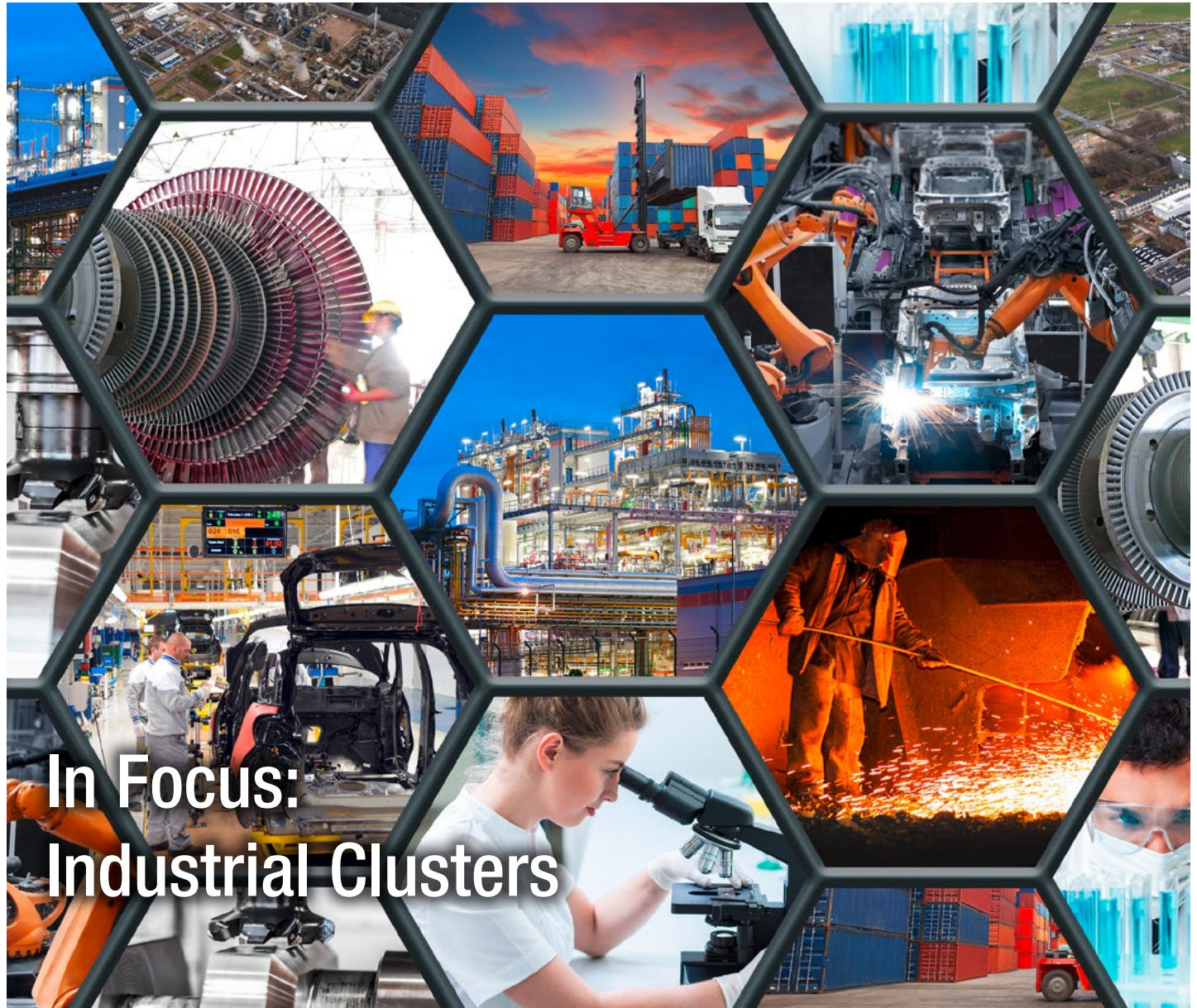


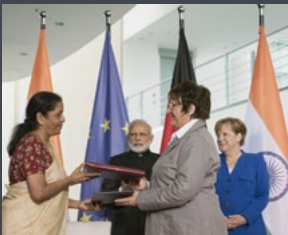
Fit for Partnership with Germany Journal

ISSUE 10
ENGLISH

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



In Focus: Industrial Clusters



MP with India Continues
German and Indian ministers extend
the Programme to 2020
Page 6



**Guests at the
Logistics Trade Fair**
Managers from Azerbaijan find
out about the newest transport
and logistics concepts
Page 17

IN FOCUS: INDUSTRIAL CLUSTERS

PAGE 27



EDITORIAL 3

NEWS 4-6



Angela Merkel and MP Alumni at Economic Forum in Tunisia	4
Chile Joins the MP	4
Vietnam: Paying a Visit to the Imperial City	5
MP with India Extended	6
Stable Sino-German Economic Relations	6

GERMANY 7-17

AHP International: Global Expertise under One Roof	7
A Journey into the Unknown or Goodbye to Clichés	8
Annual MP Conference	10
Twinning Partnership Minsk – Bonn	10
Leadership the Georgian Way	11

Design Thinking for Innovation	12
EU Association Agreements with Moldova and Ukraine	13
Management Professionals from Egypt at ABB	16
Executives from Azerbaijan at the Logistic Trade Fair	17

PARTNER COUNTRIES 18-26

Partner Country – Tunisia A Partnership to be Proud Of	18
German-Tunisian Chamber of Industry and Commerce	20
Moscow: Lasting Impetus	22
The Second German Trade and Industry Day in Kyrgyzstan	23
Follow-up in Minsk	24



Egypt: Skills that are Always in Demand	25
---	----

Iran: When Everyone Pulls Together 26



IN FOCUS 27-43

In Focus: Industrial Clusters	27
Clusters as an Opportunity for Regions and Enterprises	28
Map: State of Cluster Development in MP Partner Countries	30
Catalysts of Regional Economic Development	32
Iran: Cluster Development Model	35
Cooperation to Strengthen Innovation in SMEs	36
The NEW-Blauhaus	38
Russia: Building Up the Infrastructure of Industrial Clusters	40
Uzbekistan: Pharmaceuticals Is Gaining Ground	43

ALUMNI 44-46



Social Business in Vietnam	44
Mongolian New Year Celebrations with the German Ambassador	46
Kazakhstan: A Visit to the Laboratory	46

SUCCESSFUL PARTICIPANTS 47-55

Egypt: Events for Egypt's Printing Industry	47
Ukraine: University Hospital Defies the Crisis	48
Moldova: "Now I'm a Real Entrepreneur"	49
Iran: MP is Gaining Pace	50
Turkmenistan: Expanding Agriculture	52



Russia: Looking Ahead	53
China: "Me, their Trusted Advisor"	54
Kazakhstan: Oil Supply Secured	55

SPECIALISED TOPICS 56-59

Negotiation Style: Negotiate Successfully	56
International Project Management	58

IMPRINT	15
GIZ CONTACT INFORMATION	60

Dear Friends of the Manager Training Programme!

„Clusters are what drives innovation“, said German Economy Minister Brigitte Zypries marking the start of the nationwide “Cluster Week Germany” in April 2017. According to Ms Zypries, clusters have become a major factor for Germany’s competitiveness. The cluster effect is not limited to innovation, though. Clusters clearly have more benefits. These are the questions in focus in the current issue of our magazine: What are the characteristics of a cluster? How do clusters influence the economy? What does cluster development mean for SMEs? And of course, the issue at hand covers, among other things, clusters in the MP partner countries where cluster development is also gaining importance. The advantages are obvious: clusters mean more contact with other businesses and potential cooperation partners. And this advantage is valued very highly by the MP participants.



Since the beginning of this year, the Programme has been active in South America and Chile has become our 19th partner country. After Germany and Chile signed a joint political declaration on cooperation, the first applicant selections took place. Today, we are looking forward to the first pilot group of Chilean executives coming to Germany in October!

In Belarus, the follow-up conference was a perfect occasion to look back on the 2016 training with a focus on renewable energy. The event showed the increasing importance of renewable energy and energy efficiency not only for Germany, but also for the Eastern European countries which are partners of the Manager Training Programme. But at the same time, as the conference showed, there is still a long way to go for a turnaround in energy policy. Nevertheless, given the challenges in terms of creating favourable conditions in these countries, the first results are remarkable (read more on page 24).

Along with our previous issues, this 10th issue of our journal illustrates the broad spectrum covered by the Manager Training Programme. I wish you an enjoyable read!

Warm wishes

Reimut Düring

Angela Merkel and MP Alumni at Economic Forum in Tunisia



The ongoing refugee and migration crisis has brought North Africa into the public spotlight. The region's significance was further underlined by German Chancellor Angela Merkel's visit to Egypt and Tunisia at the beginning of March 2017. In the current climate, economic cooperation between Germany and the countries of North Africa is more important than ever.

Tunis. A round table discussion held in honour of the German Chancellor Angela Merkel's visit to Tunis explored the central issues around German-Tunisian relations. These included current challenges for economic cooperation between Germany and Tunisia, possible improvements, and which fruitful economic sectors to focus on. Organised by AHK Tunisia and the Tunisian Union of Industry, Trade, and Handicrafts (UTICA), high-ranking attendees of the Economic Forum included

the German Chancellor and many other government and private sector representatives from both countries, such as the Tunisian Prime Minister Youssef Chahed, Tunisian Energy Minister Hela Cheikhrouhou and Parliamentary State Secretary for the Federal Ministry for Economic Affairs and Energy (BMW) Uwe Beckmeyer, who headed up the multi-sector German delegation. Representatives of the Tunisian private sector also participated in the discussion, including some MP alumni.

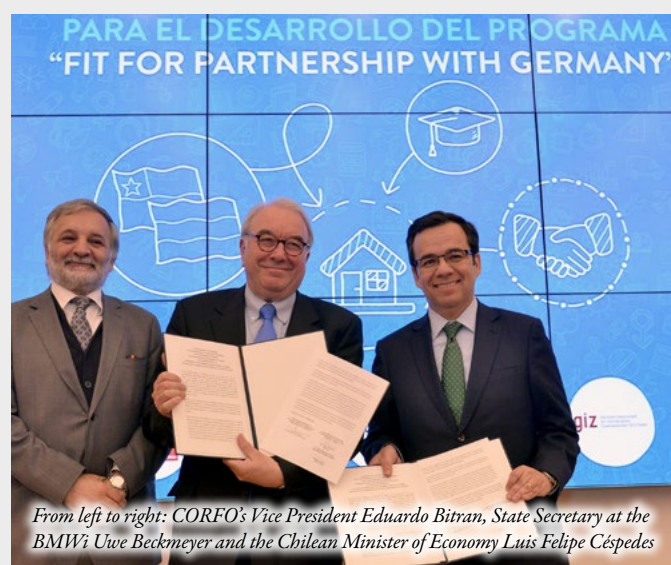
The general tenor was positive. Representatives of local German enterprises reported that while the bilateral trade volume was growing slowly, cooperation between German and Tunisian enterprises was quite good, thanks in no small part to well-qualified Tunisian specialists. They also expressed a desire for more legal security and tax reliability. German Chancellor Angela Merkel identified information and communication technology as an area with particular growth potential. She suggested Tunisian enterprises might benefit from exchanges with start-ups in Germany. The Chancellor also indicated that contact between Tunisian and German SMEs, chambers and organisations could be intensified, a process that programmes like the MP were working to promote. Beckmeyer praised the Programme, calling it an important tool in the BMW's "toolbox", since it intensified bilateral cooperation between the two countries and promoted economic cooperation among SMEs in particular. To date 75 Tunisian managers have completed training, expanding their management skills, gaining insight into German business practices, and establishing contact with German firms. Three MP alumni attended the conference to represent the Tunisian private sector. Leith Tlemcani, who owns an enterprise that sells organic herbs (see Journal 7), Nizar Jallouli, whose printing enterprise focuses on ecologically friendly printing, and Anis Zelleg, who markets apricot stones (see Journal 8). At the evening reception, the three alumni took advantage of an opportunity to talk to Parliamentary State Secretary Beckmeyer. ■

Chile Joins the MP



Santiago de Chile. A new subcontinent has come on board, and the Manager Training Programme will start in South America in 2017. Chile is the 19th partner country to join the MP. At the start of the year, a fact-finding mission jointly coordinated by the BMW and GIZ yielded a very positive outcome. Great progress has been made since. The Chilean Economic Development Agency (CORFO) will organise the programme at the Chilean end, and the Chilean Ministry for the Economy (MINECON) will act as political partner. After detailed

planning meetings, the BMW, MINECON and CORFO have signed a joint cooperation agreement. The selection process has already begun, and the pilot group is expected in Germany in October 2017. Glad to have you on board, Chile! ■



From left to right: CORFO's Vice President Eduardo Bitran, State Secretary at the BMW Uwe Beckmeyer and the Chilean Minister of Economy Luis Felipe Céspedes

Paying a Visit to the Imperial City



Hue, the former royal capital situated in Vietnam's centre, is famous for being the seat of the country's last Emperor, boasting a vast citadel and a nearby wealth of palaces and monuments dedicated to ancient rulers. A stunning backdrop no less for the fifth meeting of the German-Vietnamese steering committee, which convened on 31 March 2017 by way of an invitation issued by Vietnam's Ministry for Planning and Investment.



Hue. The city sights steeped in history were contrasted by the pressing issues of the modern day, which were discussed by representatives of the Federal Ministry for Economic Affairs and Energy, the German embassy and the Delegation der Deutschen Wirtschaft, together with partners within Vietnam's Ministry for Planning and Investment (MPI) and Vietnam's Chamber of Commerce and Industry (VCCI): Talks focused on the alignment of the Manager Training Programme with Vietnam's current economic development, a country displaying significant growth but also numerous challenges.

"Vietnam displays such promising economic development that it is soon to dispense with the title of developing nation, and will ultimately begin rubbing shoulders with other industrialised nations" stressed Dr Wolfgang Manig, Deputy German Ambassador in Hanoi. "Another key indicator of such progress is that the Manager Training Programme has developed from its infancy – offering technical support – into a mature programme for genuine economic collaboration". The strategic partnership in place between Germany and Vietnam since 2011 is positively "thriving"; Prime Minister Nguyen Xuan Phuc recently took part in the G20 summit in Hamburg. It is of considerable importance that the MP has

also been explicitly flagged as a key topic at future scheduled bilateral meetings.

Even Vietnam's Co-Chairman, Le Viet Anh of the MPI and Deputy Head of Division for International Relations, has expressed his desire to see the Programme remain in place going forward, given that it is deemed to be particularly effective and efficient, and continues to display ever increasing stability over the course of time. Karl Wendling, Germany's Co-Chairman, has spoken of the special nature of the role played by the MP in today's "volatile" times, during which certain countries endeavour with increasing fervour to limit foreign trade. This means that Germany's focus is increasingly turning towards Asia – including Vietnam – in terms of foreign trade.

Both executive organisations – GIZ and VCCI – look back over the previous two years positively: The high number of applicants in the past

enabled high-quality groups to be established with relative ease. Hoang Van Anh of the VCCI goes one step further and anticipates even higher demand for places in the MP as a result of pending privatisation reforms which are due to be implemented by the Vietnamese government. GIZ can look back on extremely diverse collaborative efforts, which above all were initiated and pursued in Germany back in 2016. These included, among other things, the importation of goods and technology from Germany as well as the export of merchandise to German wholesalers.

Specific examples were provided first-hand to committee members when two of Vietnam's 450 alumni were given the opportunity to present their results. Le Hong Diep's enterprise produces, among other things, spices for export to Germany. Since his participation in 2016's Manager Training Programme, the firm has seen impressive increases in its sales numbers, due to the fact that his spices are now marketed in Germany using more targeted and effective means. He also talks passionately about networking among his group members: six entrepreneurs have forged a relationship with the aim of establishing a new enterprise producing formwork for concrete pouring. Do Manh Hung, a "first round" alumnus, has demonstrated the longevity of his outstanding market knowledge and connections with Germany. He imports German beer products to Vietnam and then distributes these via a sophisticated network to supermarkets, as well as through his own beerhouse and other marketing projects.

For Wolfgang Hombrecher, the Federal Ministry's country representative for the MP in Vietnam, this fifth conference of the steering committee happens to be his last. He received many heartfelt thanks for his longstanding commitment to the Vietnamese partners and participants. ■



The members of the Steering Committee are developing plans for the next two years

MP with India Extended



Berlin. Sound and high-quality vocational education and training is becoming increasingly a “conditio sine qua non” for well-functioning business structures. This is also the case in India. At the press conference on the occasion of the fourth Indo-German intergovernmental consultations on 29-30 May 2017 in Berlin, German Chancellor Angela Merkel emphasised that the topic of vocational education and training has again been a focal point in recent years. She said that Germany with its experience in this field can do a lot, adding: “However – and this is very important – we must consider this in conjunction with the Manager Training Programme, which has today been extended again. Through further education and training, managers from India gain insights into our enterprises’ activities”. Nevertheless, the imparting of skills is only one part of the BMWi Manager Training Programme. The training is com-



Brigitte Zypries and Nirmala Sitharaman reaffirm their commitment to collaboration

plemented by the direct application of what has been learnt during targeted company visits and in first steps to establishing long-term business relations. To ensure this, the Federal Minister for Economic Affairs and Energy, Brigitte Zypries, and Nirmala Sitharaman, India’s Minister of State for Commerce and Industry, signed a Memorandum of Understanding in the

presence of Chancellor Merkel and the Indian Prime Minister, Narendra Modi, for the continuation of the Indo-German Manager Training Programme until 2020. The MP with India has been running very successfully since 2008, and about 550 participants have completed their training since then, as Modi also emphasised. ■

Stable Sino-German Economic Relations



Building good relationships: the participants of the Sino-German Steering Committee

Cologne. “China is Germany’s most important partner outside the EU, and the Manager Training Programme (MP) is an essential part of Sino-German relations”, emphasised Karl Wendling, Director at the German Federal Ministry for Economic Affairs and Energy (BMWi), when he opened the eighth meeting of the Sino-German Steering Committee on the Manager Training Programme in his-

torical Wolkenburg in Cologne on 23 May 2017. “The Programme also makes it clear that the exchange between Germany and China is becoming deeper”, added Tian Chuan, Co-Chairman and Deputy Director of the SME Bureau of the Ministry of Industry and Information Technology of the People’s Republic of China. Both sides confirmed that Sino-German relations are developing positively and steadily, particu-

larly in the economic sector. And the MP is making a special contribution to strengthening bilateral business relations between SMEs. Within the framework of the Programme, Chinese and German executives gain intercultural and technical skills and begin important business partnerships.

