolling, without a temperature loss. To achieve this, the company purchased an energy-efficient annealing line furnace with shielding gas pre-heating. The thermal condition of each aluminium strip and the totally energy-efficient operation of the furnaces and individual burner zones are now computer-controlled. This also enables a reduction in the number of burners. With the new procedure, the company was able to reduce its energy consumption by 30.8 million kWh per year. The investment amounted to a total of 7.6 million euros; the return on capital employed is approximately 11 percent.

Previously, aluminium strips, for example, which were heated during the rolling process were cooled down to 60 degrees Celsius and then heated again in a subsequent phase to an annealing temperature of 480 degrees.

The competition, which invites international competitors, takes place under the auspices of the Federal Minister for Economic Affairs and Energy, Sigmar Gabriel; the award includes a prize of 30,000 euros. Further details – including an online competition form – plus the description of successful projects during the period from 2007 to 2013 can be found on the German Energy Agency's website (www.EnergyEfficiencyAward.de).

Motto: Saving within networks

According to the plans of the German Federal Government and representatives of business, about 500 networks are to make a considerable contribution by 2020 to improving energy efficiency in industry, crafts, trade and commerce. An 'Energy Efficiency Network' consists of eight to 15 companies. As part of the first step within the scope of a potential analysis, an experienced consultant shows the participating companies the available opportunities. Then individual savings targets are formulated. The network as a whole also sets an efficiency target for the term of the cooperation. During the implementation of the programmes agreed

on, a regular moderated exchange of experiences and ideas takes place among the participating companies.

The initiative established in December 2014 makes use of the insights gained in the project '30 Pilot Networks', which are based on the experiences of approx. 370 companies with annual energy costs of between 150,000 and 50 million euros. In the individual networks, efficiency improvement in cross-cutting technologies

(e.g. compressed air, the generation and distribution of heating and cooling, electric motors, lighting, as well as the utilisation of waste heat) was the fundamental starting point for the joint activities. The programme was carried out from 2008 to 2014. It is expected that the final report will be published in the course of 2015. Meanwhile, it has become known that, on average, the participating companies invested an amount of about 600,000 euros per plant, reduced energy costs

by a good 180,000 euros per year and achieved an internal rate of return of approximately 30 percent. ■

More information at:

www.gtai.de



As a senior manager for observation of the German market at Germany Trade and Invest (gtai), Siegfried Ellermann works in Berlin on sectoral and general economic analyses. During previous stages of his career he was based as an overseas staff member in gtai offices in Lima, Los Angeles, Caracas and Santiago de Chile.

Energy Efficiency

An Export Hit 'Made in Germany'



With its energy efficiency export initiative, the German Federal Ministry for Economic Affairs and Energy (BMWi) helps German companies break into new foreign markets and thus contributes to the international success of the energy turnaround. Both decision-makers and multipliers from overseas also benefit – by networking with partners and companies from Germany, for example.

The continual demand for raw materials and consistently high global prices for fossil fuels in many countries have led to a rethink in many countries. A growing number of governments and authorities and above all companies are recognising that energy-efficient technologies decrease the dependency on fossil fuel resources, contribute to climate protection, and help reduce costs in the long term. In many countries around the world, ever greater interest in products, expertise and services can be observed in the field of energy efficiency.

In the international competition, German companies afford outstanding knowledge in the field.

In international competition, German companies afford outstanding knowledge in the field. Indeed, the small and medium-sized enterprises characteristic of the

German economy are often in the lead. Their expertise helps determine and analyse energy consumption in industry and commerce, and develop efficiency measures. Their



innovative technologies and products make machines and systems more efficient, reduce energy consumption and lower the operating costs accordingly.

Under the label of 'Energy Efficiency – Made in Germany', the energy efficiency export initiative of the German Federal Ministry for Economic Affairs and Energy supports the development of international networks between Germany and countless other countries worldwide. The international knowledge and technology

transfer, in addition to the information and experience exchange with German experts from the fields of politics, business and science, are fostered. International partners benefit from an extensive network of contacts with German providers from the field of energy efficiency focusing on buildings, industry, transport and energy generation/distribution.

Decision-makers and multipliers from overseas are able to gain an insight into the advantages of energy-efficient technologies during an information trip to Germany: visits to energy-efficient factories and innovative building concepts help them to expand their expertise in the field of energy efficiency. Discussions with German companies and experienced experts encourage them to implement their own energy efficiency measures.

Users are able to find out about upcoming information trips for their country or region online at www.energy-from-germany.info/en. Companies are also able to conduct targeted searches for German service providers and product suppliers in the field of energy efficiency and to contact potential partners directly. ■



Gunnar Will is the acting head of Office of the Energy Efficiency Export Initiative of the Federal Ministry for Economic Affairs and Energy (BMWi) and the regional contact partner for activities in Asia, Africa and Eastern Europe.

Energy Efficiency in Central Asia



Energy efficiency is a highly topical subject in the countries of Central Asia. Thus, a workshop on this subject was right at the top of the wish list of the Central Asian alumni of the BMWi training programme which took place in Tashkent, the capital of Uzbekistan. Particularly the European EUREM Training Programme met with keen interest on the part of the executives.

Tashkent. 'Wheezing and hissing are an unmistakable sign that valuable energy is escaping due to leaks in the compressed

air system and there is a need for energy-related optimisation.' 'Yes, compressed air is a clean and safe energy carrier!' 'No, electrically driven machinery is less expensive.' There was fierce discussion during the workshop on energy-efficient technologies in industry. The participants – MP alumni and executives with special knowledge from industrial companies, but also from universities and trading organisations – came from Kazakhstan, Uzbekistan, Kyrgyzstan and Turkmenistan. They learnt not only how energy audits in accordance with ISO 50001 are to be carried out and how efficient energy management can be organised but also what components are important for the various cross-cutting technologies in industrial applications. What are the greatest energy consumers in compressed air systems, lighting systems and air-conditioning systems and when is the use of heat recovery systems sensible?

In the process, it became clear that there are considerable differences within the

Several participants are planning to become energy consultants or energy managers themselves.

Central Asian states regarding the level of knowledge and experience in the implementation of measures to improve energy efficiency. Industrial energy intensity is high in these countries. Many Central Asian countries have large resources of traditional energy carriers (petroleum and gas in Kazakhstan, Turkmenistan and Uzbekistan; hard coal in Uzbekistan and Kazakhstan). At the same time, conditions are good for the utilisation of alternative energy sources – hydropower in Kyrgyzstan and photovoltaic (with more than 300 hours of sunshine per year) and wind power in the whole of Central Asia. However, the laws and regulations on the implementa-

tion of measures to improve energy efficiency are just as varied as the natural resources and the level of development in the individual countries.

Kazakhstan is taking a lead in the region. A law concerning energy saving and increasing energy efficiency has been in force since 2012 and the energy 'Efficiency 2020' programme since August 2013. The government decision of 31



August 2012 regulates the procedure for the organisation and carrying out of energy audits but does not stipulate a clear method. The introduction of an energy management system in accordance with ISO 15001 is binding for companies with an annual energy consumption exceeding 1500 tonnes of coal equivalent.

In neighbouring Uzbekistan, on the other hand, there has been a law on the rational use of energy since 1997 and a national energy efficiency plan since 2001. Uzbekistan is the most populous country in Central Asia and the largest energy consumer in the region. However, no legal obligations on energy saving exist at present. But the Uzbek government is interested in improving energy efficiency in the country in order to increase the proportion of natural gas exported. United Nations Devel-

opment Programme (UNDP) and the World Bank are currently developing the 'Vision 2030' strategy, a transformation concept for the Uzbek economy regarding sustained economic activity and sustained growth, on behalf of the Uzbek government.

Additionally, the basic infrastructural conditions differ considerably in the individual countries. In some rural regions of Uzbekistan – the host of the conference – there are for example numerous small and medium-sized textile factories which their managers would be glad to retrofit with modern technologies. Due to the poor condition of the power distribution and power supply infrastructure, power failures are not seldom, and there is often no gas supply in these regions.

Decisions on investments are therefore based on several criteria. In this region, it is not sufficient to concentrate on return on investment (ROI), which is the most important criterion in Germany, when deciding on the implementation of energy efficiency projects. Neither in Kazakhstan nor in Uzbekistan is there a regulation regarding top income tax, i.e. investments there will not pay for themselves through quick tax savings. Furthermore, the legally regulated electricity price is still low to avoid social unrest during the transformation. Thus, the payback period for savings in electricity consumption is fairly long. The lack of investment incentives is one of the most important reasons why, up to now, specific investment projects have only been implemented – if at all – through EU or other support programmes. Another reason is the lack of specialists on site for the new technologies.

The Central Asian executives were particularly interested in the European

EUREM Training Programme, which was introduced at the workshop. This programme has already been carried out in 30 countries; in Germany it is provided by selected chambers of commerce and industry. Technical and commercial topics concerning energy-efficient technologies, energy audits and the development of an efficient corporate energy management system are covered in 160 training sessions over a period of nine months. A project thesis prepared in the participant's company serves to prove the participant's ready-to-apply knowledge.

'A training initiative like this one provides future energy managers in companies but also energy consultants with the necessary technical, economic and specialist skills.'