The results achieved so far by participants such as Luo Tian, Tang Xiangxian or Ralf Hägele confirm the effectiveness of the MP. These three alumni attended the meeting and described their training in Germany and China. “In Germany, I found the add-on to our product. Now we are on the way to actual cooperation”, says Tang Xiangxian, Deputy Managing Director of Hefei Changyuan Hydraulic Co., Ltd. in the east of China. These synergies also hold great potential for the further development and sustainable stabilisation of both programmes. Over the past ten years, 404 Chinese executives have completed their manager training in Germany and 78 German managers have participated in the “Fit for Business with China” module. The next meeting of the Sino-German Steering Committee will take place in China in 2018. ■

AHP International Global Expertise under One Roof



Heidelberg. AHP International is one of the training centres involved in implementing the Manager Training Programme throughout Germany. On behalf of the Federal Ministry for Economic Affairs and Energy (BMWi), AHP’s global experts have worked with international executives from Egypt, Azerbaijan, China, India, Mexico, Moldova and Ukraine since 2014. The Heidelberg training centre also designed and organised a pilot programme for Mexican executives, the first MP to focus exclusively on the automotive sector.

With its worldwide network of partners and experienced project managers, AHP International is the first port of call in Germany for enterprises looking to internationalise their businesses. The full-service provider is particularly adept at devising individual market entry plans based on active, international marketing. AHP also assists enterprises with purchasing processes and setting up new branch offices abroad.

In addition to tailored corporate consulting, AHP International numbers among the leading service providers for business development in foreign trade and internationalisation. AHP International works at home in Germany and in key target markets

worldwide, expanding and organising regional export networks, for example, and selecting and mentoring training programme participants.

The right balance between training in basic management skills and opportunities to establish new business contacts is the secret to the MP’s success. As a training centre, AHP helps participants prepare for and complete the MP. The heart of the Programme centres on identifying and meeting with possible new business partners, and AHP offers targeted and practical support throughout this process. When necessary, AHP continues to support the alumni after the MP, facilitating new business relationships and expanding networks with tailored searches for business partners. AHP also assists alumni in re-establishing or intensifying contacts established in individual meetings and company visits organised by the training centre. AHP follows up when contact tapers off, and with German entrepreneurs who have expressed interest in working with MP alumni, but were unable to schedule a meeting during the programme in Germany. AHP also helps alumni prepare for and participate at

exhibitions and connect with German associations, clusters and other multipliers. AHP International also takes advantage of the synergies between the MP and the BMWi’s Market Development Programme, bringing alumni together with German delegates of fact-finding missions for market and business development in one of the MP partner countries.

AHP International’s global network provides alumni with access to global markets, targeted partner searches, international multipliers and individual target market analysis of promising markets. The alumni work goes well beyond the scope of follow-up seminars and the training centre continues to offer MP alumni a comprehensive spectrum of services after the programme. AHP focuses on alumni’s needs, whether they are facing the challenge of developing an effective strategy for the German market or looking to enter other potential international markets. ■

For more information please visit:
www.ahp-international.de



Representatives of AHP International

A Journey into the Unknown or Goodbye to Clichés



Executives from Kazakhstan visited Export-Akademie Baden-Württemberg from 24 April to 18 May 2017 for training. Some of the participants had already gained experience with international partners, but for the majority of them this was their first visit to unfamiliar Germany. It was therefore not surprising that they asked numerous questions: “Will everything run smoothly?”, “Will I find suitable cooperation partners?”, “Are German enterprises willing to speak with us, and are we ready for negotiations?” and “Are Germans really so cool and rational?”.

Tubingen. The participants discovered from the first day on that many of the clichés about Germans are not true at all. Yes, they are punctual, very organised and have a strong sense of responsibility but, at the same time, they are also obliging, democratic and upright. Clichés are generalisations, and the more general a statement is, the sooner it can be wrong. But the most famous clichés about Germans are that they have a strong spirit of innovation, are excellent partners and that one can learn a lot from them. This is exactly why the managers had come to Germany.

After the first training session, which dealt with the topics of intercultural management, presentation techniques and conducting negotiations, the executives visited German firms. And here the well-known saying in Germany “seeing something once is better than hearing about it a hundred times” proved to be true. The company visits showed how important training and also the choice of the right suppliers, the structure of business procedures, branding and succession planning in the business are to German enterprises.

One of the first stops was at Lapp Kabel GmbH in Stuttgart – which became the blueprint for all of the other appointments. The firm’s corporate history is a perfect example of a medium-sized German enterprise’s internationally successful practice. The small but innovative business has managed to become a global leader in cable technology in less than 50

years. The “secret” of the firm’s success is particularly impressive: keeping family traditions alive and, at the same time, having strong innovation capabilities.

The Kazakh MP participants’ enterprises are comparatively young; many of them were only established five to ten years ago. The success of the family business Lapp showed the executives that the family philosophy – namely continuity and stability coupled with innovative products and consistent brand policy – is the right way to safeguard crucial competitive advantages over generations.



Kayrat Shagirov is Managing Director of the Bolashak group of enterprises in Astana. His goal was to learn more about new developments in alternative forms of energy and their use in agriculture. “I prepared myself well in advance for the training and am very well informed on the topic of modern technologies in this field because I believe that the future belongs to alternative energy carriers”, Shagirov says. “On the one hand, energy can be generated from renewable or almost inexhaustible natural resources and, on the other hand, it is environmentally friendly and economical”. There are large agricultural areas in Kazakhstan, particularly in the sparsely populated regions, on which small wind generators can be used. That is why Shagirov visited the German firms LuvSide GmbH in Grünwald and Superwind GmbH in Brühl in the Rhineland region. Thanks to the training on intercultural

The firm’s management had asked the person responsible for cooperation with Kazakhstan to present the corporate policy specially for the participants’ visit. He gave a detailed description of how the enterprise has struggled against counterfeit cables, illustrating how faked products of inferior quality can damage an enterprise’s reputation and the entire market.

The managers from Kazakhstan also learnt about the latest solutions the Lapp Group has for Industry 4.0. The complete integration of corporate processes requires new solutions and much quicker data transmission. The firm has developed module solutions and hybrid connectors which are already being used in SmartFactory projects. Naturally, the guests were particularly pleased to hear that the Lapp Group’s diverse products are being used at the German pavilion at Expo 2017 in Astana.

During the visit to Mercedes Benz in Rastatt, the MP participants were able to see a perfectly organised production chain: sophisticated production processes that save time and resources. The production is partly carried out with the aid of robots and partly by workers. The assembly, from the bodywork to rear view mirrors, takes place on the assembly line, i.e. the cars are continuously moved along by a conveyor-line throughout the assembly

management and on conducting negotiations, he did not feel unsure at the first meeting with the German partners. “I find the absolute openness during all talks, even concerning prices, particularly worthy of mention. The clear structure of the negotiations and the willingness to cooperate impressed me”. He concluded an agreement with the partners during his first visit regarding the supply of wind generators to Kazakhstan and received a positive answer concerning consultancy services. And during his visit to Hahn+Kolb GmbH, Shagirov discovered an alternative energy source completely new to him: geothermics. On the second to last day of his stay, he was even able to speak with experts in this sector at GeoThermal Engineering GmbH in Karlsruhe. He described this new segment to his partners upon his return home. “During the training, I had the unique opportunity to see a country and what makes it distinctive at first hand, over a longer period of time. That is invaluable”, says Shagirov.

process. The guests were particularly impressed by the fact that if a worker has to leave his workplace for a short time, the quality manager takes his place for that period. Continuous work processes have the highest priority.

During the visit to the new headquarters of Hahn+Kolb Werkzeuge GmbH in Ludwigsburg, one of the most innovative companies worldwide for metal-cutting tools and machinery in the metalworking industry, not only the company’s clever marketing strategy but also its use of alternative forms of energy in construction impressed the participants. The new corporate headquarters were built in just 13 months and are reminiscent of a large glass ship. The roof slopes at a 45-degree angle and is covered with photovoltaic panels. The large windows in the façade and the atrium in the centre of the building enable the optimum utilisation of sunlight during working hours. Geothermal energy is used for heating and ventilation and a green area with a small pond offers employees a place to relax during breaks. The design of the building at Hahn+Kolb inspired the guests to utilise geothermal energy in Kazakhstan too. The company’s sales policy also aroused a great deal of interest. Like all ingenious ideas, the approach is very simple: in addition to selling its own products and system solutions, the company acts as a commercial agent for other manufacturers’ products. Hence,



Ravil Valeyev is Commercial Director of Kazyna Gold in Astana. He was interested in 3D technologies and their possible uses in the jewellery industry. Kazyna Gold has been producing and selling jewellery for 20 years. The firm had decided to introduce new techniques from 3D jewellery design in order to expand its range. The enterprise can position itself differently with this completely new branch of industry and even enter the field of dental technology with the aid of 3D printers. Valeyev visited Electro Optical Systems (EOS) GmbH in Munich and Concept Laser GmbH in Lichtenfels and presented his ideas there. They showed

customers can choose between different brands and save time by only buying from one firm. The MP participants also found the online configurator for workshop and workstation planning extremely interesting. Within seconds, instrument cabinets can be placed in the functionally and ergonomically best position. Madina Kushagaleyeva immediately made a note of the program’s basic parameters and started making plans to use it in her furniture business.

The training in Germany was of great value to the participants. It changed their attitude towards business life and provided an opportunity for getting to know outstanding enterprises and remarkable

him methods of quality monitoring as well as production optimisation with the aid of 3D technologies and explained customer services and customer relationship management to him. Just a week later, he signed a purchase contract with EOS GmbH for the supply of the first 3D printer and he signed a letter of intent with Concept Laser. Valeyev had already contacted the firms prior to the training programme; numerous letters had been sent back and forth and many questions discussed. Again it was clear that Germans are very conscientious when it comes to contracts, weighing up the risks and checking the alternatives. However, once they have decided in favour of a cooperation, they generally maintain long and sound partnerships.

people. “We arrived in Germany with questions upon questions, and we soaked up all the impressions and experiences like sponges. Now we know exactly what we have to do or alter in order to manage our business well”, said Ajshan Nuralina, Deputy Director at Naira Group, expressing exactly what the other managers felt. “And now we describe German enterprises as being open minded, efficient, productive and innovative”. ■



Violetta Sticker is a project manager at the Export Academy in Tübingen. She develops and implements training programmes for participants from Eastern Europe as well as leadership training in CIS countries. Her main focus lies in project and time management.



Practical relevance is crucial: MP participants from Kazakhstan visiting German companies

Annual MP Conference



Bonn. Despite the cold and rainy German winter outside, the mood at the annual meeting between the BMWi, GIZ and the thirteen German training centres was cheerful, as they embarked on a 2-day mission to discuss the MP. Its current success was reflected in BMWi Head of Division Yildiz Götz's opening statement, who pointed to the rapidly growing number of partner countries and the high esteem in which the Programme is held by the BMWi and its partners alike. But, as the participants are taught during their training: in international business, change is inevitable. Those who dwell on their success for too long will be swept aside by new trends and developments.

That is why this year's meeting was all about developing new ideas and visions for the future. Be it on a small scale, by improving existing components of the Programme. Or on a larger scale by imagining new com-

ponents, methods or group formats. Always with two core concerns in mind: how to make the MP run more smoothly and how to keep the Programme relevant, considering current trends and developments. Just like the business world they operate in, the participants and their needs change. Issues such as digitalisation and automatisisation, while affecting each partner country in a unique way and at a different pace, are a current or future concern for many participants.

The comprehensive insight into the needs of the participants is an invaluable resource in terms of evaluating current content and methods as well as suggesting new additions. Several open formats facilitated the participation of training centres and GIZ-staff in discussions on issues ranging from the selection criteria for the ideal participant to the components of the evaluation system. Additionally, "Idea

A lively discussion with representatives of the training institutions, BMWi and GIZ



Markets" offered training centres the possibility to present best practices and learn from each other. From new digital communications platforms that facilitate the preparation of the candidates in their home country, to acquisition methods for the company visits.

Two days of intense and lively exchange provided everyone with new perspectives on the MP and plenty of innovative ideas. While not all of them can be implemented, it's the spirit of innovation and the openness to change demonstrated in these two days that will be essential to ensuring the MP's future success. ■

Twinning Partnership Minsk – Bonn



MP participants from Belarus in Bonn

Bonn. A twinning partnership between Minsk and Bonn has already existed for more than twenty years. Bonn's Deputy Mayor, Reinhard Limbach, took this as an opportunity to welcome to the Federal City of Bonn 18 executives from Belarus receiving manager training at CEFE International and Conoscope. The managers' stay in Germany within the framework of the MP started with an official reception at Bonn's Old Town Hall on 12 April 2017. Here the participants had the opportunity to ask the deputy mayor about the infrastructure in Bonn and the city as an eco-

nomie and university location. However, general economic policy was not the only topic. Actual business initiation was the objective of a further activity resulting from the existing partnership – the Entrepreneurs' Day. The event, which was organised by the Bonn/Rhine-Sieg Chamber of Commerce and Industry, took place on 19 April 2017 and provided information on the most important aspects of establishing a business. A representative of Euler Hermes gave a lecture on export credit guarantees for transactions concerning the delivery of goods to Belarus, and the Minsk Club Bonn presented cultural specificities to be considered when establishing business relations between German and Belarusian enterprises. The Belarusian Ambassador Denis Sidorenko also attended the event and was pleased by

the number of participants, which shows that German businesses are very interested in the Belarusian market. Roughly 45 participants were present at the event, among them Commerzbank, Zenit GmbH and Anton Ohlert GmbH & Co. Two B2B sessions with German and Belarusian participants were special highlights of the event. Altogether, 50 meetings were arranged, and 78 per cent of the Belarusian participants expressed their satisfaction with the content of talks. The executives' stay in Bonn and the activities within the scope of the Programme contributed to further strengthening economic contacts between Belarus and Germany. ■



Marlinde Bärenz is an economist and director of The Competency Based Economies through Formation of Entrepreneurs (CEFE) International Training Centre in Cologne. She conducts a variety of cooperation programmes for the German economy with other countries and takes care of participants in the BMWi Manager Training Programme in collaboration with Consortium Conoscope GmbH in Leipzig.

Leadership the Georgian Way

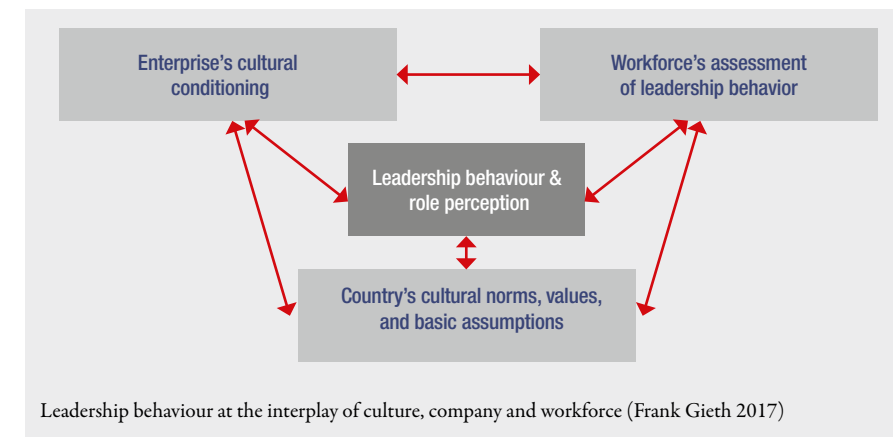
An enterprise's workforce is its most valuable asset, and effective and efficient leadership of this workforce is key to ensuring a firm's continuing success. Good leadership does not take place in a vacuum though, and is influenced by and seen through the lens of culture. Cultural values shape an executive's attitude and behaviour, and strongly affect how staff perceive and evaluate a manager's leadership style and skills. Georgia and Germany are culturally different, so logically effective leadership styles differ between the two countries as well. Georgian MP participants had a chance to contrast and compare some cultural ideals of effective leadership in a workshop held at the Carl Duisberg Centers.

Cologne. Leadership involves motivating and coordinating a workforce, communicating a shared vision, and employing authority and encouragement to realise that vision. Ideally effective leadership considers and promotes the interests of the enterprise and workforce alike. A leadership workshop for Georgian MP participants illustrated how our fundamental understanding of leadership is solidly founded in cultural values and identity, and highlighted another important aspect: trust. Trust is essential to ensuring employees are willing to follow an executive's lead, and it arises when staff recognise an executive's leadership skills and upright, honest behaviour.

favours a participative approach, where employees are allowed and even encouraged to bring up their own ideas and are actively involved in decision-making processes. Some Georgian enterprises tend to focus more on hierarchy. When asked what characterised "poor" leadership in their country, MP participants cited "micromanagement" as a widespread management style. Here executives make decisions unilaterally without involving their teams. A "good" leader, they felt, was someone who was "not a nationalist". In culturally diverse Georgia, respect for other cultures and nationalities is apparently viewed as an important prerequisite for successful leadership.

Geert Hofstede identified "power distance" as one dimension of national culture and described its effect on leadership styles. Power distance deals with the distribution of power in a particular culture, which influences how power is distributed inside an organisation and the degree of inequality the parties involved are willing to accept. German corporate culture

Georgian participants were particularly interested in instruments for effective team leadership. The group explored practical ways of getting a team up and running quickly based on the team development phases suggested by Bruce W. Tuckman. Here, trust is an essential element and lays the groundwork for successful cooperation. It is important that executives take



the time and make the effort to personally interact with and get to know employees. Clear communication of expectations, roles and objectives is also key, as is outlining a clear project structure. Participants explored and discussed the proposed model and discovered that the phases of team development were not "rocket science". The workshop also focused on boosting team performance and productivity. Participants began by evaluating the status quo in their enterprise, then shared suggestions and generated ideas for ways to positively influence team performance. The resulting suggestions and solutions clearly illustrated the instruments of team leadership and the value of peer consulting for the group.



Team building and leadership on a small scale

The workshop's objective was to help participants clearly visualise their own leadership styles and identify differences between the leadership styles typical for Georgia and Germany. This provided participants with the skills to reflect on and understand their experience in Germany better. All Georgian executives agreed on a central take-away: Germans tend to take a very structured and systematic approach to management. Structural aids and selected instruments can raise awareness of otherwise intuitive behaviour, lead to better decisions, and, if necessary, help modify leadership style. ■



Frank Gieth has worked as a freelance management skills developer and business coach since 2012. He advises clients and trains international groups on leadership and personnel development – including MP participants on behalf of the Carl Duisberg Centers. To contact Frank please visit his website at www.frank-gieth.com.



Varying opinions and experience within a group help generate new ideas

Design Thinking for Innovation



In spring 2017, MP participants from India explored design thinking as a creative way to respond to the challenges posed by the fast pace of today's business world. As a management tool, the design thinking methodology takes a systematic approach to complex problems while focusing on the user's needs and desires.

Munich. When asked what made for a great football player, Franz Beckenbauer once famously responded, "You cannot run after every ball. You have to sense where the ball is going to go, then be there ahead of it". This same principle can also be applied to creating an environment in which innovation can flourish.

In our fast-moving world, we cannot assume that our enterprises are in the position to expertly carry out all processes, at any time. Even if we plan carefully down to the smallest detail and do our best to anticipate every possible eventuality, things often turn out quite differently to how we expect. We live in a VUCA world – a world shaped by volatility, uncertainty, complexity and ambiguity.