During the workshop, the Kazakh scientist Georgy Nikonov from GN Energy presented a patented technology developed in Kazakhstan for the non-destructive measurement of temperature during the melting process, e.g. in blast furnaces and foundries. This enables improved control and supervision of the entire melting process without interrupting production. Technologies like this are used, for instance, to keep the wall thickness of the inner lining in blast furnaces and melting furnaces as low as possible, which considerably reduces the expenditure of energy needed for melting. GN Energy is still looking for investors for the technical implementation of the Kazakh patent.

At the workshop, it also became clear that the strong interest in the topic of energy efficiency also resulted from the fact that several participants are planning to become energy consultants or energy managers themselves. ■



Kathrin Kehrre-Billhardt, an independent expert providing consulting services within the German power sector and in the field of energy efficiency, is a 2008 alumna of the programme 'Fit for business with Russia'



Energy Efficient Projects in Penza



Engineer Viktor Leontyev participated in the 'Energy Efficiency in Companies' training group in Germany in November 2013. At the same time, he pushed forward with the implementation of an approximately ten-million-euro project for his home city Penza. This project is currently on hold due to external circumstances, but that is no reason for the energy technologist (who holds a doctorate) to give up. In an interview with GIZ, Leontyev describes this and other exciting projects that he has realised in the meantime.

GIZ: Mr Leontyev, what made you visit Germany?

Viktor Leontyev: As a participant in the president's programme in Russia, I developed a project for the construction of a biogas plant with the aid of which heat and electrical energy can be generated in sewage treatment plants. The main emphasis of the training in Germany complemented that perfectly. Besides gaining valuable know-how, I wanted to establish contact with MWM, a mechanical engineering company in Mannheim, Baden-Württemberg. There they produce systems for generating



Viktor Leontyev

electricity and heat and have a very good reputation in the industry.

What happened to the project?

Initially, things developed very positively. In Germany, we decided on MWM. After I returned home, we started with the preparations. We already had the go-ahead from the district and local authorities of Penza and a financing commitment from the Russian Energy Ministry. Within a year, we had completed the project documentation and started the planning of the plant. So far, approximately one million euros have been invested. Altogether, the project has a volume of about ten million euros, of which three million euros are for the systems from Germany. Due to external circumstances, we have had to put the project on hold. The Energy Ministry has stopped its funding, and the present difference in exchange rates makes the situation even worse.

Then you haven't had any actual benefit from the training?

No, that is not quite right. After all, we started the project and have already made significant progress. As soon as the question of financing has been solved, we will continue. I am sure of that. And, in addition,

we have started on some other projects that are directly related to the training.

What projects are those?

We have begun a number of educational projects. In cooperation with the city of Penza, we have opened the 'Energy Saving' research centre, through which we offer training on the subject of energy efficiency and energy-saving technologies. The training courses are intended for managers of public institutions, e.g. schools or nursery schools, but also for industry. Naturally, we provide information for private individuals as well. We also plan to have conferences, competitions and 'Olympics' on the subject in the future. With this research centre, we are currently developing a semester on energy efficiency for a private university in accordance with the energy management system ISO 50001, which is intended for future energy managers. The curriculum for about 25 students per semester is being drawn up at the moment, and we want to start next year.

What other projects are there?

My company, Pensenskaja Gorelektroset AG, is the city's leading utility company. We have been working on a new business area as a service company for street lighting since the beginning of this year. In July, the city will issue a call for tender, in which we will participate, and our chances are very good. There are 30,000 street lamps in Penza that require regular maintenance, and the lights also have to be replaced. We want to use energy-efficient lights made by Osram. The purchase price is higher, but they have a longer lifespan, and we can save energy and maintenance costs. We are currently in the test phase. By the way, I got to know the company in Germany. Osram lights were presented to us during a seminar. ■

Improving Energy Efficiency in an Iron and Steel Works



In November 2013, the German Energy Agency (dena) granted Salzgitter Flachstahl GmbH (SZFG) the Energy Efficiency Award. In its judgement for the 1st prize, the jury highlighted a number of innovative individual measures in addition to the strategic approach.

Salzgitter. The efficient use of energy has always been a part of SZFG's corporate strategy in view of its significant economic importance. In 2008, however, the subject of energy efficiency was tackled with new strength and structure. The following two measures were the result.

Wind energy from the blast furnace

Salzgitter Flachstahl operates two blast furnaces for the production of pig iron; these furnaces are operated with a back-pressure of three bar. Through the installation of an expansion turbine, about one third of the applied pressure energy can be regained. Hence, Salzgitter Flachstahl has gained electricity amounting to approx. 60 GWh/year since the turbine was put into operation. In addition, the expansion turbine is used for providing negative tertiary control. Basically, the technique can be applied wherever gases with a relatively steady

flow rate are brought from a higher to a lower pressure level.

Use of recuperators in high-temperature processes

Molten pig iron from the blast furnace process is transported on rails in so-called torpedo ladles to the steel works for further processing. Before torpedo ladles can be returned to operation after extensive maintenance, their refractory lining has to be brought to an operating temperature of approx. 1,200° C. The lining would otherwise be destroyed when they are filled with pig iron at a temperature of approx. 1,400° C. To heat the lining, a burner is driven into the opening of the torpedo ladle in the torpedo ladle preheating stand. Extensive maintenance measures were pending at the beginning of 2010. However, an internal investigation showed that a strong energy efficiency potential could be unlocked

through the use of a new burner technology with a recuperator technique. Therefore, it was decided to invest in the construction of a new preheating stand instead of incurring maintenance costs.

Figure 1 shows the new torpedo ladle preheating stand with a recuperator and the optimised sealing of the system with the burner near the ladle spout. The recuperator extracts energy from the waste gas and heats the combustion air with it. A series of evaluations has shown that the new preheating stand, in comparison with the old one, saves about 62 percent in energy. This is equivalent to annual fuel savings of approx. 16,700 GJ. In addition to the noticeably lower gas consumption, preheating time is also shortened by about 60 percent, which has a positive effect on the entire process flow. According to the manufacturer, there are no comparable torpedo ladle heaters anywhere in the world. The reason is the complex extraction and routing of the waste gas.



Figure 1: the new torpedo ladle preheating stand

Conclusion

Questioning existing process flows and using new energy technologies very often also reveals highly interesting potential savings. New legal provisions and regulations are not always necessary for continuously improving energy efficiency in production; what it takes are rather the adequate availability of committed and well-trained specialists, the support and the will of the management and a market environment in which long-term investment is possible. ■



Graduate engineer Ralph Schaper is head of energy management at Salzgitter Flachstahl GmbH, the largest subsidiary of Salzgitter AG.



Top gas recovery turbine on furnace B



5. Alumni Get-Together in Phu Quoc Chances of Free Trade Agreement between Vietnam and EU



Dr Claudio Dordi

On the twentieth and twenty-first of March, 2015 exactly 100 of the BMWi Manager Training Programme's 342 Vietnamese graduates attended the Fifth Alumni Get-Together on the Vietnamese island of Phu Quoc. The alumni present were eager to share their experiences and new ideas and spoke with representatives from the German Embassy to Vietnam, the German Federal Ministry for Economic Affairs and Energy, GIZ, the German Chamber of Commerce Abroad in Vietnam and GTAI Hanoi. Especially well received was the overview of the challenges and opportunities awaiting Vietnamese and European companies as soon as the free trade agreement that has been the subject of negotiation between the EU and Vietnam since 2012 is signed. Dr Claudio Dordi, the speaker and team leader of the EU project 'European Trade Policy and Investment Support Project (EU-MUTRAP)', talks in the interview about the results of his study and the opportunities offered by the free trade agreement.

GIZ: Dr Dordi, the European Union is a major trading partner of Vietnam. What is the current situation of the bilateral trade relations?

Dr Claudio Dordi: Vietnamese exports reached €21.3 billion in 2013. About one quarter of Vietnam's exports go to the EU, while 13 percent of Vietnam's imports originate from the EU. As a result, Vietnam has witnessed a trade surplus in goods with the EU, which has been growing over time. Since 2009, exports to the EU have grown by a phenomenal rate (28 percent per year) while imports from the EU have grown by 11 percent a year. The major exports to the EU are electronics, footwear, furniture, frozen fish and coffee, whereas the major imports are aircraft, cruise ships, motor vehicles (especially components) and manufactured goods. Despite relatively low customs duties, there are a number of measures applied by the two parties (e.g. technical regulations affecting the import of agricultural and food products) which restrict trade and investment. Although the EU and Vietnam have undertaken significant commitments at the WTO to liberalise trade in services, there are still important obstacles to promoting trade and investment in services. In particular, Vietnam maintains significant

restrictions on the right of establishment of foreign companies to provide services in some important sectors.

Vietnam has already concluded free trade agreements with many countries and business associations. Now it is negotiating a Free Trade Agreement with the EU. Your project EU-MUTRAP carried out a study assessing the potential impact of the agreement on the Vietnamese economy. How have you gone about it?

In the absence of official data and text, due to the confidentiality of the negotiations, MUTRAP experts based the assessment on recent FTAs concluded by the two parties to determine the likely scenarios regarding deadlines and the liberalisation of customs duties, as well as non tariff barriers to trade commitments.

Can you already predict first concrete figures?

The study estimated that Vietnam is projected to grow significantly as a result of inflows of capital and on-going productivity improvement. The FTA is estimated to generate an additional 7-8 percent of GDP above the trend growth rate by 2025 (cumulative). Depending on the different scenarios identified (from the protectionist to the liberal one) Vietnam's exports to the EU are estimated to increase from 50 to 93 percent by 2020, while the growth of EU exports to Vietnam is expected to lay at around 43 percent.