VUCA has significant implications for innovative capacity. In his 2014 article "What VUCA Really Means for You", North American economist Nathan Bennett suggested that rather than trying to force set plans through at any cost, a flexible, open response strategy was the key to corporate success. The "marshmallow challenge" was a chance for MP

participants to experience this concept in action. They were asked to build the tallest possible tower from uncooked spaghetti and top it with a marshmallow. Interestingly, preschool-aged children excel at this challenge because they approach it playfully, experimenting with different approaches, and immediately moving on to try something else when one approach fails. The exercise illustrates that initial failure is not detrimental to a process. Quite the opposite in fact, as it can actually promote the rapid optimisation of a firm's innovation strategy.

Design thinking is a flexible approach, one possible way of responding to the VUCA world and of achieving fast results. Originally developed at Stanford University, the design thinking methodology is a problem-solving protocol to promote innovative products and services. It aims to identify customer-centric solutions from a user's perspective. Design thinking is based on the basic premise that innovation arises at the intersection of three factors: human beings, technology, and business. It can occur if desirability, feasibility and viability are given.

Based on the assumption that only interdisciplinary teams can generate innovation, design thinking brings the widest possible range of experience, opinion and perspective on a specific problem or issue together. The Indian MP participants all represented very different firms, roles, and age groups, creating the ideal diverse group for applying the design thinking method. The group began by quickly identifying a skills shortage as a serious problem that affected all their medium-sized Indian enterprises.

Design thinking is a human-centric approach centred on people and their needs – in this case, on people looking for a job. Participants were tasked with imagining the ideal skilled worker for their particular enterprise. They named their imaginary candidate Ishwar, a 35-year-old man, married with two children whose motto was "I need space". Using Ishwar as a jumping-off point, the group explored and developed approaches, such as targeted content marketing, that could solve the skills shortage. Here the focus was not on drafting a detailed plan, but rather on experimentation and amassing new ideas and solutions. This experimental approach, an alternative strategy for reacting quickly to change to promote innovation, helped participants experience design thinking in a very real way. It illustrated the approach's usefulness as a way to meet the challenges they face. ■



Peter Steinhoff is Managing Director of IndiGate GmbH, a consultancy company that works with German, Austrian and Swiss firms with operations in India. He is also the Programme Director for International Management at the University of Applied Management Erding, and runs MP seminars.

EU Association Agreements with Moldova and Ukraine Opportunities and Challenges



In today's globalised world, lasting cooperation in business, politics and legislation is an important prerequisite for the successful development of a state or a union of states. This awareness initially motivated the European Community and later the European Union to drive cooperation with its neighbours forward – also with the Eastern European partners in Moldova and Ukraine.

Adding substance to the cooperation: This recognition guided the negotiations on new agreements intended to provide a new legal basis for the relations between the EU and its Eastern European neighbours. The acknowledgement that the legal basis of the cooperation needed to be adapted to changed circumstances led to the development of the European Neighbourhood Policy and, within its framework, to the Eastern Partnership. A dialogue took place between the EU, Moldova and Ukraine on the possibilities and the expediency of increasing integration efforts in the areas of policy, trade, culture and security within the context of the Eastern Partnership. The Association Agreements with Moldova and Ukraine

were to be concluded at the end of the negotiations. The Association Agreement with Moldova came into force on 1 July 2016; the ratification of the Agreement with Ukraine has not yet been finalised. However, Ukraine has already been included on a temporary basis in the Deep and Comprehensive Free Trade Area since 1 January 2016. The Association Agreement can only finally enter into force once all of the instruments of ratification have been signed and sent to the Secretary General of the EU Council for safekeeping. The Association then comes into force on the first day of the second month following the submission of these instruments.

Structure of the Association Agreement

The Association Agreements with Moldova and Ukraine are comprehensive and complex, both in their structure and with regard to content. According to statements by the Ukrainian Cabinet of Ministers, the text of the Agreement is the most comprehensive international treaty that Ukraine has ever concluded and, at the same time, also the largest international treaty that the EU has ever signed with a country outside the EU.

The so-called "economic block" in the Agreements plays an important role with regard to the opportunities and risks resulting from the Agreement for Ukrainian and Moldovan enterprises. In the Association Agreement with Moldova, matters regarding economic integration are set out primarily in Title IV, which concerns economic and sector cooperation. Title V deals with the most important standards for free trade between the EU and Moldova. In the Agreement with Ukraine, legal matters regarding economic integration are dealt with in Title IV; the legal status of the free trade area is also regulated there. The economic and sector cooperation between the EU and Ukraine is dealt with in Title V. The stipulations in Titles IV and V of both Agreements are defined more precisely or modified in the Annexes to the Agreement, for example, regarding provisions on the reduction or elimination of tariffs, limitations on enterprises' areas of operation, the production bans on products bearing protected names, etc.

Free Trade Area

Both countries have reached an agreement with the EU to join the Deep and Comprehensive Free Trade Area (DCFTA) in order to strengthen trade relations. The purpose of the DCFTA is the liberalisation of trade and the modernisation of both countries' economic potential through the improvement of the quality of goods and services and the



MP participants from East Europe at the training in Kiel

expansion of exports to the EU and other countries.

The reduction or elimination of import duties is stipulated in both Agreements. Trade barriers are to be reduced by unifying technical, sanitary and other standards. The parties to the Agreement undertake to improve the working conditions and the access to the respective other goods market for their enterprises. In addition, it was agreed to liberalise the capital market, intensify cooperation in the area of intellectual property and harmonise competition legislation. Chapter 15 of the Agreement with Moldova also contains arrangements for the approximation of Moldovan trade legislation to that of the European Union. Chapter 15 of the Agreement with Ukraine lays down the mediation mechanism for finding mutually agreed solutions if trade is adversely affected through measures that fall under Title IV, Chapter I (National Treatment and Market Access for Goods).

Economic and Sector Cooperation

General questions regarding the economic cooperation and special arrangements on relations in individual sectors are laid down in Title IV of the Agreement with Moldova and in Title V of the Agreement with Ukraine. Particularly cooperation in economic and legal areas has a high priority for both countries. The Agreements differ in some points, primarily regarding the reform objectives of the two countries.

For instance, one of the key issues stated in the Agreement with Moldova is the reform of the public administration. The Agreement with Ukraine does not contain such a passage. Both countries have defined cooperation with the EU regarding company law, accounting, auditing and especially also consumer protection as priorities. Furthermore, special chapters in both Agreements set out arrangements on co-operation regarding the online provision of public services and access thereto as well as cooperation in the social sphere and in the development of civil society.

Title IV of the Agreement with Moldova and Title V of the Agreement with Ukraine contain comprehensive arrangements for increasing economic cooperation with the EU. Both countries strive to build a functioning market economy modelled on the EU. They plan to restructure their tax systems, particularly the procedures for collecting and refunding value added tax. Given the importance of taxation for the economic development of their countries, they both also strive to improve the transparency of their taxation systems. Moreover, in both Agreements the protection of investors and other users of financial services through effective market surveillance

plays an important role. The use of mineral resources, agriculture and rural development, transport, the environment, tourism and energy are also worth particular mention. The Agreement with Ukraine contains detailed statements regarding nuclear energy, space, the audio-visual sector, fisheries, maritime policy and the use of the Danube river basin. There are comprehensive arrangements

on climate protection in the Agreement with Moldova. In both Agreements, a great deal of attention is paid to transnational cooperation in the development of the regions, including opportunities for enterprises and individual entrepreneurs to participate in EU committees and EU programmes.

The EU as a Trading Partner

Trade relations between the EU and the two Association partners began in the 1990s. Over the course of time, the EU graduated from being one of many to a preferred trade partner for both countries. According to data published by the National Bureau of Statistics of the Republic of Moldova, almost 65 per cent of Moldovan exports in 2016 were to the EU; exports to CIS countries only

First and foremost, Moldovan and Ukrainian enterprises must change their ways of thinking and their corporate philosophy if they want to be successful in the single market of 28 countries.



made up slightly more than 20 per cent. The situation in Ukraine is a bit different. Here too the EU is one of the most important markets; in 2016, 37.1 per cent of Ukrainian exports were to the European Union.

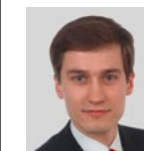
It is advisable that enterprises in both countries seeking access to the EU market first take a close look at the size of this market. More than 510 million people live in the 28 Member States. If the quality of the goods and services they offer is right, the enterprises can access the largest market in the world. This market offers not only clear and transparent rules for commercial transactions but also effective legal protection for market players. Businesses active in the EU market can also more easily gain access to business partners in other countries. This means they are not only able to tap the EU market but also markets in countries outside the EU.

However, the opportunities mentioned also pose risks. First and foremost, Moldovan and Ukrainian enterprises must change their ways of thinking and their corporate philosophy if they want to be successful in the single market of 28 countries. Where they have the choice, European consumers usually choose quality over price. The manufacturing location is decisive for European businesses when it comes to price versus quality. Moldova and Ukraine have well-qualified workforces and are direct neighbours of the EU; therefore, they can offer enterprises from the European Union better framework conditions than many other countries.

The aim of the cooperation of both countries with the EU is to reduce obstacles, tariffs and quotas for goods and services. Currently, there are still some restrictions

in place. For both countries, they apply particularly to agricultural products, for example wine, honey, vegetables, fruit, poultry and pork as well as milk products and grain. The EU offers its Moldovan and Ukrainian partners tariff quotas, within which exported goods are duty free. These quotas are granted according to the “first come, first served” principle and are continuously updated. The allocation procedure for tariff quotas is precisely defined. Importers must first apply to the competent Directorate-General of the EU Commission; when doing so, they should know the extent to which the quota has already been utilised. Information on the current utilisation of a quota can be obtained from the EU Commission’s website at <http://ec.europa.eu>. A number of conditions must be fulfilled before preferential tariff quotas can be utilised in trade with the EU; for example, a so-called EUR.1 Movement Certificate is required. Details on these requirements can be found at the EU’s Export Helpdesk online portal <http://exporthelp.europa.eu>. The Helpdesk provides valuable information on sanitary and phytosanitary requirements, export restrictions, quotas, tariffs and other EU requirements that exporters in Moldova and Ukraine must observe.

For the moment, large enterprises are the main beneficiaries of the Association Agreement, for instance poultry farmers, who, however, required almost five years to fulfil the EU requirements. Such a procedure can currently take up to two years, depending on the economic sector. Nevertheless, Moldovan and Ukrainian enterprises can use this period to look for partners in the EU who can support them when they enter the market. Finally, the integration of both countries into the EU does not only offer opportunities for enterprises; it also promotes the fundamental modernisation of economic structures and paves the way for the development of legal and civil institutions. That would also noticeably improve the quality of life for every individual citizen in Moldova and Ukraine. ■



Dr. Nazar Panych, LL.M., is a member of the academic staff at the Institute of East European Law at Kiel University, Christian-Albrechts-Universität zu Kiel.

IMPRINT

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

Issue 10

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

Responsible party:
Christina Otto
Editorial team:
Natalia Astrin (responsible party), Anke Flören,
Jan Löcher, Dr Gerd Schimansky-Geier

Layout:
Diamond media GmbH, Miria de Vogt

Contributors:
Verena Freynik, Karina Gabrielyan, Ani Helweg,
Yelena Kuleshova, Ingrid Loewenstein,
Jörg Schreiber, Julian Teetzen, Karin Weber

Photo credits:
Fatima Abdueva (p.48t.); AHK Tunesien (p.20,21);
AHP (p.7,16); Sadok Bejjja (p.18t.); Dorin Bolohan
(p.49); © Bundesregierung / Guido Bergmann (p.4t.);
CDC (p.11); CEFE International (p.10b.); EABW
(p.9b,24); Dariush Efikhari (p.43t.); © Fraunhofer-
IOF (p.28); GIZ/Angela Leeke (p.23b.); GIZ/Jan
Löcher (p.3,10t.); GIZ/Ingrid Loewenstein (p.6b.);
GIZ/Tatyana Pivovarov (p.22); © GTAI (p.34b.);
Sun Hailong (p.54); IHK München (p.12,17,25, small
cover photo r.); iStock (p.35b,37t.); © Susie Knoll
(p.29); Steffen Kugler (p.6t., small cover photo l.);
Dmitry Kusnetsov (p.53); Guenter Maier (p.34b.);
Erik Malchow (p.44); Vitaly Maximov (p.40); Minis-
try for the Economy, Development and Tourism Chile
(p.4b); MonGerAlumni (p.46t.); Marat Nasarov
(p.55); NEW AG (p.38); Walid Qorish (p.47);
Hamidreza Safari (p.51); Shohrat Shukurov (p.52);
Shutterstock (cover, p.5t., 14, 18b., 19, 23t., 26, 27, 32, 34,
35t., 36, 42, 43b., 44, 45, 48b., 49, 50b., 55b., 57, 58);
Fahime Taheri (p.50,51); VCCI (p.5b); WAK
(p.13,15)

Translators (English version):
Joanne Chapman-Rose, Norah Schmidt, Sarah
Smithson-Compton, Tomarenko Fachübersetzungen

Translators (Russian version):
Juri Alekseyev, Vera Garmasch, Runa Hammerschmitt,
Natalya Safronova, Tomarenko Fachübersetzungen

Publication frequency:
Twice a year

Date of publication of the current issue:
July 2017

Editorial deadline for the next issue:
30 October 2017

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

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

ISSN 2195-8718



The vocational training system as a source of competitive advantage for Germany

Management Professionals from Egypt at ABB



Company tours give insights into hands-on experience and best practice in training

As part of their manager training at AHP International, five MP groups have had the opportunity to visit the vocational training centre hosted by ABB – the energy and automation technology group. The visit served to build on candidates' existing knowledge regarding various HR management topics – from the recruitment of new members of staff through to apprenticeships and further training, as well as generating staff motivation.

Heidelberg. The vocational training system in Germany has long since been considered a matter of course, while having a significant influence on the prevention of youth unemployment. Unemployment measured among the youth population in Germany is extremely low when compared to youth unemployment figures globally and especially in Europe. This is a continual source of inspiration for foreign executives, including management professionals from Egypt who came to Heidelberg to take part in the BMWi Programme early 2017. The “wow” effect was certainly not lost on them.

To date, all groups under the umbrella of AHP International's further education and training centre have had the opportunity to familiarise themselves with Germany's vocational training system at ABB Training Center GmbH & Co. KG. The management professionals from Egypt were given insight into the recruitment of apprentices. Different aspects of employee selection procedures such as interviews, tests, keys to grading systems and job-application

evaluation procedures were presented. This was followed by detailed information on the structure employed for various apprenticeship modules – pertaining to both technical and commercial disciplines. This century-old system utilised by the German Chamber of Industry and Commerce (IHK) as an assessment and certification body combines theoretical knowledge with its direct practical application within the on-the-job, company-based training process. German enterprises can subsequently rely on a national vocational qualification certificate issued through the Chamber of Industry and Commerce (IHK) anywhere in Germany. The continuous and standardised apprenticeship training and qualification of young professionals are the foundation on which the vocational training system was built. It is a critical success factor for German enterprises, in particular manufacturing SMEs.

As the MP participants from Egypt observed, the sense of motivation shared by young members of staff at the ABB ap-

prenticeship training centre was another decisive factor in making the vocational training system such a success. Foreign management professionals often cite loyalty, motivation and reliability as critical areas in HR management in their home countries. The visit to ABB's training centre once again underlined the level of input, inspiration and ideas the MP participants took away as a result of their direct insight into the apprenticeship and further education training model in Germany. The active exchange allowed ideas to germinate, which the Egyptian executives were able to discuss directly with the apprenticeship centre's board of management.

Executive Director Marcus Braunert also noted the innovative ideas brought to the table by apprentices who, subsequent to the submission of a production and cost plan, are in a position to realise their own product designs. These include the manufacturing of products, which the apprentices come into contact with as part of their training in raw materials processing and physical metallurgy – such as, for example, a skipping rope with adjustable metal grips or emblems denoting the cities of Heidelberg and Mannheim, which are presented as gifts. According to Braunert, this significantly increases apprentice motivation. The visit was rounded off with a tour of the apprenticeship and training centre and a visit to the computer facilities, workbenches and multifunctional workstations.

MP participant enthusiasm was, however, most palpable for the long-term and sustainable setup, which characterises the vocational training system. The parity, transparency and comparability of apprenticeship modules – irrespective of whether it concerns mechatronics or electro-technology – also left a resounding impression. The management professionals from Egypt deemed these to be decisive competitive advantages for German SMEs. Such new insights thus provided them with the all-important impetus to implement the ideas concerning staff management, apprenticeships and further education programmes within their own enterprises. ■



Franziska Wegerich has been with AHP International as a specialist tutor for the MP since the Autumn of 2015. She also bears responsibility for the organisation and execution of individual market exploitation programmes available from the Federal Ministry for Economic Affairs and Energy, and supports American enterprises in establishing business relations in Europe.

Executives from Azerbaijan at the Logistic Trade Fair



Germany is an important economic partner for Azerbaijan. GIZ supports the economic diversification in Azerbaijan by advising the Government on the improvement of the regulatory environment, the setting up of a requirements-oriented vocational education and training systems and the expansion of the country's export capacity. At the same time, GIZ also strengthens German-Azerbaijani economic relations through the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy (BMWi). Within this framework, 20 executives from Azerbaijan completed their Manager Training in Germany in 2017 and, among other places, visited the Transport Logistic trade fair in Munich.



MP participants from Egypt at the Transport Logistic fair in Munich

Munich. The logistics industry is the third largest sector in Germany and plays a central role for many enterprises. Logistics has been gaining increasing significance in a national and international context since the end of the 20th century and due to the continuous and rapid progress of globalisation. The visit to the Transport Logistic trade fair in Munich took place during the Azerbaijani MP participants' first week of training to enable them to gain a comprehensive insight into the world of logistics. Transport Logistic is the most

important trade fair worldwide for logistics, mobility, IT and supply chain management. It is a business platform and provides impetus for the global logistics and transport industry. This year, the trade fair with an exhibition area of 115,000 m² attracted 60,000 professional visitors from 123 countries and 2,162 exhibitors from 62 nations.

“I really wanted to visit this trade fair because so many enterprises are represented here. I met representatives of more than 25 German firms and established contact with them.”

Arif Salahov, Business Development Manager at Formag Baku

At the start of their visit, the participants were officially welcomed by representatives of the trade fair in Munich and received additional information on the exhibition and on the firm organising the event. Be-

sides the wide range of exhibitors, the trade fair also offered the Azerbaijani executives a comprehensive programme of events. The MP participants were able to choose from 16 different forums to ensure that their individual interests were addressed. The forum discussions, which were simultaneously interpreted, dealt with a broad range of topics, such as “Sustainability in Supply Chain”, “Rail freight 4.0: Digitalisation in Goods Transport by Rail” and “What comes before and after transport. The importance of competence standards”.

The visit was particularly interesting for Arif Salahov, Business Development Manager at Formag Baku. “I really wanted to visit this trade fair because so many enterprises are represented here. I met representatives of more than 25 German firms and established contact with them. Now I will evaluate the information on these enterprises, then I will discuss their products and services with our managing director, and we are looking forward to working with some of them”. The transport and logistics firm, Formag Baku, was founded in 2004 and operates in a variety of business fields in the Azerbaijani market, for example in the oil & gas sector, the building industry, retail trade, agriculture, tourism and many more. The business has 26 employees and sees its success in the provision of high-quality services. As the Business Development Manager, Salahov is responsible for contributing ideas on improvement-oriented thinking and planning within the firm. Salahov gained numerous new contacts and points of reference through the visit to the Transport Logistic trade fair and the Manager Training Programme. In the future, he will be the contact person for his firm for all potential further partnerships; with his successful completion of the MP and particularly the visit to the Transport Logistic trade fair, he is supporting both the success of his firm and also his personal career development. ■



Bianca Lorenz is a project manager at the Chamber of Commerce and Industry for Munich and Upper Bavaria. She is in charge of international training, including the organisation and implementation of the Manager Training programme.

Partner Country – Tunisia



A Partnership to be Proud Of

The Manager Training Programme with Tunisia is now well into its fourth year, and the level of interest shown by Tunisia's business world is unswervingly high. Tunisia's MP participants appreciate the Programme's further education aspects above all else, from which they source significant impulse for innovative solutions within their own enterprises, in addition to the contacts they enjoy with German partners. Sadok Bejja, Director-General of the department for promoting small and medium-size enterprises within the Tunisian Ministry for Industry and Commerce sheds light on the central role of collaborative efforts with Germany and the experience gained to date during an interview. He considers the MP to be a critical cornerstone in Germany's support for political and economic transformation in Tunisia since the revolution of 2011.



Sadok Bejja

GIZ: Mr. Bejja, the Manager Training Programme with Tunisia has been in place since 2014. We would love to learn more about your experience of the Programme during this time.

Sadok Bejja: We have accrued a wealth of interesting and enriching experience since the introduction of the German-Tunisian Manager Training Programme. These three years have witnessed close cooperation with the GIZ, in order to ensure its continued development, and to adapt it to the economic circumstances taking hold in Tunisia, as well as to the needs and available capacity of our SMEs. Direct contact has been established with the MP participants, in order to monitor any advancements made in terms of collaborative efforts and the respective partnerships with German enterprises. Your feedback is of great help to us in determining the resources and mechanisms required

to address the needs of enterprises more effectively.

75 managers have participated in the MP over the last three years. What did you find particularly stimulating in the further training programme?

The Tunisian participants are delighted with the Programme. MP participants were bowled over by the Programme's subject-specific quality, in particular with regard to the management skills acquired. Visits made to German industry leaders were also extremely beneficial for Tunisian managers. Such visits facilitated the knowledge transfer of tried and tested business practices, as well as allowing par-

ticipants to familiarise themselves with state-of-the-art management techniques, which they can subsequently implement in their own enterprises. Trade fair and exhibition visits and participation in B2B conventions were also greatly valued by the participants.

You mentioned that the newly acquired management skills, and how they are applied in Germany, are of great importance to Tunisian entrepreneurs. What implications does this new knowledge have for Tunisian enterprises' management structures?

Numerous MP participants endeavour to apply certain organisational and management methods in their enterprises. This finding was brought to light through our monitoring process, which we have in place for our enterprises. Subsequent to the training session a whole host of enterprises have triggered the certification process. German certification bodies thereby accompany these processes. Quality management has morphed into a key objective of Tunisian enterprises, given that products and services boasting a high degree of quality can relish improved access to the general marketplace. Many businesses have adjusted their organisational and working methods, and are increasingly aligning themselves with the processes and procedures employed within German enterprises. A large proportion of managers also attend trade fairs and exhibitions on a regular basis in Germany, and are keen to follow the latest innovations and the use of cutting-edge manufacturing processes.



Tunis

Can you name a success story in conjunction with the MP that is particularly etched into your memory?

There are several highly successful Tunisian participants in the MP. My first thought falls to a start-up that has concentrated on recycling solid waste matter. After the Executive Director had acquired a number of critical skills through the MP, the enterprise landed an export partnership with a German firm. Only three months later, another distribution contract followed – with a mid-size German enterprise in the food sector. This shows that Tunisian SMEs in possession of the necessary skills can exploit the opportunities available to them, to establish genuine win-win partnerships with German SMEs.

That is a fantastic example! And what does the Tunisian government anticipate from the Programme?

We hope that this partnership will continue to solidify over the coming years. Our SMEs must intensify their efforts to tap into international business, meaning that they require extensive institutional support. The demand for the MP is subsequently very high. A significant number of enterprises are eager to participate, but unfortunately participant numbers are limited. Business development and promotion also play a key role for Tunisian enterprises.

A quick glance at export trade relationships highlights the fact that Germany ranks third among Tunisia's trade partners. How do other areas shape up?

That's right. Germany isn't just Tunisia's third largest partner in trade, it is also its preferred partner. However, our partnership isn't limited to trade. It encompasses nearly all areas – in the economy, science, society and culture.

Germany has played an indispensable role in providing intense political and economic support to our country since the 2011 revolution, in order that our transition to democracy may succeed. Germany has also provided immeasurable support over many years, and will continue to do so in future. We are extremely proud of this cooperative relationship and will endeavour to both strengthen and diversify it going forward.

Back to the Programme. Which of Tunisia's industries find the German market particularly appealing at present? And what can the Tunisian market offer German enterprises in return?

German industry boasts a range of highly attractive industries including the automotive industry, pharmaceuticals, mechanical engineering, electrical and photovoltaic technology, chemical engineering, waste treatment and recycling industries. Tunisian enterprises desperately need new, modern equipment as well as high quality raw materials and semi-finished goods, which can subsequently be processed further or assembled before being exported.

The Tunisian market remains flexible, and its development is in a constant state of flux. Tunisia also exports numerous finished and semi-finished goods to other African nations or to Europe. As a result, our enterprises must increasingly fulfil the requirements placed upon them by international customers, while honing their competitive abilities on the global stage.

North Africa has hit the spotlight recently in view of the challenges faced by the refugee crisis. Chancellor Angela Merkel who recently visited Tunisia also addressed economic collaboration between Tunisia and Germany. The focus of this cooperation remains on small and medium-sized enterprises. In your view, has this had any effect on the programme?

The visit by Chancellor Angela Merkel was a seminal event for our country. Three MP graduates – owners of Tunisian businesses – were honoured to take part in the business forum with the Chancellor (please also refer to article on p. 4).

Those Tunisian businesses fortunate enough to have participated in the MP have since been able to establish win-win partnerships with German enterprises. Such a development is a source of reassurance for German enterprises, while simultaneously underlining the skills and competency Tunisia's managers have to offer. The visit by Ms Merkel was very important, given that it issued an unwavering signal to German enterprises that they can safely invest in Tunisia and establish effective business contacts with Tunisian enterprises.



Tunisia

Area: 163,610 sq. km

Population: 11.2 million (2016)

Natural resources: Milk products, beef, almonds, dates, sugar beet, citrus fruits, tomatoes, grain, olives, salt, zinc, lead, iron ore, phosphates, petroleum

GDP: 41.7 USD (2017)

GDP per capita: 3,674.9 USD (2017)

Origins of GDP: Mining/industry 24.2%; trade/restaurants/hotels 14.1%; transport/logistics/communication 12.2%; agriculture/forestry/fishing industry 9.5%; construction 4.6%; other 35.3% (2014)

Most important trade partners: France, Italy, China, Germany

Imports from Germany: Electrical engineering, motor vehicles and components, machinery, textiles

Exports to Germany: Electrical engineering, textiles, shoes, petroleum

Source: gtai

What are your expectations regarding the MP's development?

We hope that the programme continues down its successful path, while addressing the needs of our enterprises with ever-increasing effectiveness. For example, the longer term support and more specific facilitation of Tunisian businesses would help support them in the establishment of partnerships with German enterprises in the future.

Mr. Bejja, many thanks for the interview! ■



BMW's State Secretary Uwe Beckmeyer (in the centre) during the Economic Forum in Tunis

The German Chambers of Industry and Commerce Abroad (AHK)

Your Partners on Site



Tunisia has witnessed a stunning development in its transition to a democratic nation over the last six years. Such times of upheaval were not always straightforward. After the political sands had shifted, attention soon fell to the economy. Tunisia maintains extremely close commercial ties with Europe; German-Tunisian trade is also of critical importance. The German federal government provides active support for its reform processes, including support for SMEs. The German Chambers of Commerce Abroad (AHK) in Tunis, the capital of the country, advises German and Tunisian enterprises on economic matters. It also helps those in search of employment with first-hand information.

Tunis. So far, Tunisia has been the only Arab Spring country that has made a successful transition to a democracy. Following parliamentary and presidential elections Tunisia is now stepping up to the challenge of kick-starting its economy. Increasing commitment by German and international investors would immeasurably benefit a country home to 11 million inhabitants. The benefits associated with the North African state are evident: the vicinity to Europe enables short transportation routes and fast reaction times to levels of demand stemming from European markets. Tunisia also boasts solid infrastructure and significant potential in the form of highly qualified professionals –

and has been the gateway to Africa since the Carthaginians.

German-Tunisian trade relations have long enjoyed genuine stability. Two hundred and fifty German enterprises currently have operations running in Tunisia. According to the Foreign Investment Promotion Agency (FIPA) these employ approximately 55,000 staff. Even during

the political upheaval – which has taken centre stage since 2011 – Ger-

man enterprises saw no reason to withdraw from the country. On the contrary: according to FIPA, 54 German projects were implemented in Tunisia and 81 exist-



The AHK Chamber of Commerce in Tunisia helped organise a round table discussion during Angela Merkel's visit

ing projects were expanded between 2011 and 2015.

Tunisia enables enterprises to deliver on their plans with a competitive cost structure. The Tunisian market has interesting sales and cooperation opportunities for German enterprises, especially SMEs, in many different industries. A free trade agreement, for industrially produced products, has been in place with Germany for many years. On 1 April 2017, a new investment law and further regulations were adopted with a view to facilitate investments and liberalise many sectors. This too, makes the country even more attractive.

Given the significant challenges faced by the country and the entire region it is important to provide interested parties with first-hand information. The German-Tunisian Chamber of Industry and Commerce (AHK Tunisia) has set this as its objective, and draws its knowledge primarily from its first-hand experience and daily interactions with local enterprises.

German-Tunisian Chamber of Industry and Commerce (AHK Tunisia): Practice-Driven and Customer-Centric

The German-Tunisian Chamber of Industry and Commerce is part of a global network of German Chambers of Commerce Abroad with 130 locations in 90 countries. As a reliable and flexible partner at a local level for 38 years, the Chamber facilitates enterprises, authorities and organisations with modern services and innovative projects, and thus represents a reliable constant within German-Tunisian economic relations. The German-Tunisian Chamber of Industry and Commerce now employs 37 members of staff, with two office facilities located within the greater Tunis area.

“Think globally, act locally” – this is the motto at the core of the German-Tunisian Chamber of Industry and Commerce. The Chamber embraces regional characteristics and varying customer profiles, while fulfilling a high performance, transparent and demand-driven function. The DEInternational Department supports enterprises in their business activities in Germany and in Tunisia. The competency framework on offer through DEInternational is specifically tailored to the Tunisian market: members of staff from the German-Tunisian Chamber of Industry and Commerce provide practice-driven and customer-centric advisory services within the key economic sectors such as industry, energy, environment, services, foodstuff, logistics and tourism.

Economic relations also enjoy differentiated support from the German-Tunisian Chamber of Industry and Commerce. In 2015 it brought participants and enterprises together who, to date, have successfully established and maintained German-Tunisian economic relations, as part of the Manager Training Programme hosted by the Federal Ministry for Economic Affairs and Energy (BMWi).

The German Chambers of Commerce Abroad (AHK) offer young entrepreneurs at the helm of their own start-up a free-of-charge trial membership lasting six months, in order to test the services available and to explore the network provided by the German Chambers of Commerce Abroad (AHK).

The AHK is the publisher of “impact - the German-Tunisian Business Magazine” which is issued four times a year to inform its readership of current projects, backgrounds, sources of business potential and a range of innovations stemming from German-Tunisian economic relations. The target audience is comprised of the

Chamber members, prospective enterprises, important institutions and organisations in Germany and Tunisia.

The Chamber's Services for Enterprises

The German-Tunisian Chamber of Industry and Commerce offers a wide range of tailored services for German and Tunisian enterprises, from arranging initial contacts through to the establishment and expansion of collaborative projects. It supports enterprises and advises investors looking to enter the Tunisian market. It also offers a broad range of services pertaining to human resources, trade fairs and exhibitions as well as other events:

- Representing the interests of member enterprises vis-a-vis political and economic stakeholders
- Organising B2B and networking events
- Facilitating the search for business partners
- Business and economic information
- Providing support for administrative and customs formalities
- Start-up advisory services
- Event and seminar organisation in Tunisia
- Representation of German trade fair organisers and exhibitors, the organisation of pavilions and delegation trips
- Recruitment initiatives, professional training and further education

The Tunisian Labour Market and the Chamber's Services for Individuals

The Tunisian labour market is characterised both by a surplus of high school graduates and a shortage of qualified professionals with vocational education. There is also a lack of agencies to offer career guidance and employment counselling. The German-Tunisian Chamber of Industry and Commerce offers services to bridge this gap. It advises and supports both potential employers and individuals looking for jobs. It also assists college graduates in acquiring practical skills along with academic ones.

In collaboration with the GIZ, the German-Tunisian Chamber of Industry and Commerce has succeeded in establishing the first centre for career guidance and retraining (CORP). Its objective is to align the skill-sets and expertise of young applicants with opportunities in the labour market. Candidates are counselled on how to succeed in their job search process. The centre also offers targeted further education and training initiatives

and facilitates contact with enterprises. In specific terms, CORP puts young university graduates in contact with advisors who have been trained in accordance with international, including German, training criteria, and who have acquired experience in the Tunisian market.

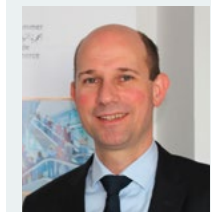
CORP also helps enterprises find the right candidates by way of:

- Supervising and providing further education and training to staff
- Selecting, matchmaking and sourcing staff
- Organising matchmaking events for enterprises and those actively in search of employment

The programme “Entreprise Formatrice – fit für die Zukunft” launched by the German-Tunisian Chamber of Industry and Commerce and the Konrad Adenauer Stiftung political foundation enables young Tunisians to complete vocation qualifications that follow the German training model. This ensures that apprentices not only acquire their technical knowledge, but also the soft skills so important for workplace success. The programme is moulded to the needs of the labour market, while also integrating the private sector in the process. Thus, a win-win situation is guaranteed. Fifteen enterprises from the automotive industry and 160 apprentices are currently taking part in the programme. ■

Contact:

German-Tunisian Chamber of Industry and Commerce
Rue Lac Leman, Imm Le Dôme
1053 Les Berges du Lac, Tunisie
Email: info@ahktunis.org
Internet: tunesien.ahk.de
Phone: +216-71-965 280
Fax: +216-70-014 179



Dr. Martin Henkelmann
Executive Director
Email: m.henkelmann@ahktunis.org

Firas Larbi
Head of DEInternational
Email: f.larbi@ahktunis.org

Follow-up Seminar in Moscow

Lasting Impetus



The Manager Training Programme (MP) in Germany is just the start; the knowledge gained there and the ideas must be put into practice as soon as possible. At the follow-up in Moscow at the end of March 2017, MP participants who were in Germany for training in 2016, gained information about the best contact partners for their businesses with Germany and the services they offer.

Moscow. The training in Germany provided valuable impetus for the participants' own work, particularly with regard to cooperation with German partners. The Russian executives participating in the follow-up evaluation seminar in the Russian capital all agreed on that. However, this impetus must be nurtured regularly or its effects will wane over time.



Handing out of certificates

Many institutions such as the Chambers of Industry and Commerce (ICCs), trade fair organisers or trade associations offer practical support for establishing contacts between Germany and Russia or for the exchange of opinions and ideas. In Germany, the participants got to know several organisations and the services they offer. Artyom Bondarenko described his contact with the Chamber of Industry and Commerce IHK Düsseldorf and with the Representative Office of the Russian Chamber of Commerce in Germany. Within the scope of their free consultation services, both or-

ganisations supported him in redesigning his enterprise's website for the German target group. The link to his enterprise's website can now be found in the "Met-alworking" category on the online portal of the Russian Chamber of Industry and Commerce. The consultation provided by the Chambers of Industry and Commerce is naturally not a guarantee for success, but it does provide reproducible action plans for Russian businesses seeking to offer their goods and services to the German market.

Especially smaller Russian firms that are unknown in Germany know how difficult it is to position themselves successfully in the market. One seminar participant described her experiences in this area right at the start, and the topic remained a focal point throughout the general session. Representatives of different German institutions that build and maintain contacts in Russia answered the participants' questions. Probably the best tip came from Lyubov Markova, from GTAI: set up your own representative office in Germany. The entire procedure takes one to two weeks and costs between €240 and €270 (see Journal 8). The experience of small IT businesses, architect firms and other smaller enterprises has shown that it is easier to obtain contracts in Germany through their own local representative offices.

The German-Russian Chamber of Commerce (AHK Russland) – a central player that offers its members the entire range of services for foreign trade – provides support for planned or existing projects in Germany. Sebastian Kiefer gave a detailed description of the activities of the AHK working groups, especially those of the working group on energy efficiency.

International trade fairs are an important part of networking. For instance, Frankfurt Messe also has activities in Russia, as Natalia Gomer, Commercial Director of Frankfurt Messe RUS, informed the participants. This significant trade fair organiser holds large trade fairs in Moscow and the Russian regions in cooperation with Russian partners. Guzel Shaykhullina, Foreign Representative of Thüringen International, believes that participation in joint trade fairs is very beneficial, and she always takes representatives from Thuringia to these events. Sergei Schedrin, Chairman of the patisserie combine Tcheryomushki, and one of the first MP alumni (see Journal 1), reported that he has made intensive use of trade fairs for several years now to gain new ideas and find equipment and partners. He meets experts from diverse fields there: engineers, technicians, financial experts, etc., who can supply all the relevant data ad hoc.

The seminar participants received a comprehensive information pack regarding the institutions responsible for German-Russian business contacts in Russia and the services they provide. Now, hopefully, the impetus they received during their training will lead to successful projects. ■



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



Participants of the follow-up workshop in Moscow



The Second German Trade and Industry Day in Kyrgyzstan

Agriculture and Energy in the Spotlight



Ties between Germany and Kyrgyzstan have spanned the last 25 years. Germany continues to be an important trading partner for the Central Asian nation – especially within the agricultural sector. The energy industry also harbours a number of opportunities for collaboration. At the second German Trade and Industry Day the topics of business contacts and bilateral collaboration were in the spotlight.

Bishkek. German entrepreneurs are much sought after partners in Kyrgyzstan. That this is true was confirmed by the Second German Trade and Industry Day held on 15 March 2017 in Bishkek. The event was attended by over 230 representatives from Germany and Kyrgyzstan. Hans-Joachim Fuchtel, Secretary of State for the Federal Ministry for Economic Cooperation and Development (BMZ) led a high-ranking German economic delegation consisting of representatives from the Federal Chancellery, trade associations, renowned German businesses and city mayors. The economic forum served as the ideal environment for talks concerning collaborative development policy and promoting both trade and industry, with a key focus on agriculture and food processing, as well as renewable energy. It is well-established that both sectors are of great significance for both Germany and Kyrgyzstan. The

Central Asian nation is in search of investors for precisely these areas. To promote investment, the Kyrgyz legislators improved the import tax regulations and approved visa-free travel. German businesses have subsequently become more active there. For example, the Schmid Group based in Freudensadt reported on the construction of an ultramodern photovoltaic module plant in Bishkek, which will boast a production capacity of 120,000 solar modules per annum, with a corresponding value of USD 20 million.