Which sectors are hereby primarily concerned?

The major sectors to benefit from an FTA are textiles, clothing and footwear



MP Alumnus Dinh Tien Duc in the Workshop

(TFC) and food products. TFC comprises 30 percent of Vietnam's merchandise exports but 50 percent of Vietnam's exports to the EU. Vietnamese TFC exports to the EU are expected to more than double in 2020 with the FTA. The major exported products benefiting from the FTA are shrimps and catfish.



'My business will get a lot of benefits from this FTA! In the seminar, I've got exactly what an entrepreneur like me wanted to know. The only one minus point: the time was too short to learn more from the practical knowledge and experiences of the speaker'

Alumni seminar participant, Vinh Nguyen (Chairman and CEO, GARB Holding Ltd.)

Indeed, also the outputs (and not only export) of all the sectors will increase. The study indicates significant improvements also in bilateral service trade, particularly in transport and communications (especially from the EU to Vietnam). In general, increased exports of high-tech and efficient services from the EU are particularly relevant for Vietnam: increasing the

domestic competition on services and improving the quality of services available to national and foreign companies will have a huge impact also on the manufacturing of goods.

So the data shows huge positive impacts on the Vietnamese economy, especially on the exports. What are the challenges?

In many sectors Vietnam is almost a pure transformer, i.e. Vietnamese factories produce final goods with high imported content and most of the Vietnamese production enters the EU market under the big EU trade marks. Vietnamese producers often act as mere suppliers to big, foreign trademarks. The value remaining in Vietnam is very low, and Vietnamese products

distributed in the EU and in other markets do not have distinctive signs. It is therefore important, to exploit the opportunities offered by the FTA, to promote branding strategy, at a national and product level, to make Vietnamese products recognizable by Euro-

pean consumers. Then it will be possible, for Vietnamese companies, to 'capture' the value produced after the products leave the factory, up until they are distributed to wholesale or retail markets.

Thank you very much for the interview! ■



Great atmosphere at the alumni meeting in Vietnam

Alumni Activities Started in Egypt



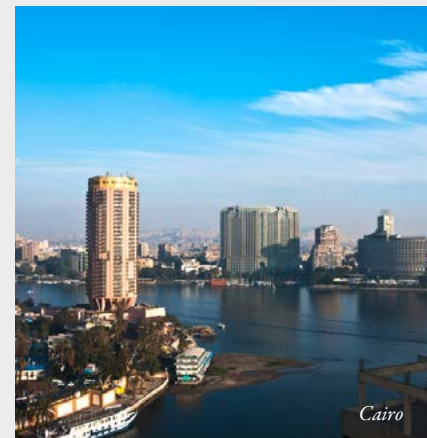
The subject of personnel policy was of concern to the participants in the first MP alumni event in Cairo. On 15 and 16 April 2015, 25 Egyptian executives met in the Egyptian capital to discuss the results of their training and the future alumni work.

Cairo. To what extent can German approaches to personnel policy be transferred to Egyptian companies? The opinions of the Egyptian MP participants soon differed in the discussion which ensued during the exchange on impressions gained in Germany. They all, however, agreed on one point: well-trained employees with a long-term commitment in German companies mean a substantial advantage in worldwide competition. But how can Egyptian SMEs invest in specialised personnel and managers and train them when Egyptian labour law hinders binding agreements regarding their future in the companies? Offering training courses for which the participants bear a share of the costs would be one solution. Mohamed El Dalil, managing director and proprietor of a metalworking company, had decided to offer training for a fee in his company in order to secure qualified employees. There was also intensive discussion on payment methods for skilled workers that, on the one hand, motivate them to achieve higher performance and, on the other hand, do not mean competitive disadvantages for the company. On average, the wages are currently often so low that they only cover the cost of living for a family up to the middle of the month.

The MP participants from the years 2013 and 2014 exchanged information on the

results of their stays in Germany during a follow-up seminar. They all agreed that they had gained insights that provided ideas for changes in operational processes and that were very helpful for negotiations with German business partners. Hans-Christian Mangelsdorf, Head of the Economic Department at the Embassy of the Federal Republic of Germany in Cairo, offered the represented companies support should they encounter difficulties in business relations with German business partners. He said that in the majority of cases working with the embassy led to mutual solutions.

The organisation of future alumni activities was a further important subject at the event. The alumni have already taken on a first task. At the preparatory course for participants travelling to Germany for the Manager Training Programme, they described their participation in the Programme at first hand. With enthusiasm, the participants in the event discussed further future fields of activity for alumni work in Egypt. As a first step, they want to create a database



with the addresses and company profiles of all interested Programme participants.

At the initiative of some particularly committed participants, an alumni association is already in the process of being established and is also to be registered in a register of associations for non-governmental organisations. Ahmad El Banhawy, project leader at the Egyptian Programme partner Industrial Training Council (ITC), also welcomes this commitment because a registered association can be commissioned by the ITC to help shape the preparatory courses. In addition, this legal form gives the ITC better opportunities for intensive cooperation with the alumni in the implementation of the MP. Cooperation with alumni will also be the topic of the German-Egyptian Steering Committee, which takes place in October 2015. The MP with Egypt has been running since 2012; 138 executives have already completed their training. ■



Alumni Coming Together in Eastern Europe



Manager Training Programme alumni in Eastern Europe have taken a step forward. In mid-June 2015, around 30 active alumni from Ukraine and representatives of the alumni associations in Belarus and Moldova met in Soroca, a city on the Moldovan border with Ukraine. The topic discussed was 'alumni associations as multi-lateral business platforms'.

Soroca. The programme has been offered in Eastern Europe for just under 15 years, during which around 1,500 Ukrainian, Belarussian and Moldovan executives from upper and middle management levels have participated in the MP. This has opened up a wide range of opportunities

for German firms interested in exploring new ground, and MP alumni are valuable contacts and business partners. The large participant pool offers very promising potential for networking and cooperation with alumni from a variety of sectors in the three countries.

Mental contrasting

Mental contrasting is a problem-solving strategy and motivation tool developed by motivational psychologist Gabriele Oettingen. Successfully implementing a project requires positive emotions. It is equally important though to keep an open mind and look for problems that may be encountered along the way. Objectives can only be achieved through persistence and the formula is simple: 'Persevere in the face of frustration, overcome obstacles and do not give up when faced with setbacks'. Positive thinking alone is not enough to realise a vision for the future. But participants are better prepared to weather dry spells if they can envision possible problems that may develop and conceive solutions early on. Mentally shifting from positive visions of the future to reflection on possible difficulties

can be helpful in achieving goals, according to Prof Oettingen. Her 'mental contrasting' method combines imaginative techniques that can mobilise positive energies and a conceptual understanding of problems that allow possible dangers to be anticipated and practical solutions to be developed ahead of time.

- Step 1:** Imagine a vision of the future as positively and in as much detail as possible
- Step 2:** 'If': Explore possible obstacles
- Step 3:** 'Then': How can these obstacles be overcome or even avoided
- Step 4:** 'If..., then...': Determine the best course of action when faced with a setback or obstacle

The two-day alumni seminar in Moldova was the culmination of a range of events on institution building and event management held to help create the two alumni associations in Moldova and Belarus. In Soroca, seminar participants explored the alumni association's recently developed goals with the help of 'mental contrasting', a motivational tool from the field of psychology (see info box). This method encouraged alumni to reflect on the goals and strategies set and 'contrast' these with reality. The process involved intensively visualising possible obstacles – including the financial feasibility of events and use of personal resources in particular. The mental contrasting method helped participants successfully focus on realistic goals.

Alumni in Belarus, Moldova and Ukraine agreed on concrete steps ranging from shared events to institutionalising alumni associations. They want to expand their associations to multilateral business platforms. Alumni associations can be instrumental in launching new business ventures between alumni from different sectors or with other companies at home and abroad, and as business platforms benefit both sides creating a win-win situation. ■

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Rescue Operations for SMEs in Crisis



During the follow-up in Baku, more than 30 MP participants dealt with the subject of how a medium-sized enterprise can overcome a crisis through fundamental reorganisation. At the seminar on 'Methodology of rationalisation and reorganisation of companies on the basis of a practical case study' at the end of April 2015, the Azerbaijani executives learnt how an eastern German textile company mastered this challenge.

Baku. How was it possible to put an uncompetitive textile company, which found itself in a crisis situation, with 2,000 employees, on the path to success within two to three years? Taking a textile factory in Saxony as a case example, the Azerbaijani executives learnt how successful rationalisation and reorganisation was carried out between 1990 and 1993 after the German reunification. This subject was highly topical for the participants in view of the latest drastic devaluation of the Azerbaijani manat.

The first step on the way to reorganisation is a comparison with competitors. The Saxon textile factory used benchmarking to compare itself with a competitor in western Germany. The disastrous result was illustrated in the seminar using just a few indicators to 'keep it simple'. Turnover per employee as a rough indicator of labour productivity was only 1/5 in com-

parison to the competitor; the cost prices were considerably higher than the prices achievable in the entire German market. Under the conditions of the socialist planned economy in the GDR, the company had been able to exist according to

'A really very interesting and successful practical seminar but, regrettably, too short. Please repeat with more time!'

Participant in the alumni seminar in Baku

the calculation principle of 'costs plus profit equal price' as the state had ensured the purchase of the goods produced. That led to very bureaucratic organisational structures and logistics, e.g. through internal transport between the main factory and a branch factory 10km away, in which the only dyeing facility was situated. This made delivery times much longer than those of the competitors in former West Germany.

Without radical rationalisation and reorganisation with the temporary support of the state (privatisation agency 'Treuhandanstalt'), this company would inevitably have become insolvent within a short period of time.

Individual stages of the restructuring process and management methods applied

A team of experts from the fields of marketing, technology, purchasing and finance first carried out a document analysis (balance sheets, typical contracts, organisational chart, CVs of the top managers, etc.). In a second step, it carried out an analysis of the given strategic situation together with the management team using the interview method.

Within one week, interviews took place with employees across the hierarchy. They only had to answer two questions: 1. What are the good and bad points about the company? and 2. What future does the company have? The first question was aimed at drawing up the first part of the SWOT analysis, namely recognising the company's strengths and weaknesses and using them to develop strategic options taking the opportunities and threats in the market into account.

The market study, with which a market research company had been assigned right at the beginning, provided the data necessary from a market perspective. The evaluation of the interviews during a three-day management workshop with experts revealed the positive sides, but particularly also the weak points in the company. Poor information and communication within the company was a major weak point. The predominant answer given by the em-

ployees to the second question regarding the company's future was: 'We don't know what those at the top want.' The company's future was uncertain – and this led to 'an attitude of mental resignation' in many employees towards their work. Furthermore, there was a principle of 'looking for the guilty party' in the company. Everyone blamed others for anything that went wrong. The sales department complained about the production department; the production department complained about the purchasing department and the purchasing department about the finance department, and so on.

The management had the paramount task of creating a spirit of renewal with the support of the experts and the new supervisory board. Soft facts such as the motivation of the employees and their inclusion in the change process combined with a new information and communication policy and the development of cooperative team work were to be weighted at 60 percent and the hard facts such as capital, plant and machinery, etc. at 40 percent.

It was possible to improve the atmosphere in the company considerably through the application of Peter Drucker's method 'Management by Objectives' and to actually create a spirit of renewal, although the cost cutting programme developed by the management team with the objective of reducing costs by 55 percent within two and a half years also led to a considerable reduction in personnel.

Finally, the management team drew up a new business plan as a guideline for the rationalisation and reorganisation process. Within not quite three years, the goal had been achieved: the company was competitive and could be successfully privatised. ■



Business economist Fred Ludolph has been a management trainer and consultant as well as the president of the German-Russian corporate group GOLDEX for more than 25 years. He is a co-author of the book 'The Business plan, Professional Structure and Successful Presentation', published by the Econ Verlag publishing house. In the period from 1990 to early 1993, Mr Ludolph was the chairman of the supervisory board and head of a privatisation team set up by the Treuhandanstalt (state agency for the privatisation of East German enterprises) for the above-described textile factory in Saxony.



Speaking from experience: Fred Ludolph reports on restructuring an East German textiles company



Captivated audience

A Visit to an Industrial Park



Visit to Azertexnolayn

Baku. Azerbaijan is Germany's most important economic partner in the Southern Caucasus. The country's economy once depended primarily on income from oil production, but now the Azerbaijani government is strongly driving development in other sectors. On a regional level, the state is promoting SMEs and the construction of industrial parks. GIZ employees from Bonn got to know one of these industrial parks firsthand. MP alumnus and logistics head Sabuhi Bayramov offered the visitors a tour of the factory facilities at high-tech company Azertexnolayn, founded in 2012. The Azerbaijani market leader in pipe production was the first company to move into premises in the Sumgait chemical industrial centre. CEO Emrus Iskenderov reports that three factories have been built and an additional four are in the planning. They are truly impressive with the latest state-of-the-art equipment, including some from Germany, and excellent production quality. Dietmar Jähne and Frank Müller, head service technicians for moulding machinery manufacturer Heinrich Wagner Sinto Maschinenfabrik GmbH, recently began working here as well. They talked to GIZ about the unique aspects of cooperation with their Azerbaijani colleagues.

GIZ: Is this the first time you've lived and worked in Azerbaijan?

Frank Müller: Yes. My colleague has been here for six weeks and I have been here for eight weeks.

How has working with your Azerbaijani colleagues been?

To start with, you need to know what kind of practical and methodological training each person you work with has had so you can create efficient teams for each occupational group. Getting a project off the ground is challenging at first, but everyone is very enthusiastic about pulling together to reach the ambitious goals that have been set. All my colleagues are very friendly and polite. We have slightly different mentalities though, so I have often noticed that work is not always executed the way we would expect in Germany. The goals we share are important and a good driving factor for cooperation. Over the course of the installation, we have been training colleagues step by step, introducing them to the new technology. This will ensure good production down the line. And when a project ends, our Service Department offers customers continuing support.

What would you tell German companies interested in joint ventures with Azerbaijani companies?

As a rule I would advise focusing on maintaining good contact as soon as a contract has been signed. This helps ensure lasting mutual trust.

How can your company be contacted?

Through our distribution partner in the respective region in general. You can also contact our headquarters in Germany directly at any time. As market leader in this sector, we are very interested in offering our products in Azerbaijan, a key market for the future. ■



Marketing Strategies for SMEs



A typical situation for small and medium-sized Mongolian enterprises: Management is responsible for marketing, but doesn't have enough training in the field. So it comes as no great surprise that 'Marketing Strategies for SMEs' was received with great interest by Mongolian alumni. The workshop was designed to teach practical marketing skills, while simultaneously preparing participants for effective co-operation with German companies.

Ulan Bator. Traditional marketing workshops or seminars generally follow the classic Anglo-American 4P approach (product, price, place, promotion) or one of its modern variations. This approach was primarily developed for large firms with specialized departments and a fixed marketing budget. It does not correspond particularly well to day-to-day life in an SME. Companies in transition countries face additional hurdles: Western textbook knowledge is only limitedly applicable, since the economic structures are in an earlier stage of development and the framework conditions are different. Additionally Western concepts are often not appropriate due to cultural norms.

These were the challenges facing the trainers at Training Development Consulting (TDC) as they prepared an alumni workshop for Mongolia. The needs and requirements of the 22 Mongolian executives from middle and upper management who came together in Ulan Bator on March 14, 2015 could not have been more different. The wide range of sectors represented – agriculture, mining, trade, energy, health care, tourism and construction – spoke for itself. Most participants were managing directors of small firms with fewer than 20 employees and as such also responsible for marketing within their

companies. Only one participant had training in marketing.

A 7-stage model was developed especially for the workshop. It is universally applicable, though the importance of the different stages changes depending on the size and structure of a company. The concept is based on the fundamental idea that marketing as a role is present throughout a company and should therefore be viewed as market-oriented company management. It is important to acquire marketing expertise, see the market

The ability to cooperate is an important prerequisite for opening up new options for SMEs.

as the point of departure for all decisions, and understand the company's market opportunities and its customers and their needs in particular. So it was essential that participants start by exploring the function of marketing in their own companies.

7-stage model of the marketing process

- 1 Improve your marketing skills in order to understand the market and customers (market opportunities and customer needs).
- 2 Analyse the external environment along with the strengths and weaknesses of your company (SWOT analysis).
- 3 Market segmentation and targeting: Define your customer base.
- 4 Positioning: Define the unique selling point of your company and formulate a value proposition for users.
- 5 Develop a marketing programme
- 6 Develop a marketing plan
- 7 Implement and monitor the marketing plan

Developed by Doris Gutting, TDC Deutschland, Feldafing

The model's second stage is most important for SMEs: Understanding the company's environment and analysing the firm's strengths and weaknesses. Here business management offers SWOT analysis (strengths, weaknesses, opportunities and threats) as an effective tool, a concept few participants were familiar with. Attendees used SWOT analysis to develop an appropriate foundation before applying the next stages of the TDC model, which addressed market segmentation and differentiation in competition, and the drafting, introduction and monitoring of a suitable marketing plan.

It is particularly important for SMEs to sound out possible collaboration opportunities with other companies, as marketing partners or partners in a joint

venture for example. Many types of networks (horizontal, vertical and diagonal co-operations) will play an increasingly important role. In tourism, for example, networking with hotels and other service providers is a way small firms in particular can bring a range of different skills together and distribute the risks and costs of attractive offers across a number of partners. The ability to cooperate is an important prerequisite for opening up new options for SMEs.

Digital marketing is also increasingly important. Social media are already widespread in Mongolia and are an attractive way SMEs can use modern technology inexpensively. Social media can be employed in campaigns, for example, and a website can serve as the firm's modern 'calling card' (see article in Journal 2-2014).



Andrea Gleichenstein, TDC Deutschland, has been a trainer for the GIZ / Engagement Global and for the chambers of commerce and industry for decades. She prepares participants for successful cooperation with German companies, provides on-site coaching for them and trains aspiring or former participants in their countries of origin.



Dr Doris Gutting contributes her management and marketing expertise as a cooperation partner of TDC Deutschland. In her capacity as a professor, she conceived and directed various management trainings for the GIZ between 2008 and 2010.



At the seminar in Ulan Bator

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Kazakh Mechanical Engineer Takes Advantage of German Know-How



‘Germany is a global leader in mechanical engineering and metalworking. I couldn’t miss out on the opportunity to visit German companies, gain new information and perhaps receive answers to my most urgent questions’, says Kuandyk Nurpeissov. His participation in the Manager Training Programme opened the Kazakh businessman’s eyes to more efficient management of production and personnel.