Kyrgyzstan's MP alumni also displayed significant interest in the economic forum – two former MP participants shared their success stories in the panel sessions "Foodstuff Production and Agriculture" and "Energy and Innovation". Myrzabek Orumbayev, founder of Toyboss, a foodstuff firm, took the opportunity to report

on his experiences in Germany and the knock-on effects of the professional training on his business: German technology, which he purchased during his management training, is now in operation in his new production facility (see Journal 9).

The economic forum also provided the opportunity for the German delegation to visit a select few of Kyrgyzstan's businesses, which are involved in German-Kyrgyzstan efforts to provide technical and financial support within the foodstuff and professional training industries. The confectionery manufacturer Kulikovskiy was one of those. The enterprise's founder has already established branches in Bishkek and Almaty – and has his sights set on expanding his business to include Uzbekistan and China. But that wasn't always the case: Oleg Kulikovskiy founded his firm while still experimenting with confectionery on a small scale at home. Today, his three product lines encompass a broad palette of traditional, European and Oriental confectionery products. The entrepreneur not only insists on high quality management standards and state-of-the-art equipment, but also has a robust staff training concept in place. To up the skills of his experts, he sends them to France and Germany. The MP is also proof of this: Natalia Chaikina, Production Director at Kulikovskiy, completed the Manager Training Programme in Germany in March 2017 with the goal of optimising production processes. Upon her return to Bishkek, Chaikina not only brought back purchase agreements for blast chillers, dough mixers and ovens but also the idea of a mutual sales partnership with a German bakery.

The second German Trade and Industry Day highlighted numerous examples of successful collaboration between both countries, to which the MP has made an effective contribution. ■



Confectionary products made in Kyrgyzstan



Follow-up in Minsk

Energy Efficiency and Green Energy Sources: Quo Vadis Belarus?



The topic of energy is one of the great challenges of our time. Following on from the Paris climate agreement of 2016 and the commitment of the majority of the states to a climate-friendly use of existing resources, the question of clean energy and effective energy-saving measures is once again on the agenda. At the follow-up in Minsk in early summer 2017, 50 MP alumni from Belarus, Moldova and Ukraine also dealt with this subject on a small scale.

Minsk. Where has summer gone? An unusual cold spell in Belarus at the beginning of June reminded the MP participants, who were meeting in the Belarusian capital to evaluate their training results, that the climate is changing. Anyone who wants to do something to tackle climate change must start with small things – be it increasing energy efficiency in one's own enterprise or tapping into alternative energy sources in one's own country. But the EU's Eastern European neighbour doesn't present a very promising situation. According to reports by the MP participants who had participated in the training programme in 2016 with a focus on renewable energy financed by the BMWi Energy Export Initiative, the population is not particularly interested in renewable forms of energy. Basic needs must be met before the mainstream can become enthusiastic about "life's luxuries" – one of which certainly seems to be alternative energy sources. This was particularly noticeable concerning the granting of loans, said Pavel Funtikov, who now works for the United Nations Development

Programme (UNDP) in Belarus. Furthermore, the government is building a nuclear power station in Ostrovet, near the Lithuanian border, as part of a scheme to increase its power generation capacity – which means that by 2019, at the latest, Belarus will have far more electricity available to it than it actually needs, which will naturally have an impact on energy prices. This will also of course affect motivations to tap into alternative energy sources. Brought with them from Germany, what remains is a sense of being tasked with having to make government, businesses and consumers more aware of the advantages of green energy and to contribute to creating an environmental conscience. "In Germany, I understood how important social commitment is for the energy transition", says Irina Seleznyova from Ukraine. "And I am determined to also drive it forward in my home country". This is by all means an important first step.

Despite the adverse circumstances, the alumni are not giving up on their projects.

The Belarusian government's declared plan (which is established in law) to promote the opening up of green energy sources and connected projects does provide some hope – even if its implementation is currently lagging behind. The subject is also meeting with increased approval from the general public and is being actively addressed by NGOs such as the Belarusian Renewable Energy Association. Dr Vladimir Augustinski, Head of the Representative Office of the German Economy in Belarus, reported that the Office also actively represents the interests of this sector and organises visits of German business delegations to the country on the topics of renewable energy and energy efficiency. He called on the participants at the follow-up to also cooperate. The MP alumni's individual achievements are even more encouraging; one example is the project implemented by Vladimir Harbuz to increase the capacity of the wind energy park planned in 2015 from three to six wind turbines, each with a capacity of 1.65 MW and to build a transformer station. Zilant, his start-up, which was founded in 2014, specialises in the development and construction of wind and solar power stations. In Germany, Harbuz found partners for both of his projects – wind-turbine GmbH in Gelnhausen is supplying four Vestas wind power plants to Belarus; Siemens and Rheinhausen Power Composites GmbH in Regensburg are equipping the transformer station. The total turnover will be a seven-digit figure.

Energy Efficiency as a Savings Factor

The situation regarding energy efficiency is slightly different in Belarus. There the government wants to decrease the energy intensity of GDP by at least 60 per cent by 2020 in comparison to 2005 and to reduce the use of primary energy sources by at least 5.2 million tonnes between 2016 and 2020. Binding energy audits and clear

legal stipulations for curbing energy consumption are forcing particularly larger enterprises with an annual energy consumption of more than 1,500 tonnes to take targeted energy-saving measures. Hence, the follow-up participants were particularly interested in experience gained in this field in Germany. Industrial engineer Stefan Pukallus from Jena, who, since 2001, has been advising enterprises on energy and cooling technology, system and process integration and connected IT systems, presented the German vision of energy efficiency in connection with Industry 4.0. At the same time, he made it clear that, while the conditions in Eastern Europe with low electricity prices do not leave very much leeway, it still is possible to achieve really noticeable improvements in efficiency with small changes and limited financial means, especially in the area of heating and cooling. "20-30 per cent of the reductions can be realised with low levels of investment by changing users' behaviours", the energy expert says. For example, impressive results can be

achieved by eliminating leakages in compressed air systems. "In Eastern Europe, widely used one-pipe heating systems can be retrofitted to modern individual room heating systems that provide greater living comfort by making a few changes to the hydraulics. The optimisation of control technology and hydraulics in air-conditioning systems is a typical example for improving savings potential in commercial buildings". So-called sector coupling, i.e. the connection of the electricity market to the heating market, is a challenge for the coming years. "The state framework conditions in Belarus are certainly not as ideal as they are in Germany", Pukallus said. "Nevertheless, there is demand for innovative and bold concepts based on the refinancing of energy efficiency through core business activities".

During their subsequent visit to the enterprise Spezsystemy in Vitebsk in the north-eastern part of the country, the MP participants learnt how small, innovative enterprises can develop and implement

complex measurement and metering systems for monitoring energy consumption. Director Yelena Grigoryeva, an alumna of 2012, has fulfilled all of her MP goals in the past five years. Among other things, her firm is an official distribution partner of Bopp & Reuther Messtechnik GmbH in Speyer and uses their measuring equipment in technical system solutions for Belarusian customers. Grigoryeva used the Vitebsk pharmaceutical factory Rubikon as an example to illustrate what this can mean in practice. The measuring and metering systems installed there are already well on their way to Industry 4.0: if the pressure drops or any other problem arises in the pressure supply unit, the system automatically sends a warning by SMS to the responsible energy engineer. The visit to Vitebsk, which ended with a guided tour of the city following in the footsteps of Mark Chagall, the famous artist and son of the city, made one thing clear: energy efficiency, if filled with life and automated as far as possible, is not witchcraft; all it takes is a pro-active approach. ■

Skills that are Always in Demand



Cairo. Alumni from two Egyptian groups and two specialised MPs on energy efficiency in industry and waste management came together for a happy reunion at the end of May 2017. At the follow-up event, alumni not only shared feedback on the current challenges facing their firms and progress made with German business contacts; they also focused on refreshing and bolstering their human resource management and business planning skills. Christian Codreanu from the IHK in Munich, Upper Bavaria provided input with tried-and-tested strategies for

SME development at a practical, hands-on workshop (see Journal 5).

Building on the management methods they learned as part of the MP, alumni focused on expanding their skill-sets on day two. Three central issues provided structure: the first was identifying factors for success and ways of incorporating them into an enterprise's workflow. Alumni then discussed the hurdles and challenges they had faced in the past few months, and the possible next steps to take.

Led by Franziska Wegerich from the AHP International MP training centre, the group clarified the cornerstones of successful human resource management: a transparent and clear management style modelled by executives; the introduction of health and safety measures; and increasing staff involvement in decision-making processes to increase motivation. Among their present challenges, alumni cited staff without optimal qualifications, insufficient funding for in-house and external further training, and rising inflation and the devaluation of the Egyptian pound against the euro. Alumni had possible solutions at the ready as well, such as optimising enterprise structures and ongoing staff training with employees contributing to both the content and financing. As it turned out, there was even a bright side to inflation, and some participants reported positive cooperation with German firms and successful exports to Germany.

Overall, the concept of boosting specific management skills through group work was well received. Alumni got a lot of out of the exchange with their peers. So much in fact that they plan to expand on this topic with the alumni association as well. ■

Iran: MP Pilot Phase Successfully Completed

When Everyone Pulls Together



The Manager Training Programme with Iran progressed from the pilot phase to the regular project phase within just a year. The first follow-up in Tehran was therefore characterised by evaluation: the MP participants discussed their training in Germany, their experience with German enterprises and what has changed since then.



Tehran. Collaboration with German enterprises offers many opportunities, including cooperation partnerships – at least in the opinion of the 22 alumni who attended the first follow-up in Tehran at the end of April 2017. Together they reflected on their training in Germany and exchanged information on the current status of their cooperation projects. The participants all visited the enterprises of three alumni to gain a realistic picture of the effects the training has had. Nahid Hashemi's firm ParsHerma, which produces plastic packaging for cosmetic articles near Tehran, Nassim Parsa's business PlastikKar, which manufactures PVC materials in the Iranian capital, and Bardia Farzamfar's firm Gooya Innovative Biotech in Tehran, which manufactures cell culture media for biopharmaceutical enterprises and products for in vitro fertilisation. These company visits were very popular as

the alumni were not only able to actively discuss what they had learnt in Germany but to also develop specific ideas for cooperation among themselves. For example, the MP participant Taheri Anaraki was interested in obtaining plastic hosepipes from her colleague Parsa for the irrigation of her own pistachio plantation.

And the Programme has only just begun. The project team from ISIPO (Iran Small Industries and Industrial Parks Organisation) and GIZ met for the first time in June 2016 for a workshop in Tehran. There they agreed on the next steps and allocated responsibilities. ISIPO, which has an extensive network of SMEs in Iran, advertised the Programme in all provinces of the country – and the first 24 Iranian executives successfully completed their training in Germany in November 2016. A lot has happened since then: after

returning to Iran, the participants spoke with representatives of Iranian SMEs at numerous informational events, both about their insights gained from the MP and particularly about their experience with German enterprises. The participants all agree that the MP conveys valuable skills and supports them in entering international markets.

Fahime Taheri's family business, for instance, sells pistachios on the domestic market and also exports them to Asian markets. The manager participated in the MP in order to gain a foothold in the German market. During her training, she acquired the necessary knowledge, established contacts and received support for the urgently needed certification process. This process will be completed in the course of the year, which means that the business can then start exporting its product to Germany. And Hamidreza Safari's firm would also like to expand its exports of polyester textile fibres to markets in the EU. In Germany, he deepened his management skills and found a new business partner (see article on p. 51).

The German-Iranian project team also took stock: they evaluated their cooperation in the pilot phase, exchanged insights gained and also success stories. The atmosphere was characterised by the firm intention to continue the successful cooperation in the future. Chances are good because there is very strong interest in the programme in Iran. Plans are already in place for two groups to visit Germany in autumn 2017 to participate in the Manager Training Programme – one of them with a focus on renewable forms of energy.

The secret of the MP's success in Iran is both simple and complex: communication, trust and a team in which everyone pulls together. "The willingness and the ability to listen to each other, try to understand and, where necessary, lend a helping hand, plus a pinch of humour – these are the keys to successful cooperation across borders and time-zones", the members of the German-Iranian team all agree. ■

In Focus: Industrial Clusters

What do a business cluster and a cluster of bees have in common? Not just the name; further parallels are also discernible. Physical proximity to each other is one of them; another is the efficient division of work among all actors, and finally there is the fruit of the joint labours, the "honey". Both systems form a living superorganism which is more than the sum of its parts.

What characterises a cluster? And why should anyone join forces with their potential competitors? Something that is initially confusing, is all the more convincing at second glance. Producers benefit decisively

from the joint infrastructure, mutual suppliers and, under ideal conditions, from the proximity to scientific facilities specialising in the relevant industry. Moreover, businesses also gain access to potential customers, while research institutions benefit from the opportunity to directly implement and sell their latest developments. All things considered, the competitiveness of all parties involved is noticeably improved and significant savings in resources are achieved.

Regional networks of producers, suppliers, universities and service providers already exist in many countries and in di-

verse industries. Germany and several MP partner countries recognise the advantage and the role of clusters in economic development – especially in the SME sector. This is demonstrated by innumerable supportive measures and incentives initiated by governments. However, the success of a cluster depends crucially on its members. During the MP in Germany, foreign executives experienced how this system can be filled with life according to the win-win principle; after the MP, it is up to them to transfer the knowledge gained to their home countries and to participate in creating efficient "superorganisms".

Clusters as an Opportunity for Regions and Enterprises



Fraunhofer Institute for Applied Optics and Precision Engineering IOF, research partner of the Innovation Cluster Green Photonics, Jena

© Fraunhofer IOF

The development of clusters in the German economy has already been on Germany's agenda for 20 years. The Federal Government supports them with a broad range of measures. For the players involved, contacts to other businesses and to potential cooperation partners are the most important advantages of clusters. The principle of clustering is also becoming more and more significant in the MP partner countries.

Berlin. The cluster approach has already played an important role in the discussion on economic and innovation policy since the mid-1990s. With a logical recipe for success, clusters stand for the shift away from a policy of "giving everyone an equal share". Confidence is placed in the geographical concentration of specialised producers and service providers as well as scientific and educational institutions

along related value-chains. Momentum for cooperation and growth is developing, boosted by geographical proximity and the fact that all parties benefit. Enterprises benefit from access to potential customers and suppliers, specialist employees and research partners. New opportunities are opening up for scientific institutions regarding the commercialisation of research results. And clusters are also interesting

for economic promotion because they can increase growth and employment and hence revenues for the public sector. This is associated with the hope of achieving strong results with start-up support and a reasonable use of funds.

Germany was among the forerunners in introducing the cluster approach. A host of supportive measures have been initiated at the federal and state level since the mid-1990s. The Leading-Edge Cluster Competition, the flagship of the Federal Government's High-Tech Strategy, is worth particular mention. In each of the three competition rounds, up to five clusters were selected for funding of up to a maximum amount of 40 million euros to pave their way into the leading international group. The further development of clusters and the professionalisation of

cluster management are being supported – e.g. through the "go-cluster" programme, which brings together the most efficient innovation clusters from all regions of Germany.

Furthermore, cross-cluster information platforms, such as "Clusterplattform Deutschland" (www.clusterplattform.de), and innovation-related funding programmes, which can be used by clusters to implement cooperation projects, also play an

"In innovation clusters, particularly SMEs and start-ups benefit from the targeted cooperation with large companies and research institutions."

Parliamentary State Secretary Dirk Wiese at the opening of the "go-cluster" conference 2017

important role. One of them is the Central Innovation Programme for SMEs (Zentrale Innovationsprogramm Mittelstand (ZIM)), which supports the projects of individual enterprises but also cooperation projects and cooperation networks comprising several businesses and research institutions.

A diverse cluster landscape has developed in Germany against this backdrop. "Clus-

terplattform Deutschland", already mentioned above, has a total number of 471 clusters. German clusters also have a strong position on an international level, e.g. "Hamburg Aviation" or "micro TEC Südwest", both acknowledged by the European Cluster Excellence Initiative (ECEI). Studies show that the cluster approach is broadly accepted by enterprises. According to a survey carried out by the Chamber of Industry and Commerce in Baden-Württemberg, about one third of the polled enterprises participated in at least one cluster in 2015. More than 80 per cent are (very) satisfied with the advantages they offer. Contact with other enterprises and with potential cooperation partners are named as the most important advantages of clusters. Moreover, the firms regard information on technological developments as well as corporate image and gaining access to markets as major benefits.

Although a number of internationally competitive initiatives have also been able to establish themselves in some MP partner countries – such as India, Mexico or Ukraine – the cluster structures on the whole are still at an early stage of development. Comparing experiences, there are some parallels but also interesting differences.

In Germany, as in the MP partner countries, selecting promising clusters for support is a major challenge. Often, hopes are pinned on evocative future-oriented industries, which however, do not have links to the region, or to traditional priorities that lack growth and innovation potential. A critical mass of businesses, research institutions and other institutions along sustainable value-chains, but also the necessary willingness to cooperate are crucial for the success of clusters.

Initial difficulties arise in some partner countries because they have little experience of cooperation between business, science and government, which means that trust and an understanding of role allocation need to be built up at the start. On the other hand, ideas from MP partner countries are sometimes of relevance for



"Clusters are driving forces of innovations. Their new and often unusual forms of cooperation between different industries and levels of value creation enable leaps in innovation – often also across disciplines and technological boundaries. Clusters have become an important factor for our competitiveness and hence for Germany as a location."

Brigitte Zypries, Federal Minister for Economic Affairs and Energy, at the "Cluster Week"

German economic promotion. The cluster approach is broader in some MP partner countries, whereas in this country the focus is often on technological matters. In successful cluster initiatives, e.g. Lviv IT Cluster in Ukraine, more importance is placed on business development, marketing and the qualification of specialist employees. This is possibly due to differences in financing; in view of limited public resources, membership fees and paid services play a larger role in these partner countries.

Experience shows that the cluster approach still offers considerable potential a good 20 years after its introduction. This applies to Germany just as it does to the MP partner countries and the cooperation between them. But experience also shows that the cluster approach is not a universal tool, rather that it only works under certain preconditions, which need to be critically examined in advance. A broad range of stakeholders, areas of responsibility, areas of business, tools and resources have to be coordinated if the potential is to be fully utilised. The cross-cluster perspective will continue to gain in importance. This applies, on the one hand, to international networking among regional clusters, which opens up promising opportunities particularly for German businesses, and, on the other hand, to cross-clustering strategies with which growth and innovation potential is utilised at the interfaces between different clusters. ■

By Björn Vogeler, expert for the Government Advisory Group on behalf of the Federal Ministry for Economic Affairs and Energy.

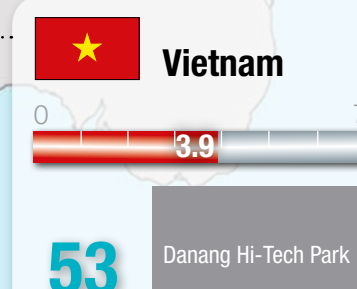
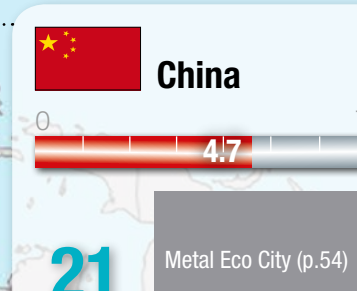
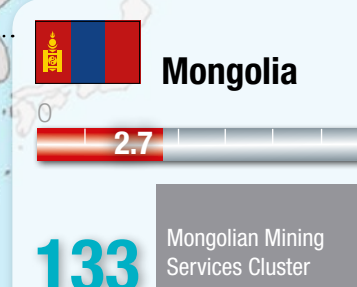
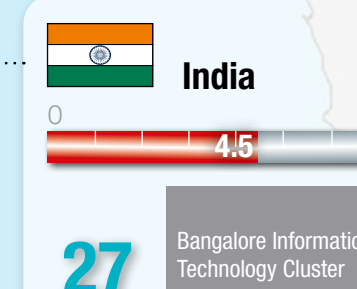
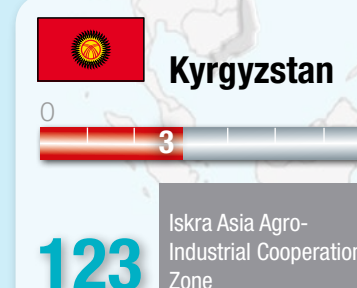
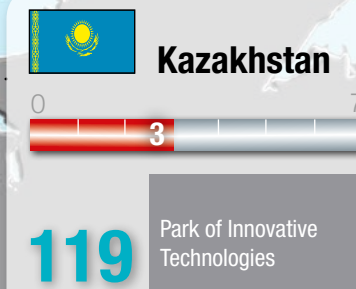
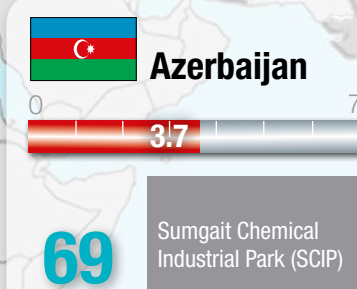
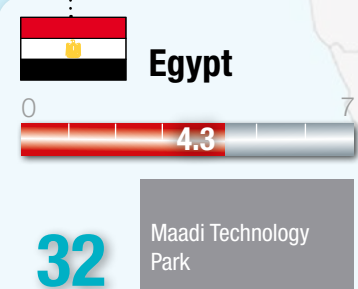
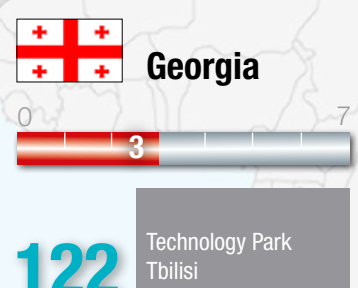
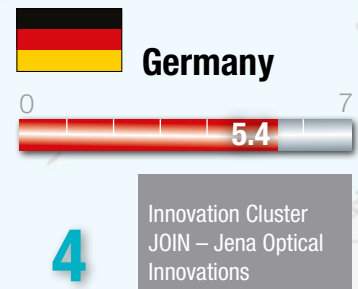
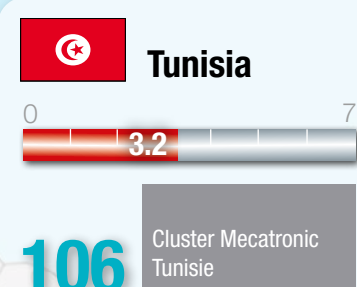
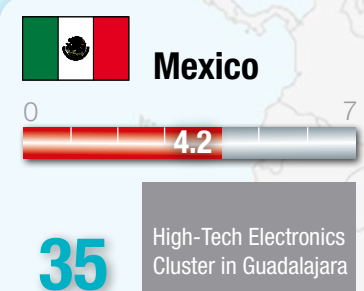
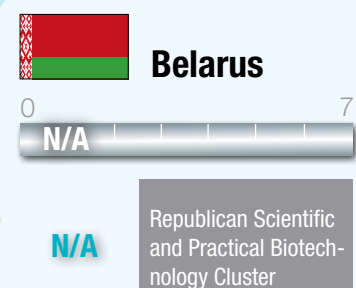
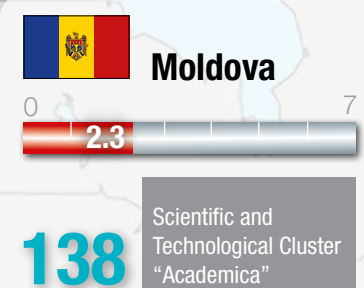
State of Cluster Development in MP Partner Countries

Source: World Economic Forum - The Global Competitiveness Report 2016-2017
Stage of clusters development, Executive Opinion Survey (EOS)

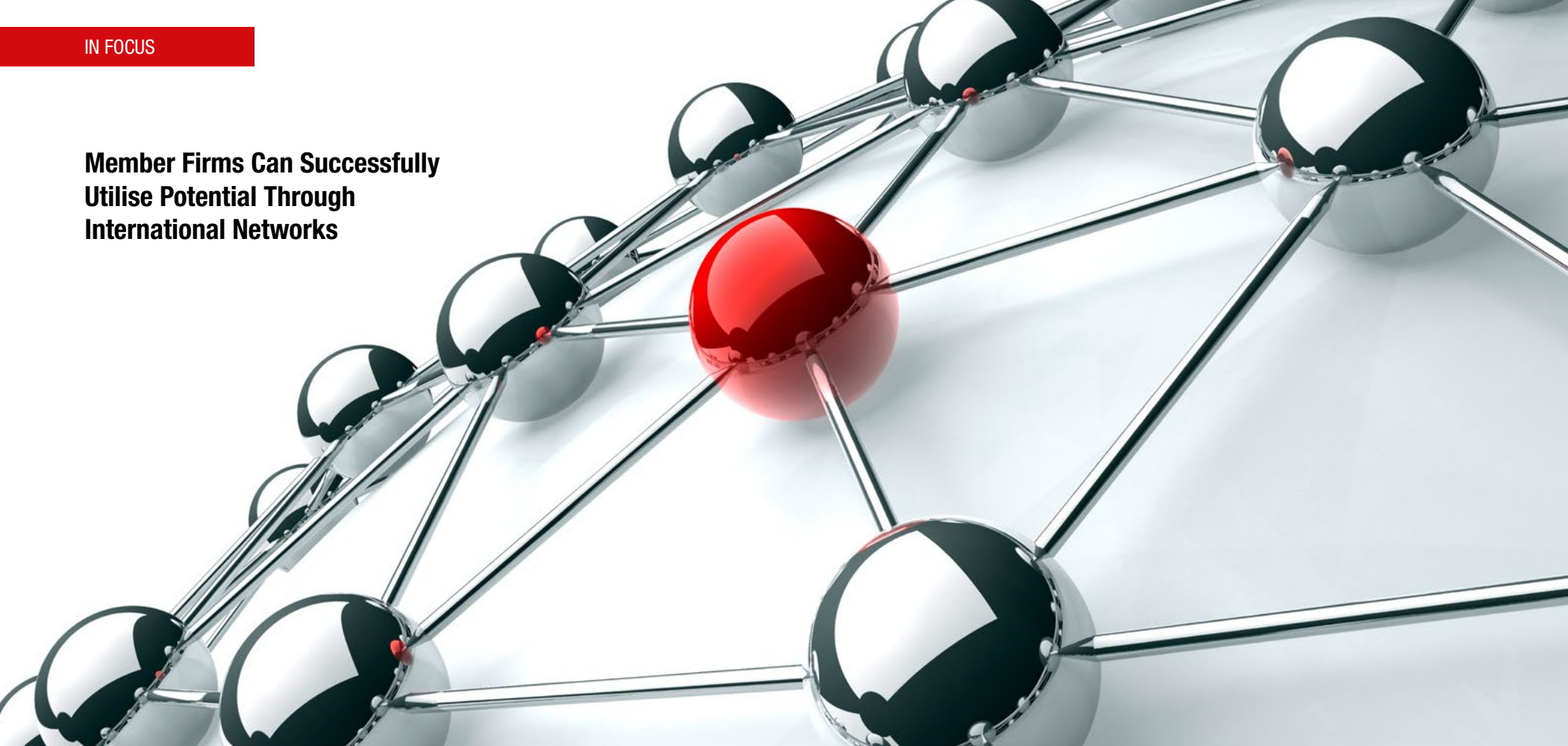
On the scale of 0 to 7 (0=nonexistent; 7=widespread)

Global ranking (among 138)

Cluster examples



Member Firms Can Successfully Utilise Potential Through International Networks



Clusters: Catalysts of Regional Economic Development



An increasingly differentiated cluster landscape has established itself in Germany in recent years. With a high degree of specialisation on the one hand and strong innovative flexibility on the other, clusters offer highlights which create a magnetic pull – developing regional economies and attracting new businesses. Potential foreign investors seeking new investment opportunities often particularly focus on clusters.

Berlin. Clusters are “fruitful habitats” for innovation. Enterprises, universities and research institutions are all important players in this cooperation. The formation and the effectiveness of clusters are therefore a highly topical subject. The first “Cluster Week” in Germany took place at the end of April 2017 under the auspices of the Federal Ministry for Economic Affairs and Energy (BMWi) and the Federal Ministry of Education and Research (BMBF). “It is particularly the close coop-

eration with universities and non-university research institutions that makes Germany’s clusters so successful”, said Federal Research Minister Johanna Wanka on the occasion of the Cluster Week. “They are also increasingly receiving attention at the international level. With its High-Tech Strategy, the Federal Government is therefore particularly committed not only to the further professionalisation and integration of SMEs but to supporting international networks of clusters as well.”

Hannover Messe 2017 also provided informational events on the topic of the German cluster landscape. More than 150 workshops, exhibitions, open-days, specialist conferences and trade fair presentations were held all over the country.

Characteristics of Clusters

What characterises clusters? A number of different definitions are used in the discussion. Each of them is directed at special qualities and individual features. Following Michael Porter (1998), the term usually applies to a locally concentrated network of enterprises, suppliers and service providers as well as universities and research institutions from a particular sector. The scope of resources, their accessibility and the identification of their potential, the existing local research infrastructure, the special services offered and the availability of qualified employees form the basis for the success of clusters.

Ideally, the cluster members benefit from the flow of knowledge and information, the utilisation of synergy effects, and increased innovation and productivity. The quality of the partners participating in the economic process has a positive influence on interactions and the development process, enabling the dynamics of self-reinforcing processes to unfold.

There are diverse practical approaches to cluster identification. For instance, in consideration of a broader definition of economic development cores, Martin Rosenfeld et al. (2006) draw upon the existence of “regional emphases on certain industries”, “corporate networks” and “innovative fields of competence”, e.g. spending on research and development and the number of patent applications etc. However, not every initiative that calls itself a cluster is actually based on cluster structures and verifiable industrial concentrations. Correctly speaking, there should be a differentiation between clusters and networks.

Cluster Policy: A Core Area of Innovation Promotion

Clustering and other similar cooperation concepts have developed continuously in Germany over the past 20 years. Economic policy related activities and incentives,

at both a national and federal state level, have played an important role. In its annual report for 2017, which is based on a study carried out on its behalf, the German Commission of Experts for Research and Innovation (EFI) concludes that altogether more than 430 clusters were promoted in Germany in the period 2015 and 2016. This includes EU programmes as well as those of the German Federal Government and its federal states.

The “go-cluster” programme is a cluster policy measure by the Federal Ministry for Economic Affairs and Energy (BMWi). It is a forum uniting

the most efficient innovation clusters in Germany and cluster management organisations. As of 2017, the 92 innovation clusters from all regions of Germany in the “go-cluster” excellence programme are forerunners in innovation. With more than 15,000 cluster members, among them almost 10,000 SMEs and about 2,000 large companies, they contribute to the strengthening of the German economy.

Cluster Competitions Present Achievements

Examples of the successful integration of different players along a joint innovation and value-chain were announced within the framework of the BMBF Leading Edge Cluster Competition and the BMWi “go-cluster” programme. Among them is the Cluster for Individualised Immune Intervention (Ci3) in the Rhine-Main region in the field of medicines, therapy procedures and diagnostics. Private and public investments amounting to over 1.3 billion euros were used for research infrastructure in the region from 2012 to 2017. Individual immunotherapies for treating cancer are one of this cluster’s focal points.

In the past five years, more than 170 transfer projects with SME participation have resulted from the “it’s OWL – Intelligente Technische Systeme Ostwestfalen Lippe” cluster. Here 174 enterprises, universities and re-

search institutions are cooperating to jointly achieve the leap in innovation from mechatronics to intelligent technical systems.

The “go-cluster” member foodRegio e.V. in Lübeck is an example from the consumer goods sector. In order to secure potential, well-qualified employees, foodRegio set up the “Foodstarter” campaign. This “job portal for young people interested in the food sector” listed more than 460 positions in the region

in 2017. In addition, through the subsidised CrossFoodPac project, foodRegio also increased the innovative ability of businesses in the

region in cross-industry cooperation with clusters in Spain and Sweden. Together with the packaging and food industries, CrossFoodPac is paving the way for safe and innovative “packaging of the future”.

Clusters as Vehicles for the Internationalisation of Enterprises

Activities under the umbrella brand of clusters lend themselves to increasing the internationalisation of enterprises, too. Pooling appropriate activities means that they reach SMEs better and more systematically. Experience in Germany shows that this is particularly the case in regions such as Germany’s new federal states, where foreign trade accounts for a comparatively small share of total turnover. The average export ratio in eastern Germany was a good 35 per cent in 2015, whereas it was 49 per cent in western Germany. It is particularly important to win over more SMEs in eastern Germany for foreign transactions.

Even if cross-border cluster activities are not a universal solution for a stronger internationalisation of SMEs, they do help to overcome the problems that especially SMEs have with market access, e.g. a lack of contacts and networks.

Undertaking delegation trips or receiving foreign delegations and initiating cross-

Information, consultation and services provided for the “go-cluster” programme:
VDI/VDE Innovation + Technik GmbH | Steinplatz 1 | 10623 Berlin
Phone: +49 30 310078-387 | Email: info@go-cluster.de | www.clusterplattform.de

Examples in Thuringia: OptoNet

The member organisations' commitment is a success factor for cluster internationalisation. To achieve this, however, a certain added value must be perceptible. Selected small and medium-sized member enterprises from the Thuringian OptoNet e.V. photonic network stated in interviews that they particularly regard joint product development for the international market – both with international partners and at a regional level – as an opportunity for the internationalisation of clusters. An increased international awareness of the photonic expertise in the Jena region was expected, also influenced by the international reputation of large companies such as JENOPTIK and ZEISS located there. The main risk that the interviewees saw was a possible shift of technology, knowledge and qualified employees away from the region and to foreign competitors.

At the time the study was carried out, the interview partners noticed an indirect influence of the cluster activities on their own foreign business. However, the firms were already comparatively strongly internationalised. The export



ratio in the Thuringian photonic industry was a remarkable 66 per cent in 2015. The majority were in favour of expanding the cluster's internationalisation efforts.

As one of the winners in the first round of the BMBF programme for internationalisation, OptoNet has created its own unit to deal specifically with international cooperation. Trips have already been undertaken to clusters in the

USA, Canada, Japan and the Republic of Korea to strengthen the partnerships. Moreover, country-specific theme days including intercultural training are ongoing. A "task-force" with contact partners to answer questions concerning internationalisation has been established specially for the Asian region, and industry-specific knowledge on topics such as intellectual property rights and possibilities for financing cross-border projects is being summarised.

border research and development projects are also effective steps. Country-specific seminars and field reports on selected target markets, provided by foreign trade experts at cluster events and during business trips for cluster delegations, can compensate for a lack of experience abroad.

The Key to Success: Cluster Management

A crucial requirement for the success of clusters, in general but also especially concerning internationalisation, is skilled cluster management including sound industry know-how, managerial skills and experience on an international level. A specific strategy is essential for the targeted use of the cluster management's resources. Furthermore, there are minimum structural requirements, for instance regarding the number of members. In addition, firms within the cluster must offer attractive products and services in order to generate sustained interest abroad. Although the significance of the geographical proximity of the members is disputed among researchers, participation in events is more likely if journey times are minimal.

Support Programmes for the Internationalisation of Clusters

The public sector is offering increasing support for the internationalisation of clusters. The first eleven winners of the funding programme "Internationalisation of cutting-edge clusters, forward-looking projects and comparable networks" were chosen in Berlin in December 2015. Through this programme, the BMBF supports the strengthening of cross-border networks; with a special emphasis on the design and implementation of research projects involving SMEs, in order to drive the innovativeness and competitiveness of all partners forward. Each "winner" can receive funding of up to four million euros. The initial concept development phase of a maximum of two years is followed by a three-year implementation phase. The projects selected in the second round officially started with the concept development phase at the beginning of 2017; the third round is to start one year later.

Germany Trade & Invest (GTAI) is actively marketing clusters and networks from this region abroad in order to pro-

mote the internationalisation of the economy in eastern Germany. In addition to a publication, selected initiatives from the new federal states are presented abroad, in target markets, within the scope of investor events and cooperation exchanges. A delegation with representatives of the OptoNet cluster in Thuringia, the State Development Corporation of Thuringia (LEG) and GTAI visited Tokyo and Hamamatsu in Japan at the end of August 2016. The aim was to strengthen existing contacts and establish new ones. Similar measures have already taken place with BioEconomy, Silicon Saxony and the Cleantech Initiative Ostdeutschland. The programme will be continued in 2017. ■



Günter Maier is a member of GTAI's staff abroad and has worked for many years as an economics correspondent in the USA, Western Europe and Southeast Asia. He has been working in the Investor Support Services division at GTAI in Berlin since 2015.



Elisabeth Guth is a manager at the GTAI office for the promotion of Germany's new federal states (Stabsstelle Neue Bundesländer der GTAI); within the scope of her Master's thesis at Hochschule für Wirtschaft und Recht Berlin, she examined the possible influence of cluster internationalisation with a focus on eastern Germany.

Iran: Cluster Development Model



Tehran. United Nations Industrial Development Organisation (UNIDO) defines a business cluster as a geographic concentration of mainly small and medium sized enterprises that produce a similar range of goods or services and face similar threats and opportunities.

A closer look at the fact that over 94 per cent of the Iranian manufacturing sector falls into small and medium scale industries and despite the vital role of SMEs in the economic growth, their contribution to the nation's economy does not make up more than 20 per cent. A failure finding study has led to the recognition of a series of obstacles in SMEs' growth pathways, the removal of which requires appropriate models with at least the two following characteristics: The model has to cover the wide range of businesses and be feasible in terms of execution and implementation regarding the human and financial resource restrictions of the public sector.