Temirtau. Kuandyk Nurpeissov’s mechanical engineering company Inkar-1 manufactures machinery and tools for metalworking and produces highly specific accessories and spare parts for the mining industry and the energy supply sector. In Germany, the Kazakh manager visited five companies from his industry and was surprised at how openly the employees talked about production processes. ‘I was particularly impressed by the three-hundred-year history of Doerrenberg Edelstahl GmbH. This company’s strategic development and plans for the future have motivated me to take a focused look at the future of my own company. I would like to bring the working conditions, technical equipment and the infrastructure into line with German standards’, Nurpeissov says.

At Klaus Kuhn Edelstahlgießerei GmbH in Radevormwald, the mechanical engineer from Temirtau in eastern Kazakhstan not only became acquainted with the innovative technology for the heat treatment of metals which makes tools and accessories much more durable; he also found the answer to a difficult question here, namely how to evaluate the efficiency of individual employees’ work. Now all plant workers at Inkar-1 are recorded electronically according to their performance and the quality of their work and then classified in different coloured sectors. The colour is decisive for the individual bonus at the end of

the month. Nurpeissov says that this easily understandable and transparent system has been well received by the employees and has increased motivation. ‘Naturally, every company’s main objective is to make a profit; however, I also want to provide the best working conditions and good career opportunities for my employees.’

At Diesing Walzwerketechnik GmbH in Engelskirchen near Cologne, the Kazakh manager learnt how the production processes are controlled. How does one calculate the material used and what is the most efficient method of capturing the finished products? The implementation of the measures experienced in Germany improved the quality of production, shortened the time between customer enquiries and the preparation of quotations and also attracted more new customers. Today, Inkar-1 is among the preferred spare parts suppliers of ArcelorMittal Temirtau AG, one of the



largest metallurgical groups in Kazakhstan. Nurpeissov has also concluded supply contracts with two other groups: Eurasian Natural Resources Corporation (ENRC) and KAZ Minerals PLC. Inkar-1 already had an increase in turnover of 70 percent and provided 15 new jobs in 2012, the year in which Nurpeissov participated in the training programme.

Word of Nurpeissov’s success with restructuring soon spread, and the company MetallurgRemont approached the MP alumnus with an offer for him to modernise their own processes; the result was a new company, KazArmatura, which specialises in high-pressure shut-off valves. The range of machinery was expanded under Nurpeissov’s management – the company ordered a milling machine and two computer-controlled machine tools (CNC machines) from the German firm Deckel Maho. German colleagues whom the Kazakh manager had got to know during his training helped him with the choice of equipment. On the occasion of the tenth MP anniversary celebrations in Kazakhstan in 2014, the German Federal Ministry for Economic Affairs and Energy awarded this project first prize for the best cooperation project (see Journal 2/2014). The direct link to the training in Germany, a significant benefit for the Kazakh company, the high standard set for the implementation and naturally also the genuine cooperation with German companies convinced the jury. The German and Kazakh members of the bilateral Intergovernmental Working Group on Business and Trade travelled to Temirtau on 10 June 2015 to see the impressive results with their own eyes. ■



Shao Zheng Lin-Julich and Sabine Harmsen already enjoyed good relations with China before their visit in November 2014

Good Connections to China



She was born there, and her business partner lived in Asia for many years: Sabine Harmsen and Shao Zheng Lin-Julich both have strong ties to the ‘Middle Kingdom’. Now customers of their new company can benefit from these connections.

Troisdorf / Bonn. If you are looking to do business with a Chinese company, it is best not to talk about money at the very first meeting. And if you think you can find a Chinese business partner on the internet, you may be sorely disappointed. ‘The Chinese only do business with people they know personally’, explains Sabine Harmsen from Troisdorf. ‘Good chemistry is more important than any figures at first.’ She runs a professional service for locating business partners in the Far East together with her business partner from Bonn, Shao Zheng Lin-Julich.

The two of them met for the first time two years ago in a non-business setting; a Chinese woman from Guangzhou in the south of the enormous country, and a woman from Troisdorf with a degree in Chinese, Indonesian and business administration, who also has many years of

experience living and working in China, Vietnam, Hong Kong and Bangkok. At the ‘Fit for Business with China’ training programme in November 2014 – financed by the Chinese government and also organized by GIZ – the two entrepreneurs decided to build a new foundation for their activities.

‘On the third day we realized that the potential is there’, they recall. Customers targeted by the business that they subsequently started in January 2015, Asia Industrial Management Harmsen + Lin-Julich GbR (based in Bonn), are owner-managed, medium-sized businesses from Germany looking to produce in China, but who also want to sell. ‘We are seeing market saturation in Germany’, says Lin-Julich, who runs a business for optical and electronic devices in Bonn. Many suppliers (such as those active in the automobile industry) are looking to gain a foothold

in the Chinese market. ‘Finding the right sales partners there is one of our strengths.’ Coming to the Chinese market too late is a common concern of companies they advise – but they assure customers that these concerns are unfounded. ‘Now is an especially good time to start’, the two confirm. The domestic market is growing as Chinese purchasing power increases. The country wants to distance itself from the ‘Made in China’ image of the world’s cheap workshop ‘as fast as possible’. ‘German companies

are highly respected.’ The two partners also plan to reassure companies worried about patent and intellectual property rights. The Chinese government has now passed laws strengthening the protection of intellectual property, and three courts deal exclusively with intellectual property cases. Plus: ‘There are now many ways of protecting yourself.’

Their customers get more than just access to their broad network of contacts. Training is also provided prior to initial contact in order to avoid faux pas, and employees are ‘brought up to speed’. Chinese businesses started doing this a long time ago, and Harmsen and Lin-Julich report further development there. ‘The first generation that built the business is ready for retirement.’ The next generation is ‘modern and open-minded, and educated in the U.S. or Europe’. ■

Source: Kölner Stadt-Anzeiger, January 12, 2005 (abridged version)

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Uzbekistan's Textile Industry and German Technology



The textile and clothing sector will be remaining one of Uzbekistan's most important industries for foreign investment and cooperation in the future. State-based modernisation programmes are supporting the growth in the domestic textile industry. The search for new technologies has led Shakhzoda Egamberdiyeva, the representative of the respective authority in Uzbekistan, to Germany.

Tashkent. Shakhzoda Egamberdiyeva had set herself a very concrete goal when she came to southern Germany in 2012 to attend a training programme. She is a MP alumna who works at Uzbekengilsanoat, previously the Uzbek Ministry for Textile and Light Industry. There she supervises establishing business contacts between about 300 Uzbek textile companies and foreign firms. And that was exactly what she was looking for in her training programme in Germany: to convince German companies to invest in Uzbekistan's textile industry and expand existing partnerships.

The MP was designed to provide this ambitious participant with methodological and practical support. Increased understanding of German business culture and intercultural negotiating skills were the top items on Egamberdiyeva's checklist to learn how to best deal with potential German investors. An open communication style right from the start is one example: 'In Asian countries it is not usual to express your opinion directly. Even if you are not interested, you don't break off talks. It was very new for me to hear 'Sorry, not interested' for the first time

during business negotiations,' reports the MP participant. This sort of response ceased to surprise her after attending the intercultural MP training seminars. And now Egamberdiyeva is herself convinced of the effectiveness of such a strategy. Her blunt business partner in the previous example was a family business with regional roots wanting to avoid moving production abroad. Most of the other company visits were more successful. A fabric merchant from the Sauerland region, for



'The MP offers a unique opportunity to get to know German business culture and find new business partners.'

instance, was interested in importing Uzbek textile products to Germany and placed a trial order.

In recent years Uzbekistan's textile industry has refocused on its traditional strengths. With the aid of a state-sponsored programme for increased growth, many new businesses have been founded and established firms have been undergoing fundamental restructuring. All of these businesses are in urgent need of efficient equipment and facilities. Egamberdiyeva is the right person to go to in this case as well: She advises Uzbek companies on selecting machines and production systems. For an opportunity to take a look at the latest German technology, she visited the machinery manufacturer Terrot GmbH in Chemnitz and the Trützschler Group in Mönchenglad-

bach in conjunction with her training programme. Both companies are represented in Uzbekistan and have already fitted out several plants there with their technologies. In total, textile companies in Uzbekistan have purchased several million euros since 2013. Negotiations with Terrot GmbH have moved beyond supplying equipment to include the possibility of building a production plant in Uzbekistan.

'This programme offers a unique opportunity to get to know German business culture and find new business partners,' notes the highly successful manager. Her advice for new participants: 'Be ambitious – it's your future!' ■

German-Russian Cooperation in the Field of Aesthetic Medicine



When you ask Elena Krumholz whether she is a German or Russian business woman, she needs a few seconds to think it over. Differentiating between the two is quite difficult – a sign of how established the Russian-born entrepreneur is in both markets and how at home she feels in both countries.

Frankfurt / Moscow. Elena Krumholz studied physics and medicine in Ekaterinburg, Russia. After arriving in Germany she worked for several years in sales for medical and cosmetic products until she founded her own business in 2011: the NeoVital Institute for Aesthetic Skin Treatments. The specialist knowledge and skills she needs at the institute she acquired through international training. Her clientele is also international, 70% of which have a Russian background. Business in Germany is good: since her practice in Frankfurt was founded, further branches have opened in Hanau, Baden-Baden and Offenbach.