Hence, the Cluster Development Model implementation, whose age can be counted in a two-digit figure with the above-mentioned features, is now a well-known SME development model in Iran. The model is now being applied widely in various industry sectors, and the Iran Small Industries & Industrial Parks Organisation (ISIPO)

could be able to localise the clustering model by using the experience of international development organisations such as UNIDO. The major steps in the formation of a cluster in Iran are as follows:

- 1 Carrying out a diagnostic study: Identification and prioritisation of business clusters in the country
- 2 Running a feasibility study of the cluster development project
- 3 Training and selection of Cluster Development Agents (CDAs)
- 4 Trust building and strengthening the cooperation spirit amongst the members through CDAs
- 5 Formulation of the action plan
- 6 Implementation of the action plan
- 7 Supervision and evaluation
- 8 Cluster Development Agent (CDA) exit
- 9 Formation of an umbrella network e.g. the members take on the management of the cluster



Currently, when policy making is in action for SME development, the model is a strong advocate for business development. Furthermore, business cluster development is stressed upon in different upstream legislation, for example the Fourth and Fifth Economic Development Plans and above all the "Resistance Economy". This indicates that the model is an acknowledged approach in the area of policy making for businesses in the country.

According to studies carried out by ISIPO, 389 business clusters have been identified in different fields all around the country, and it is predicted that this figure will grow further. Along with business clusters identification, 119 cluster development projects implementation have also been ISIPO's major programmes done in partnership with other supportive entities and organisations. Amazingly, due to business clusters significant achievements have been recorded, such as increases in employment (38%), sales (113%), exports (98%) and considerable knowledge and experience in the field. ■



Since 2008, Ahmad Javanmardi has been working for ISIPO in the field of market development and international affairs, currently as a manager.



As a consultant with ISIPO, Hamid Aziz-mohammadi developed the Business Cluster Development (BCD) guidelines. He carries out BCD trainings and monitors research on BCD models in Iran.

Cooperation to Strengthen Innovation in SMEs



With digitisation bringing about lasting changes in all industries, businesses are constantly being compelled to develop and improve their products, business models and processes. New technology, the so called Work 4.0, digital business models and new demands on the skills of the employees impact the competitiveness of enterprises. When faced with the flood of information and ongoing calls for “disruptive innovation” and digital change, many businesses feel overwhelmed. They often lack the resources and competence to develop an innovation management system that can ensure their survival on the basis of a competitive differentiation. Entering into collaboration with other partners can be a remedy in such cases.

Over the years, the requirements for an innovation management system have been influenced by various trends. On the one hand, new products become more technology intensive. New developments result from a combination of several technologies. On the other hand, the vertical range of manufacture has decreased – outsourcing allows companies to focus on their core competence, but also leads to the loss of the know-how needed for genuine innovations. Besides, new technologies as well as better, easier, more affordable logis-

tics and shipment unleash a geographic expansion of markets. New markets – but also multiple new challenges – emerge: thanks to new technology, new competitors from the emerging markets such as China and Brazil outpace more traditional, well-established players. The well-established industrial companies are facing not only increasing demands for more innovation, but also a lack of resources or expertise for disruptive solutions and have to rely on external sources. In order to address these challenges, partnerships

or alliances to generate innovations outside existing value chains can be of help. In fact, partnerships have an extremely high potential for real innovations.

Cross-enterprise collaboration appears logical and rational. However, it causes practical problems. More than half of strategic partnerships fail. Very often, the reason lies in the enterprises’ lack of commitment for collaboration. Therefore, it is crucial to identify forms of cooperation that promise the biggest innovation success for the partners. Under certain conditions, such a suitable platform is provided by a cluster.

1 The success of a cluster depends on professional cluster management. This includes, among other things, the ability to create an environment that supports and encourages innovation (projects and research cooperation) and the exchange of information.

2 Cluster management benefits significantly from a shared vision. While transforming their vision into reality, cluster partners create added-value.

3 A cluster can hardly achieve lasting results, if it doesn’t incorporate a sufficiently large number of businesses along with research and educational institutions. They provide capabilities and resources to share experience throughout the cluster.

4 It is only when the partners are prepared to contribute actively to an efficient cooperation that an exchange of knowledge and expertise is fostered within project and working groups. The prerequisite is the willingness of the partner enterprises to enter into a long-term commitment.

5 Another key prerequisite is mutual trust to design, implement and guide the cooperation – as smoothly as possible. Trust is particularly important for clusters of an informal, networking type which are not based on contractually binding relationships. In such cases, trust implies readiness to be the first to provide help and support – with no guarantee that the effort will pay off in the end.

6 A cluster initiative proves a success only if shared added-value goes beyond what could be achieved by each partner acting on their own. This benefit must be transparent to all cluster partners, and it can form cluster and industry wide assets dependent on specific relationships and contexts.

These factors show that the success of a cluster initiative largely depends on active management as well as close cooperation between various cluster partners.

Since cluster management tasks are highly diverse, there is no magic solution for an ideal concept. There are only guidelines to help successful cluster managers to align themselves with the best practices. A cluster manager is not a passive coordinator, rather an active driver who is also the principal contact and “carer” for all the cluster partners. The most important task of the cluster manager is to create a trusting atmosphere and promote communication throughout the network. In so doing, the cluster manager makes a significant contribution to the cohesiveness of the cluster. This also helps reduce risks, for example the risk of opportunistic behaviour. Further important tasks of cluster management aimed at promoting internal networking are vision development, image building and securing financing. Furthermore, external marketing of the cluster and networking with cluster managers from other organisations are of particular importance. They open up a way to find new potential partners and prevent a “lock-in” effect.

Building a sustainable cluster organisation results in creating valuable cross-company assets that can be shared for the benefit of all cluster partners. Such an organisation serves as the basis to involve the players, generate projects and identify new trends at an early stage. A cluster initiative can fail due to a lack of regional consensus or if the network structures are too weak which can culminate in a lack of cluster resources.

To create sustainable structures, the cluster manager must actively involve all the stakeholders and create a common understanding of the objectives of cooperation: As legally and commercially independent entities, **enterprises** pursue their revenue



targets which can be reached even more easily owing to the cooperation with their cluster partners. From their point of view, the cluster must offer a benefit which makes a positive contribution to each enterprise’s success. Concurrently, the exchange of information throughout the cluster can unveil hidden dangers at an early stage and therefore strengthen the competitiveness of the enterprises. On the other hand, **educational and research institutions** benefit from their cluster involvement as they expand their knowledge base. In addition to universities and technical colleges, these include public and private research institutions. Participating in cluster activities, they receive better opportunities for hands-on, real-life learning

Industrial Clusters

Targeted incentives, country-wide competitions and activities of regional economic development agencies helped raise public awareness of the concept of “cluster development” in recent years. However, the understanding of the term is too inclusive and vague: it ranges from a regional enterprise agglomeration to an organised corporate network. The purpose of the support policy is to help mainly medium-sized enterprises to enhance their competitiveness in the global market – through clusters as local cross-enterprise value creation systems. Collaboration within a cluster takes place between businesses, public institutions and research organisations.

experiences and can verify their research results in practice. Through the support of a cluster initiative, **funders and founders** pursue mostly economic goals which they are looking to communicate by means of the cluster promotion. Cluster initiators and founders include, but are not limited to, political organisations. For example, these can also be chambers of industry and commerce, clubs and associations, business parks and incubators.

Given the extensive requirements for a cluster and the different goals of the cluster participants, professional cluster management is of particular importance for all the stakeholders – enterprises, political organisations and research institutions. Professional cluster management is critical for the success of the cluster and for fostering innovation. For enterprises, it is not enough just to realise the benefits of cluster partnerships and cooperation. They must drive a cultural change in their organisations, so that their involvement will result in the long-term success of innovation management within the enterprises. ■



Dr Alexander Bode is founder and managing director of Conado GmbH, a consulting company in Bickenbach. As a certified business coach, he focuses on topics related to digital change and new cooperative strategies for enterprises. The subject of his thesis was value-added distribution of internationally active companies. Since then he has acquired extensive experience in strategic business consulting in Germany, the Middle East and Asia. Mr Bode works primarily in the field of digital business development and supports executives in change processes. For more information visit www.conado.de



Cooperation Between NEW AG and Hochschule Niederrhein

The NEW-Blauhaus

In March 2017, 21 managing directors from Mexico visited the Blauhaus in Mönchengladbach within the framework of the Manager Training Programme (MP). The emphasis of the visit was the topic of energy-efficient building, on the one hand, but also cluster management in Germany. The Mexican executives learnt how NEW AG benefits from the close cooperation with the Hochschule Niederrhein University of Applied Sciences, for instance through the joint “Blauhaus” (blue building) project.



The NEW-Blauhaus is a joint project between NEW, the utility service provider in the areas of energy and water, and Hochschule Niederrhein. The ultra-modern, pentagonal building on the University's campus was built in close collaboration and is jointly used by both partners. On an area of about 4,000 square metres spread over five floors are, among others, a NEW customer centre, the “Blauschmiede” start-up centre, the “Innovatorium” energy laboratory and the University's library. The building is a true symbol of the successful linking of business and science in Mönchengladbach.

The detached building got its name from the impressive façade consisting of shimmering blue photovoltaic elements leaning towards each other. The combination of ae-

sthetic design and innovative energy technology lends the building its model character. Altogether, more than 300 PV modules satisfy all the energy requirements and thus avoid the emission of 110 tonnes of harmful CO₂ – every year. The state-of-the-art energy centre in the basement ensures the sustainable supply of energy.

At Home in the Blauhaus

► NEW Customer Centre

The first point of contact for NEW customers is on the ground floor: The department for “services around energy” is adjacent to the highly modern customer centre. Interested members of the public can inform themselves here about the entire range of services provided by NEW, e.g. on the topics of rates, NEWheat (heating contrac-

ting) and NEW EnergieDach (self-generated solar electricity).

► “Blauschmiede” Start-Up Centre

Seven offices are each let for a period of two years to new start-ups in the energy sector. A jury selects suitable new entrepreneurs who receive an extensive package as ideal support for a successful start (reduced rent, contact to the NEW group of enterprises, provision of electric vehicles).

► NEW Foundation Professorship

NEW and Hochschule Niederrhein have been cooperating closely for many years now. It was within the scope of this cooperation that the NEW “Energy Controlling” Professorship was created, which has been financed by NEW AG since 1 March 2013. The professorship includes research and consultancy activities in the area of energy efficiency and renewable energy.

► “Innovatorium” Energy Laboratory

Academia meets practice in the “Innovatorium”. The energy laboratory was planned both for those studying business administration and for secondary school students from year 10 onwards. The comprehensive range of topics includes energy management, energy efficiency, renewable energies, cost accounting and cost-benefit analyses.

► University Library

The University's library has also moved into the NEW Blauhaus. New group rooms, additional workstations and the increased quality of the surroundings (temperature, fresh air, daylight) make for a noticeable improvement in learning conditions. With the new booking system using RFID technology, it is no longer necessary to lock away jackets and bags, and returning books etc. is possible around the clock.

► “KIS” – The University's IT

Ten employees and a changing number of student assistants make the NEW Blauhaus the new control centre of the IT department at Hochschule Niederrhein. The service centre on the ground floor opposite the main entrance is the highlight. The glass-wall facing the foyer and the windows reaching down to the floor create an open, modern atmosphere and are inviting to visitors.

► “NIERS” Research Institute

The „Niederrhein Institute for Regional and Structural Research“ (NIERS) is a research institute at Hochschule Niederrhein analysing socioeconomic subjects at the regional level. NIERS conducts practice-oriented and policy advisory research, is managed by economists and has an interdisciplinary approach. Besides public contract research, the institute carries out analyses for the Niederrhein region.



► CarSharing Pilot Project

In a pilot scheme, NEW has made two electric cars available to its employees, the University's employees and to students who display an interest. These cars are parked in their own parking spaces with an electric charging station in front of the NEW Blauhaus and can be hired on an hourly or daily basis for business and private use. The aim is to gain practical experience of different electric vehicles which are available on the general market, in day-to-day use and to test automated payment and rental systems.

Mature Technology at the Highest Level

The NEW Blauhaus was built to meet the passive house standard and is operated in a carbon-neutral way. The annual energy requirements for the building are covered



through the photovoltaic system. This includes temperature moderation (heating and cooling) of the building as well as all other electricity consumption. The energy centre is the heart of the Blauhaus. It can be experienced from outside by viewing the innovative technology through a large window at street level. The building is heated via a brine-water heat pump in combination with an ice storage facility. The heat pump extracts energy, i.e. heat, from the ice

Facts and Details

€ 10,150,000

Building costs

June 2014 – October 2015

Building period

20,000 m³

Enclosed space

4,000 m²

Usable floor area

230 PV modules

On the roof (368 m²)

77 PV modules

On the façade (360 m²)

19.5 km

Piping for controlling the temperature of the concrete core

3,800 m

Piping in the ice storage

192,800 kW/a

Energy requirements of the NEW Blauhaus

110 t

Reduction in CO₂ per year

60 kW

Energy output of the heat pump

15 kW

Energy output of the block-type combined heat and power plant

store when the water molecules in the ice store freeze and crystallise, releasing their kinetic energy. This energy is then used for heating. The heat that is generated in the building through lighting, computers and people is used to liquefy the ice again and charge the accumulators. Heat is extracted from the rooms via a 19.5-kilometre-long piping system in the concrete ceiling (temperature control of the concrete core) and guided over the ice store. A cogeneration unit and a condensing boiler are also connectable. Moreover, it is possible to connect a fuel cell.

A Gem on the Campus

Architecturally and in terms of urban planning, the NEW Blauhaus is a real highlight. The building – located in the immediate vicinity of the canteen – is clearly recognisable as the new address on the university's campus. It connects the campus with the city and the park via the generous forecourt and steps.

The extraordinary sculptural façade consists of glass and photovoltaic elements whose different angles are determined by compass directions and exposure to the sun. A high insulation standard and the favourable volume-to-surface ratio optimise energy efficiency.

The glazed entrance area opens out into an inviting foyer with a view onto the park. The foyer guides the way to the areas occupied by NEW and the University. The space on the four upper floors is grouped around an atrium that lets natural light into all areas of the building. There is a large roof terrace adjacent to University's library rooms. The interior design is characterised by smooth surfaces, fabrics and wood. Informative and decorative elements in NEW's corporate colours aid orientation and create a friendly atmosphere in the foyer and the offices of the energy consultancy. ■



Christina Achtnich is the spokeswoman of NEW AG, a regional utility company in the Lower Rhine area. The company is striving to be an innovative, partnership-focused service provider. Besides electricity and water supply, NEW AG has a fleet of 230 buses for public transportation and operates 11 indoor and outdoor pools.



Public Private Partnership

Building Up the Infrastructure of Industrial Clusters



The competitiveness of its domestic industries and their effective promotion and development are a challenge for every country. Subsidies are a traditional form of support – an approach that has weaknesses as they are financed exclusively through the state budget. Hence, international financial crises or fluctuations in oil prices always pose a threat to the achievement of the respective strategic goals. In such a situation, the state can buy itself time by turning to private investors so that it can continue with its infrastructure projects without constantly having to take public budget constraints into consideration. Here Public Private Partnerships offer the ideal combination of public and private interests. The state can realise its infrastructure projects in the long-term, and private investors achieve a high return on investment.

The introduction of Public Private Partnerships (PPPs) in the post-Soviet region was gradual. The state's expectations of private investors, their role within the projects and their willingness to take risks for projects have changed considerably during this period. The state has recognised the particular risks associated with the various types of infrastructure projects and how diverse the forms of cooperation with private investors can be. As a result, legislation has evolved that does justice to the different approaches to the structuring of investment projects and to the possibilities that the state and private investors have.

The development history of the investment laws in the Russian Federation (RF) is a good example of this, and Belarus, Kazakhstan, Kyrgyzstan and other countries have followed a similar path: On 25 February 1999 the Federal Law No. 39-FZ on investment activities in the RF in the form of capital investments was passed; On 21 July 2005 the Federal Law No. 115-FZ on concession agreements followed; On 13 July 2015 the Federal Law No. 224-

FZ on public private partnership, municipal private partnership in the RF etc. came into force.

Stage 1: Investors expect the creation of legal framework conditions for investment in public infrastructure projects that require large amounts of capital and pass into private ownership (the main risk lies with the investor);

Stage 2: Investors expect to be able to invest in the creation or renewal of public infrastructure while the facilities remain in the state's hands (state and investor share the project risk);

Stage 3: Investors expect to be able to invest in the creation or renewal of public infrastructure, and the facilities pass into the investor's ownership.

The laws mentioned provide a good representation of the broad range of cooperation options and possibilities between public and private partners – particularly risk spreading and security deposits. They

also reflect the mechanisms with which the state can be forced, if necessary, to meet its obligations.

De facto these and other laws satisfy investors' extensive expectations or demands for state guarantees through sound, contractually secured guarantee obligations on the part of the state. And judicial practice shows that these mechanisms are effective and reliable.

However, in practice it is difficult to obtain state guarantees for specific investment projects. Firstly, the state has to include further costs in the budget for each guarantee and is bound by budgetary requirements; formal refusals have been replaced with lengthy formal approval procedures. Secondly, the investor is no longer obliged to provide security to the state for parts of or for the entire project.

The investors' resulting need for other approaches to risk spreading was taken into account through a broader use of opportunities for PPPs and the development of corresponding laws.

PPP is now newly defined as a legally-founded cooperation system on a partnership basis for the joint implementation of profitable investment projects with a fair distribution of organisational, financial, operational and other risks.

Infrastructure and Industrial Clusters

An industrial cluster is a gathering of industrial enterprises that are interconnected both geographically and technologically; it can be spread across one or more regions of a country.

However, from a legislative perspective, the infrastructure of an industrial cluster, i.e. a conglomeration of technical and industrial enterprises as well as research and educational institutions that ensure the cluster's development according to plan, is divided into two parts: academic educational institutions and technical infrastructure facilities. Here the latter are of greater significance.

The definition of technical infrastructure is relatively broad; it includes industry-specific buildings, plants or centres, for instance industrial areas, technology parks or start-up centres, infrastructure

centres for industrial design, prototype construction and other facilities. This infrastructure must be available in an industrial cluster for its elements to form an entity of industrial units (connected with one another geographically and in terms of production or functionally dependent on one another) concentrated in one or several regions of a country.

With regard to the financing of technological infrastructure, the state's focus is on so-called industrial or technological parks. The state programme for developing and improving the competitiveness of industry designates funding particularly and exclusively for centres of this type. These subsidies are directed at subjects of the RF for the reimbursement of budgetary resources made available by these subjects of the RF for the development of industrial or technological parks and their infrastructure.

In this way, the state signals its willingness to finance this particularly capital-intensive area of infrastructure as a key sector. However, the state programme mentioned above only has the status of a declaration of intent and is not binding; this means that the enterprises within an industrial cluster and the basic infrastructure can only be supported to the extent to which the respective public budget and its priorities allow this, also with regard to timing.

The firms in an industrial cluster must either finance other infrastructure facilities alone or jointly; these own initiatives can be planned and managed much more easily than inflows of funds from the state.

Are there alternatives to PPPs?