In June 2013 Krumholz participated in the programme 'Fit for Business in Russia' held in St. Petersburg together with her employee Emma Witt. 'My goal was to share specialist knowledge and to develop my business activities further, in and with

Russia.' There is a large market for aesthetic treatments in Russia. It is highly competitive, but not all services on offer are equally professional. To find their way through the quagmire of beauty salons, many customers put their trust in German standards of quality. 'But it is still not that easy. You still need the right connections to get started – especially in Russia. The programme really helped with that, because someone from outside the industry simply cannot access business contacts at this level!' she says.

Krumholz is satisfied with the results of her stay. She has already had some major successes less than two years later. She opened a branch in the center of Moscow in December 2014, and a joint practice with a dermatology clinic is on the way. The next location is planned in Vladimir. She is currently in negotiations with Russian business partners to set it up. In the long term

she plans to build NeoVital as a chain and expand through franchising.

After participating in the programme the entrepreneur developed a further business area: the NeoVital Academy. Once a month she flies to Moscow to hold 2 or 3 seminars with an audience of about 100 doctors in close collaboration with a research centre for aesthetic medicine. She also offers courses in Vladimir and Mineralnye Vody. Doctors are also invited to attend one-week training courses in Germany to learn the latest techniques for aesthetic skin treatments and the application of German and European products. Participants can earn a German certificate upon completion of the courses. Some of the doctors working at the newly established 'German Medical Center', founded in 2014 in St. Petersburg, received their qualifications from Krumholz.

Although her services and products are not subject to sanctions, the overall economic situation in Russia does have a noticeable effect on her business. 'When we started my seminars were always overbooked, but since the crisis we have had fewer attendees,' notes Krumholz. Yet Russia remains one of the main markets for this Hessian businesswoman, who plans on opening additional branches in Zurich and Shanghai in September 2015. 'The programme has helped to establish a broad base in Russia – the academy, the shops, and product sales and distribution. There is a market there!' ■

Elena Krumholz





Turnover Tripled Through Clever Management



If companies wish to grow, they must recruit employees. And learn to delegate. These, says Shykhmyrat Ovezov, are the two most important lessons that he learned in Germany.

Ashgabat. The 36-year-old oil and gas engineer has been offering services for his industry since 2012. In 2013, he won a tender that opened up some great opportunities for him, but also brought him to the limits of his entrepreneurial expertise. In the three years that followed, he was responsible for cleaning drilling mud. He was contracted by Petronas, a Malaysian mineral enterprise that extracts oil and gas in Turkmenistan and which is one of the country's largest foreign investors. He is being paid almost 1.5 million euros. A great deal of money, work and responsibility for the young entrepreneur, who previously always worked alone or with his wife.

'I lacked the management knowledge necessary for the project. I did not

know how to select personnel and delegate work; I had never employed anyone before,' Ovezov reflects. He decided to gain the necessary skills in Germany and therefore participated in the training in Dresden in 2013. 'The programme really helped me to build up my company,' affirms Ovezov today. He now employs a team of 14 and generates turnover totalling 835,000 euros a year. The Petronas project is due to end in one year's time. This does not concern the businessman though. For he has done his business homework and diversified his company further. 'Putting all your eggs in one basket is risky. With its fluctuating prices, the oil business can rapidly tail off,' comments the prudent entrepreneur, who also takes responsibility for his employees: 'It is difficult

to find good people. You have to retain those that you have.'

He has therefore established further 'ventures'. One of these is in the construction industry. In 2017, the Asian Games – the Olympic Games of the Asian world – will be held in Ashgabat. Ovezov has obtained licences and is involved in the construction of the lucrative Olympic buildings. He has also established a joint venture with a partner for the construction of air conditioning units. His business partner contributes the necessary know-how and he provides the financial means. Business is going well and they experienced one hundred percent growth in the first year. The compressors and other technology for the systems among others originate from the German companies, GEA Bock and Bitzer. In the first business year, Ovezov invested a six-digit sum in the German technology.

In the future, the entrepreneur wishes to use the programme in Germany to qualify further employees. 'Our engineers afford outstanding technical knowledge but lack international experience. I also want to focus more on Germany and Europe in terms of the foreign technology now that I have the financial means,' he adds. ■

A Solid Ride on German Chassis



Mingguang. As a business owner's daughter, Ni Hongyan did not initially plan to work in the family firm. She became a teacher instead. In mid-2012 though, she decided to switch careers and join the board of the company owned by her family where, as a manager from the new generation, she was desperately needed to help move the company forward. Haomiao Fire Protection Technology Development has around 300 employees and is a leading manufacturer of firefighting vehicles in China. It owns a number of patents and from its headquarters in Anhui Province in Central China serves not only the Chinese market, but also customers in Southeast Asia, Central Asia and South America.

This career move presented Ni Hongyan with enormous challenges: How could the increasing number of employees be managed efficiently? How could the company expand its business abroad? How could competitiveness be improved? The young Chinese entrepreneur found the answers to these questions at the Manager Training Programme. During a thirty-day visit to Germany, Ni Hongyan learned about project, human resource and quality management methods and acquired the necessary intercultural skills. After a number of seminars and visits to German companies, Ni Hongyan recognised that although business was still going well, it would be advantageous to create a new, sustainable corporate structure. She was particularly impressed

Ni Hongyan



ing. She has long-term plans to transform the firm into a joint stock company and believes this is an effective way of counteracting the typical 'illness' often suffered by Chinese companies, whose success rates drop when they move into the hands of the second generation.

The MP was also very helpful for the current business, Haomiao. Ni Hongyan visited a total of 19 companies in Germany, including GFT, a firefighting technology company, and well-known vehicle manufacturer



by the fact that many German companies offer their employees a wide range of training and development options.

After completing the MP, Ni Hongyan commissioned a Chinese consulting firm to identify Haomiao's human resource allocation and production problems and suggest possible solutions. After analysing the results, she restructured the entire company. Ni Hongyan also set up an internal training centre and began offering employees regular advanced training.

'Even though business is still going well, it is advantageous to create a new, sustainable corporate structure.'

MAN, both of whose technology and products seemed ideal for her company. Meetings between Ni Hongyan and these two German firms revealed fruitful areas for cooperation. Just one month after she returned to China, representatives from GFT visited Ni Hongyan and concluded a six figure sales contract. Using a range of different GFT burner modules, Haomiao can put its firefighting vehicles through practical tests to identify and directly address any problems.

Since German chassis are well-known for their exceptional quality, Haomiao's board decided to purchase chassis from MAN and Mercedes Benz. Firefighting vehicles with German chassis immediately attracted customers from new markets in the Near East and Africa, who placed orders worth millions of euros. So Ni Hongyan's company is profiting from the excellent reputation of German chassis – which are supporting its stable development. ■

10 Golden Rules for Trade Fair Success

Trade Fairs: Marketing and Sales Tool in One

Done! - During set-up everything finally worked out. The booth is perfectly arranged, the exhibits are fully functional, the charts are up and the brochures have just arrived. Now, the show can get started. Welcome to the fascinating world of trade fairs.

But let's start at the beginning. It all started far in advance with the strategic planning of the 'Marketing Department': the selection of the trade fair, the definition of the individual targets, the implementation of the

corporate identity, the realisation of the ideas and of course the involvement of the 'Sales Department' from the very first day. 10 'Golden Rules' should accompany this process, ranging from the role of trade fairs within marketing right

'Trade Fairs are full of 'sales professionals' who know everything about their product and how to sell.'

down to personal networking and follow-up of contacts.

Trade fairs have always been marketplaces where attractions, jugglers and stories are presented to get recognition and to sell products and of course where supply and demand reflects the current market situation. Through global competition and modern technology those marketplaces have changed drastically. **More and more exhibitors, who are presenting increasingly similar products, vie for the partiality of the visitors.** And the question today is: How is it possible to stand out among the competitors and how to differentiate?

The answer is easy: the cooperation of marketing & sales is essential.

First of all the role of fairs and exhibitions in marketing has to be understood and compared with other marketing instruments like: advertising, public relations, direct-marketing, etc. Trade fairs stand out due to their multi-functionality and ability to achieve a bundle of company, marketing and sales targets all at once, such as: image, awareness, recognition, attention and contacts.

But most of all the differentiating characteristics are: experiences with all senses (interactive presentations) and networking (face-to-face contacts). Again both characteristics are a mix of marketing activities and sales contacts. Additionally the positioning of the presentation is a major factor, too.

The positioning is responsible for a clear identification of the company and a sharp differentiation from the other exhibitors in the hall. Nowhere else is this as important as at trade fairs, where visitors compare different offers in the same hall and at the same time to make their decision about where to buy and place their orders after the show.

Interaction and entertainment should direct the visitor to the booth, generate interest and help memorise the information explored. And then the time has come for the next step: personal contact.

The second essential part of trade fair participation is face-to-face contact. It is essential because it is precisely this aspect that differentiates trade fairs from all other marketing communication instruments.

Up to this point 'the Marketing Department' has been responsible for the event: creating a concept, setting targets, designing the stand and embedding the event as a highlight across the company's communication channels. **Now 'the Sales Department' takes over combining the presentation and face-to-face contact:** trying to open-up a conversation, attracting the visitor's interest before he simply moves on to the next stand and the next competitor.

Trade fairs are full of 'sales professionals' who know everything about their product and how to sell. But nowadays selling products and contracting sales hardly takes place at trade fairs anymore. This is post-fair business. Surveys conducted by the German Association of Trade Fairs & Exhibitions (AUMA) have shown that contracting & sales are no longer the top priority at trade fairs. The focus is instead on gathering information about new developments, gaining market orientation, sharing experiences and starting to prepare the decision-making process. This means that trade fair conversations

now take place under different conditions and have a different target than they did in recent years: **it's not about selling, it's all about building trust.** And this requires additional skills and a different attitude on the part of sales professionals. And don't forget the environment: every conversation is held in the close proximity of competitors and in the hustle and bustle of the trade fair itself. Without intensive and specialised training, it is easy to lose orientation and with it quality contact with the customer.

And here we close the circle back to 'Marketing': it's all about image, trust and personal encounters in the direct vicinity of the competition. The quality of the contacts are too important to be left to chance. Training and motivation of the stand team are key elements of success. Because the quality of the personal encounters will have a major impact on visitors and with this a major effect on the evaluation of success. 'The stand team is the key to success – their attitude defines the appearance and the appearance defines the image.'

A lot has changed in recent years, but not the topicality of the '10 Golden Rules.' In fact they have gained more importance than ever combining marketing and sales at fairs and exhibitions. In an environment in which increasing competition, product similarity and a growing number of marketing and media channels have led to more and more commercial messages, customers' attention spans inevitably drop off. Especially now, quality face-to-face contact has become even more valuable and ultimately the key to ROI (return on investment) – but that's another story. ■



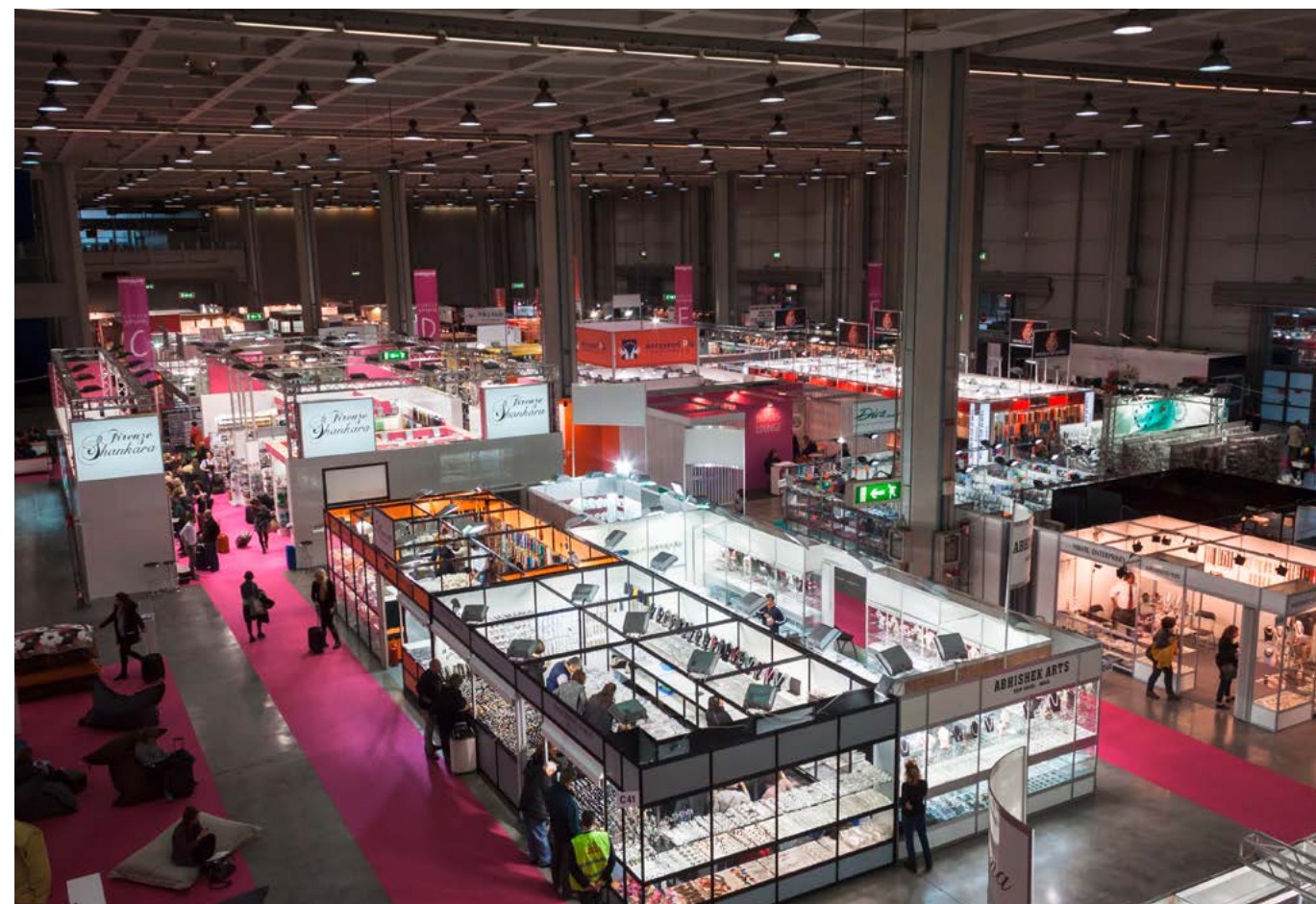
Trade fairs were also discussed at the alumni event in Vietnam

10 Golden Rules for Trade Fair Success

- 1 **Comparing Trade Fairs with other Marketing Instruments**
– experiences with all senses
- 2 **Define Measurable Targets**
– no targets: no way to go
- 3 **Select the Right Fairs or Exhibitions**
– visitor profiles are key
- 4 **Set Target-Orientated Budgets**
– what is the real ROI
- 5 **Compare Costs & Benefits**
– Trade Fairs are (in)calculable
- 6 **Personalise Invitations**
– don't count on the organiser
- 7 **Create a Visitor-Orientated Programme & Design**
– the feet always follow the eyes
- 8 **Support the Team Through Training**
– you never get a second chance for the first impression
- 9 **Document the Contacts Made**
– trade fairs are longer than they are held
- 10 **Arrange Follow-Up Activities in Advance**
– high speed execution



Karla Juegel is a marketing expert and exhibition practitioner with over 30 years of experience in the international exhibition industry. Her interdisciplinary knowledge is based on various fields of the exhibition industry including as an exhibitor responsible for international trade fair participations of Mercedes-Benz and German Aerospace (now EADS & Airbus). She combines strategic marketing planning with operative exhibition know-how, consults exhibitors from all industries regarding the concept and planning of their trade fair participation and offers tailor-made training programmes: both for marketing planners and sales experts. This way she combines the two 'players on the ground' to achieve trade fair success. Karla Juegel is an active member and partner of the associations in the international exhibition industry, has teaching assignments at several international academies & universities, is recognized and in demand as speaker & lecturer all over the world, at an MP alumni seminar in Vietnam, in autumn 2014. Contact: kj@karla-juegel.com





Increased efficiency through process integration

Vision Energy 4.0 – Made in Germany

The radical change connected with Industry 4.0 challenges us to enter into a deeper, integrated examination of energy processes. Particularly the integration of heat generation and utilisation presents us with significant challenges. However, above all, it represents enormous potential for the improvement of energy efficiency.

Industry 4.0 links industrial business and production processes horizontally and vertically across company borders. The Internet of Things (IoT), modern communication architectures and big data form its backbone. The growth of so-called prosumer orientation, real-time quality assurance and preventive maintenance with batch sizes close to 1 are coming to the fore. These factors that drive systems should be expanded by the energy efficiency factor.

Managing processes effectively means achieving the best possible results with the available resources (maximization principle). Efficiency, on the other hand, means achieving the same result with the least possible resources (minimization principle). To achieve maximum results

with minimum input, a high level of engineering competence is always necessary in technical areas.

Introduction to energy efficiency with initial analysis

When introducing energy efficient systems, there is no alternative to conducting an initial analysis of the given situation, existing processes and usage requirements. The correct assessment of the existing generation and supply situation is very important. Experience shows that no single project is the same. Universal analysis methods are projected onto the specific case.

In practice, analytical methods provide an abstract framework for implementation.

Applying these to specific problem-cases and circumstances requires extensive experience, creativity and interdisciplinary knowledge. If the diagnosis is correct, general basic principles can often be used to find solutions. This expertise was also needed in the following two case studies.

Case study 'Tapping efficiency potential through process integration'

Numerous efficiency effects can be achieved through the right use of the cogeneration of heat and power (CHP). This was also the case in a company specialised in the production of industrial textiles. This company complained about growing problems with unsatisfactorily high temperatures in production facilities; the problem arose mainly during the summer months. Energy efficiency was not a primary issue. The high temperatures detracted from the employees' comfort in the workplace; however, the considerable fluctuations in product quality were the main problem.

Various production units supply heat at different temperatures for the drying and textile washing processes. The heat is generated through separate systems using natural gas. At the same time, a large number of electric or hydraulic drives create a high heat output. In the past, heat was generated separately for each production step. A company's development is often reflected in networks of inhomogeneous supply infrastructure. Such or similar conditions are particularly found in SMEs.

The heat flows and temperature levels of processes were assessed and evaluated during the initial energy analysis. Here a basic principle of energy optimisation was applied. The utilisation and transfer of heat is only possible at a certain temperature level and where, at the same time, minimum temperature differences exist.

In the case at hand, the required heat flow can be guided specifically over the different temperature levels of the manufacturing steps.

The integration of the processes and converting to micro gas turbine technology for heat generation make this possible. The system circuit diagram for the integration of processes in the system can

be developed from the heat exchanger network (HEN). Here the waste gas from the micro gas turbine (650°C) can be directly utilised for both processes. Incidentally, 33 percent of the consumed energy is utilised to generate electricity. Additionally, a cooling absorber can be used to supply chilled water for cooling the manufacturing facility.

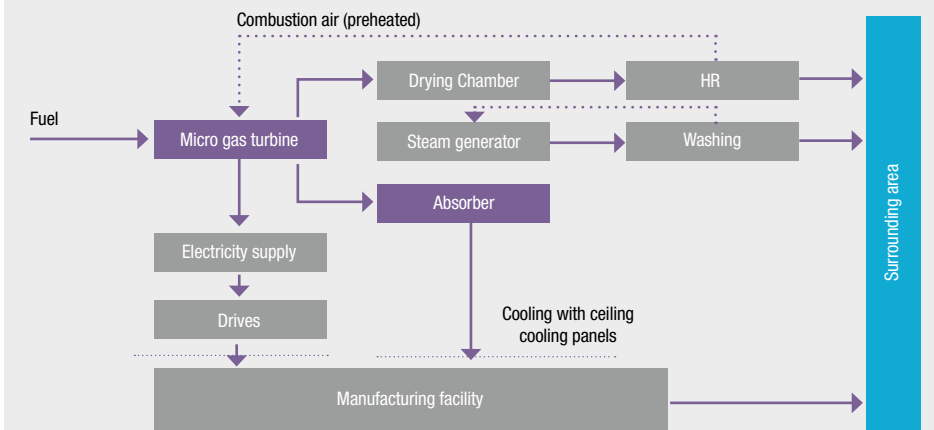
The cogeneration of heat and power with micro gas turbine technology offers a broad range of applications for utilising heat in industrial plants. Through the integration of the processes with the support of an engineer, the efficient utilisation of up to 90 percent of primary energy can be achieved.

Case study 'New concept development of the refrigeration system, plastics industry'

The measure described in the following example came about because of the pending refurbishment of the wet cooling towers due to hygiene concerns and unacceptably high water consumption. In addition, the general efficiency of the refrigeration system, which was erected in 1992, in a plastics processing company was to be examined and, if necessary, reorganised within the scope of a study (basic evaluation).

Assuming that process integration would occur, a solution was recommended using high pressure heat pumps on the basis of the refrigerant CO₂. The heat pumps act as 'coolers' in the respective zones.

Simplified diagram of the process-integrated heat supply of a textile plant



A thorough analysis of the thermodynamic variables and the load requirements as well as necessary adjustments to the hydraulic system were carried out before the recommendation was made.

Following the system adjustment, the recooling systems are hardly in operation during the winter and the transitional periods. The heat is transferred to the heating system.

During the summer months, the heat pump in the chilled water circuit switches to reserve mode. Then, the compression refrigeration units take over the entire performance. During off-peak hours, an ice storage function can be achieved by lowering the temperatures in the tank. This relieves the overall system by up to

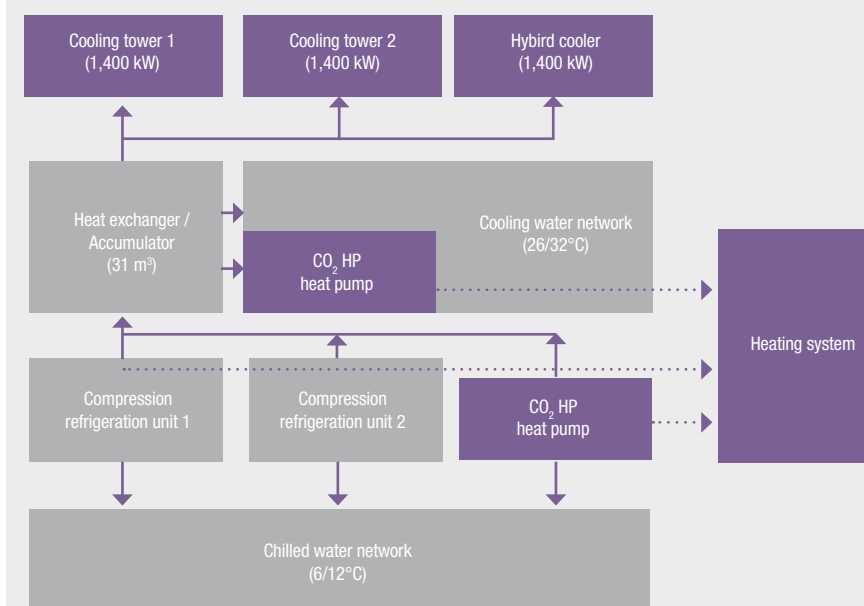
one hour when outside temperatures are high.

Time and again, old systems prove to have potential for energy-efficient rearrangement through the integration of processes. The combination of the right understanding of thermodynamic processes and a knowledge of the possible applications of modern system technology leads to efficient solutions.

Summary

Highly developed national economies lead to complex structures for supplying, distributing and utilising energy. This is expedited through the implementation of Industry 4.0. Further developments in the efficient utilisation of energy, in industry, can only be achieved by promoting process-integrated approaches to supplying power and heat. Hopefully then we can soon say: Energy 4.0 – Made in Germany. ■

Newly developed concept of the refrigeration system with CO₂ heat pump

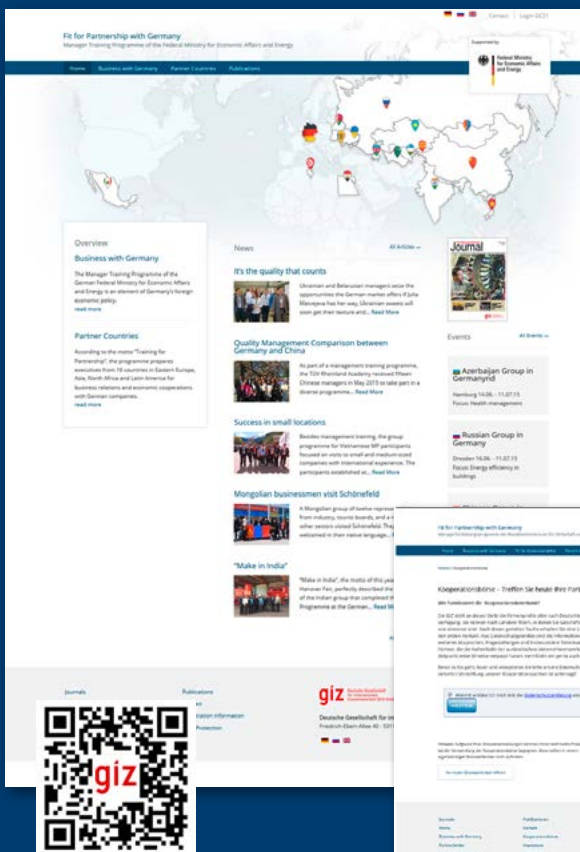


Stefan Pukallus, an industrial and planning engineer (UAS) and supply chain engineer (UAS), has been a freelance consulting engineer to industrial and power supply companies specialising in power engineering and refrigeration technologies, in system and process integration and related IT systems since 2001. He advises, among others, companies in Russia and China. In 2012 he took part in the training programme 'Fit for business with Russia'. Info at www.pukallus-fm.com

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

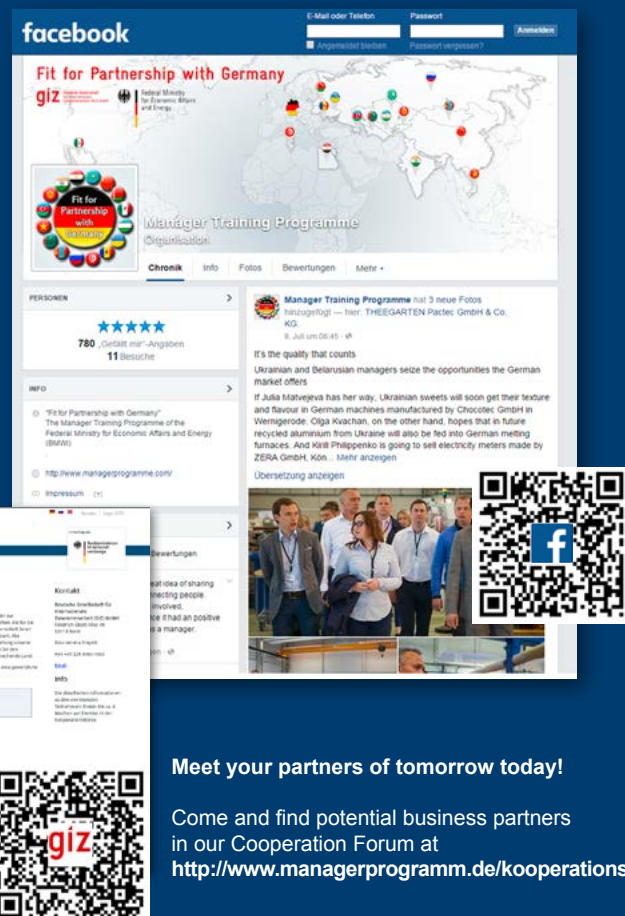
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