The current budget legislation stipulates that budget investments must be earmarked for the construction of facilities in public ownership and that financing must be through the traditional procedures of public procurement. This makes a coordination with planned investment projects of private investors in an industrial cluster impossible.

That means that with regards to financing infrastructure facilities in clusters, the state does not enter into any obligations regarding deadlines or sums to be





invested and reserves the right to perhaps change its plans. This leads to considerable uncertainty and risks for the enterprises in the cluster concerning their own investment plans, both prior to and after the construction of the infrastructure by the state. In all cases, they act at their own risk.

Clearly, many infrastructure elements built by the enterprises in the cluster cannot exist or at least function independently without the public infrastructure to be constructed by the state. Even if the state does not have sufficient budgetary resources and an enterprise is prepared to finance certain facilities from its own resources, it is not allowed to do so if this part of the infrastructure has been defined as “public” by a state programme or some other special programme and has to be financed from public budgetary resources (which is usually the case).

In such a case, PPPs are the only solution for overcoming the dilemma. There are already cooperation structures based on contracts with the state, in which the obligations of both partners (time limits,

financing) are clearly stipulated. In cases of breach of contract, the guilty party can be held legally accountable.

Hence PPPs are not only the right option for implementing critical infrastructure projects through use of appropriate contracts, but are also a vehicle for enabling deadlines to be agreed and for risks to be distributed between the parties in a balanced way.

PPPs in industrial clusters are still new; however, this model has already proved itself in other areas, in which two or more operators and / or investors have implemented complex investment projects with different, interdependent elements – and there certainly are parallels to industrial clusters.

The following two projects, of which the investment stage has already been successfully completed, are mentioned as examples: the transregional Sviyazhsk multimodal logistics centre and the transport hub of Novorossiysk. In both cases, several PPP projects were implemented in different areas, each of them attractive

as an independent investment project not connected to the overall project and with its own risk distribution. In these projects, total amounts of USD 230 million and USD 2.02 billion were invested respectively through PPPs.

Naturally, the use of PPPs for structurally complex infrastructure facilities requires far more preparation in the long run than other instruments do if the expectations and possibilities of all parties involved are to be taken into consideration. At the same time, this instrument opens up many more prospects for the future as it is possible to bind the obligations of the project partners to time limits and to act more flexibly in the search for sources of finance and in the distribution of risks. ■



Dr Vitaly MAXIMOV, Chairman of the Board of Directors TRANSPROJEKT Group JSC and Member of the UNECE PPP Business Advisory Board. TRANSPROJEKT Group AG was an investment consultancy on the Russian side from 2011-2013 within the scope of the construction of the transregional Sviyazhsk multimodal logistics centre and the development of the transport hub of Novorossiysk and on request, can provide detailed information on the structure of these projects. www.transproekt.ru

Uzbekistan: Pharmaceuticals is Gaining Ground



Dariusch Eftikhar, Authorised Representative of the Delegation of the German Economy for Central Asia and Member of the Management Board of the German Business Club in Uzbekistan, answered our questions regarding the cluster situation in Uzbekistan.



GIZ: Mr Eftikhar, what industrial clusters already exist in Uzbekistan?

Dariusch Eftikhar: There are currently no industrial clusters according to the Western model in Uzbekistan. Here Free Economic and Industrial Zones are more popular. In addition to the already existing Navoi, An-

gren and Jizzakh zones, four further zones have recently been established by decree of the Uzbek President Schawkat Mirsiyoyev: Urgut, Hazarasp, Qoqand and Gijduvan.

Can you tell us something about the current plans?

Four pharmaceutical clusters are being planned for 2017 in Uzbekistan. The Boysun-pharm, Bustonlik-pharm, Zomin-pharm and Sirdaryo-pharm pharmaceutical industrial zones are also being established by decree of the President.

What is the situation regarding state support for these zones?

Investors in the pharma clusters receive a number of tax and tariff concessions. Among other things, they don't have to pay land tax, profit tax, capital tax or infrastructure tax and are exempted from a variety of tariffs. The benefits depend on the amount invested and are granted for a period of three to ten years.

According to the decree, the Industrial Zones are set up for a period of 30 years but can also be operated for a longer period if necessary. The main goal is to achieve domestic and foreign direct investments for the development of a modern pharmaceutical industry with a high level of added value, using chemical substances and herbal medicinal products. Hence, investors in these clusters can make use of the entire range of subsidies.

And which industries beyond the pharmaceutical industry would be of particular interest for future clusters?

Preconditions for establishing industrial clusters in Uzbekistan are favourable for light industry as well as the automobile, chemical, building materials, petroleum and gas industries.

Thank you very much for the interview! ■





Social media ranked high on the agenda of the alumni workshop in Hue

Social Business in Vietnam



Social media is very popular in Vietnam. Vietnamese firms that have not yet optimised their websites for German customers and linked them to social media should do so quickly. At a workshop in Hue, Vietnamese MP alumni learnt the right way to go about it.

Hue. Social media platforms occupy four of the first five positions among the most popular Vietnamese websites. The situation is similar in Germany; however, while Facebook is in first place in Vietnam, it is only in third place in Germany, behind Google and YouTube (both companies belong to the Alphabet group). It is surprising how many things Vietnam and Germany have in common, bringing the

two countries closer together, although they are about ten thousand kilometres apart. At the opening of the seventh alumni conference in Hue (central Vietnam), Wolfgang Hombrecher (BMW) emphasised that he already felt very much at ease during his first visit to Vietnam. He said that, like Germans, the people in Vietnam were very well organised and keen to cooperate and thus a good choice

for cooperation in Asia. And there are numerous similarities in their use of the internet, too.

Statistics on the worldwide penetration of social networks (statista.com, 01/17) show that the two countries come one after the other. It is currently evident that Vietnamese users (48%) occupy themselves more with social content than German users (41%) do. The most dominant social media networks in Vietnam in 2016 were Facebook (21%), Google+ (13%),



Participants of the 7th alumni conference in Vietnam

Skype (12%), Twitter (8%), LinkedIn (5%) and Instagram (5%).

When the regulation of the use of social media, particularly of Facebook, was eased in 2014, there was real euphoria, which has also made itself noticeable in the business environment of former MP participants. During the two-day alumni conference in Hue, the MP alumni became acquainted with new trends in on-line marketing. They analysed the already existing websites of their firms in view of establishing cooperation with German enterprises. Some online services are only just becoming established in Vietnam (e.g. that of Google Indoor Maps, which enables one to be virtually present inside shops and look at the various products up close). They provide a good opportunity for enterprises to offer their products to a large target group.

The participants learnt, among other things, that enterprises' internet pages must primarily appeal to potential customers with regard to content and graphical design. German customers, for instance, place high importance on a clear structure that is repeated on all pages. It is wise to entrust a professional agency with the design of the website. As a rule, it's a false economy to do the programming oneself or to use freeware programs that often contain advertising as the websites are simply not professional. Agencies normally also check whether any rights of third parties could be infringed on through the use of pictures or the mention

of particular brands. In addition to their own website, it is important to secure a Facebook address with a simple structure, i.e. short and descriptive.

German entrepreneurs know that linking their website to a social network can be very helpful for both customer retention and customer acquisition. This social presence must, however, be updated regularly. It is not necessary to choose Facebook, even if it is most wide spread. When choosing a network, it is important to consider the



target group. Social media was still unfamiliar territory for some seminar participants. Less than half of the participants had a corporate Facebook account and used it regularly. Only a few of them were aware that a Facebook page could also support commercial success if well maintained. Here the choice of professional images and the clear description of the products or services offered are decisive. After all, a "fan" of the Facebook page should become a customer in the future. Under the motto "sharing is caring", the target group requires relevant content if the page is to be regarded as pleasing and if topical information is to be appreciated.

The Vietnamese managers were most interested in the topic of search engine optimisation (SEO). With a market share of over 96.5 per cent, Google is the search engine used most often in Vietnam. A few tricks are needed to land among the first ten hits for a search query. Selecting a suitable domain is crucial; it is best to register several domains that lead to the enterprise's site. For example, for a firm offering travel, it is recommendable to register a domain like www.urlaub-in-vietnam.de (holiday-in-vietnam.de, in German), which combines several search terms. Anyone specifically looking for German customers should also secure one or more .de domains and make sure that the German text is error-free. The first lines on a page and the headings should especially contain certain key terms or key words relating to the products or services offered. It is also possible to position the website among the top search results by advertising through Google AdWords.

The participants learnt seven rules for planning a campaign to attract new customers using social media:

1. Know your audience
2. Identify suitable channels
3. Define your goals
4. Make use of your resources
5. Find people that 'like' you
6. Keep people that 'like' you
7. Analyse and evaluate the results



After discussing the seven steps in detail, the participants were given a checklist for analysing their own internet presence and had the opportunity to evaluate their websites in small groups. It soon became clear that what appears to be simple requires a lot of preparation and technical skills. Creating a professional newsletter, for example, requires good preparation, e.g. professional video sequences and texts, and responsive programming that makes it possible to easily read the newsletter on different devices (smartphones, laptops and tablets).

There were also numerous questions regarding the general development of the internet, particularly what new medium will replace the social media. The concept "Social Business" was a hot topic in this regard. According to this concept, the future of the social media lies in offering products and services which are connected, adaptable and intelligent, that also anticipate customers' needs and satisfy them at record speed.

The analysis of the websites showed clearly that many of the Vietnamese participants are already well able to cope with future challenges and respond to the requirements of their German customers. Nevertheless, not so much significance is placed on the first impression, which Germans typically find very important. Even a minor graphical or grammatical error can cause German customers to quickly lose interest. Here the generation plays a decisive role. For instance, the attention span of Generation Z – "Post-Millennials" born between the mid-1990s and the early 2000s – is 8.25 seconds. This generation is therefore less receptive to detailed texts but instead needs concise content that should also be appealing. ■



The communication trainer Dr Erik Malchow takes care of groups from CIS countries and Asia for the MP and actively supports the participants in establishing trade with German firms. Besides being a specialist author, he gives lectures on media and communication at the university Europa-Universität Viadrina in Frankfurt (Oder).

Mongolian New Year Celebrations with the German Ambassador



Numerous guests at the Mongolian New Year celebration

Ulaanbaatar. The Mongolian alumni association of the Programme has adopted a charming tradition: some of its members celebrate the Mongolian New Year together every year to get to know new alumni and discuss the results of the past year and goals for the coming one. In 2017 two special guests were on the celebrating community's list: the new German ambassador Stefan Duppel and his wife Elena Alonso Frayle. The evening was largely devoted to becoming acquainted with each other, and the Mongolian MP alumni informed

Duppel about their enterprises and the MP results. There was much dancing and singing but also time for an exchange on the alumni association's future plans and ideas. Duppel was clearly impressed and assured the alumni of his support for their projects and events.

The MonGerAlumni was founded in 2011. Its roughly 200 members come from almost all sectors of the Mongolian economy, such as mining, commerce, heavy and light industry, tourism, banking and finance. Many

of them concluded contracts and cooperation agreements with German partners within the scope of their manager training in Germany – for instance for the supply of a German production line for milk, yoghurt production plants for the beverage producer APU or a fully automatic warehouse for the MONOS pharmaceutical group. The aim of the association is to promote German-Mongolian economic cooperation. MonGerAlumni carries out training seminars for its members for that purpose with the aid of German and Mongolian experts, cooperates with national and international associations, NGOs and state institutions and participates in diverse exhibitions and trade fairs like the “German-Mongolian Corporate Days 2016” fair in Ulaanbaatar. To encourage cooperation and exchange among the alumni and discuss economic challenges and topics with one another, MonGerAlumni, together with its partners, holds annual alumni conferences and follow-up seminars and organises joint informal gatherings – for example, the Mongolian New Year celebration. ■



After completing her Manager Training Programme at the Carl Duisberg Centre in Cologne in 2010, Togtokh Davajav has been coordinating projects of the Mongolian MonGerAlumni association.

A Visit to the Laboratory



Representatives of BMWi and GIZ during a company tour

Astana. “During my trips to the MP partner countries, the alumni's creativity and dynamism never fails to surprise me”, says Yildiz Götze, Head of Division at the Federal Ministry for Economic Affairs and Energy (BMWi) and responsible for the MP, who led a delegation from the BMWi and GIZ to Astana in April 2017. “In Kazakhstan too, the range of bilateral cooperation could not have been more diverse: from the equipping of gyms and medical

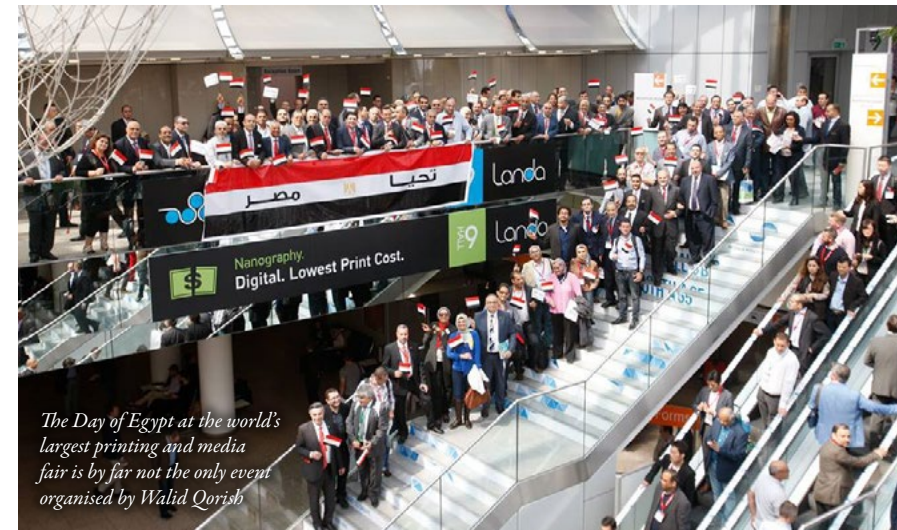
Germany and how contacts with their German partners are developing.

The delegation stopped off to visit Erlan Suleymenov on their way to the airport. He is the general director of Olymp, a laboratory chain for medical diagnostics, and participated in the MP in 2014. His guests were very impressed: the laboratory provides an outstanding service and has state-of-the-art technical equipment. Pro-

cesses are almost fully automated, and the laboratory is ISO-certified. It offers more than a thousand types of analysis, and the laboratory's results are internationally accepted. Suleymenov has analyses which his laboratory is not able to carry out itself performed in large German laboratories that he has been cooperating with since his MP training. This is normally the case with complex, rare or genetic diseases. Hence, it is no surprise that Olymp is considered to be the best private laboratory in Kazakhstan. It has branches in all district and regional centres. Several million analyses are carried out every year – and the numbers are set to increase further. The enterprise is already expanding into other countries: it has laboratories in Russia (Chelyabinsk and Omsk) and plans to tap into the Uzbek and Kyrgyz markets. “During the training, I learnt how to communicate properly with German partners”, Suleymenov says. “And, naturally, I was also able to establish valuable contacts with alumni from other countries, who were with me at the NBL MP Training Centre in Dresden”. ■

MP Alumnus from Egypt Diversifies his Business

Events for Egypt's Printing Industry



The Day of Egypt at the world's largest printing and media fair is by far not the only event organised by Walid Qorish

Walid Qorish has been working in the printing, packaging and publishing industry for more than twenty years. In 2008, he founded Egygraph Creative Communication, an advertising agency in Cairo. During the 2014 MP, he was able to strengthen existing relationships with key German players in the printing industry. A contact he established with a German trade fair enterprise would prove particularly valuable; it would lead the 44-year-old entrepreneur to set up a new line of business in event organisation. The German trade fair organisers in turn were happy to secure a committed partner in Egypt.



Walid Qorish

Cairo. drupa is the world's largest trade fair for the printing and media industry, and it is held in Düsseldorf every four years. Print service providers, designers and publishers from all over the world gather here. Qorish is a regular participant. It is a place where he can network and catch up on the latest industry news. But it was only at a meeting during the MP in Frankfurt that he was able to present himself to the drupa management team as someone with the potential to become a fully-fledged partner. “Suddenly, I wasn't just anyone”, says the entrepreneur, who had been organising the Egypt day at drupa, regularly attended by approximately 800 representatives from the Egyptian printing, packaging and publishing industry, for a number of years.

It was agreed that Qorish would represent the interests of drupa in Egypt. He organised pre-drupa events in Cairo and Alexandria, Egypt's second-largest city,

presenting the latest trends and technologies in the printing industry in a number of exhibitions and lectures. This compact drupa road show was well received by the Egyptian industry, and the German partners were very satisfied. Qorish was subsequently commissioned to organise a post-drupa event in Alexandria.

Competition is fierce in the Egyptian advertising market. There are a number of competitors and the pressure on prices is high. Qorish aims to diversify his business and believes there is a gap in the market when it comes to organising industry events. This is why he decided to establish a new event division with two new employees. He also intends to continue expanding in this area in the future. He has already established a new regional conference format with “Print Innovate Summit”, showcasing innovative printing technologies, which was held for the first time in 2014 in Cairo. He also organises international conferences and exhibitions

in the Egyptian capital under the name DIGITECH. “We hope to draw German enterprises to Egypt. We recognise that they are leaders in the printing industry, and we want to bring them together with enterprises in the MENA region. This will allow German enterprises to save on the costs of participating in large trade fairs and communicate directly with their target audience. And our enterprises will benefit by staying up-to-date with the latest technology”, explains Qorish, who has increased revenue at his firm by 25 per cent since the MP.

Egypt is a promising market for foreign print service providers as virtually all printing and packaging machinery is imported. In 2015, Egyptian enterprises spent a total of USD 255 million in this area. Approximately one third of these orders were placed with German enterprises. Qorish has also observed that Egyptian enterprises value the quality of “made in Germany”. The entrepreneur, who himself commissions subcontractors to print on machines from Heidelberger Druckmaschinen AG, tells us that many printing works use German printing technology. Qorish, who recently conducted a study on developments in the printing industry in the MENA region, also reports that other markets for the print media industry are shrinking, particularly

“We hope to draw German enterprises to Egypt. We recognise that they are leaders in the printing industry.”

in Europe, as to be expected with the advance of digitalisation. According to the study, the industry can expect annual growth of over 7 per cent in the MENA region.

In order to improve Egyptian MP alumni's ability to network amongst themselves and create a platform for the exchange of ideas beyond the programme, Qorish is also involved in establishing an alumni association, supported by GIZ on the German side and ITC (Industrial Training Council) on the Egyptian side. Qorish expects the association to begin work in October 2017, once the paperwork is all in order. Around 200 Egyptian alumni will then be invited to benefit from Qorish's hard work and dedication. ■

Focus on Cooperation and Innovation

University Hospital Defies the Crisis



Kharkiv is the second largest city in Ukraine and the country's leading hub for science and education. Home to more than 40 higher education institutions, the city also has a university hospital with over 400 employees. These include Fatima Abdueva, a 36-year-old cardiologist. In 2015, Fatima participated in the MP to learn more about work practices at medical facilities in Germany and network with German hospitals. Havelhöhe Community Hospital in Berlin proved the ideal partner and she has since not only built up professional relations, but has also developed friendships.

Kharkiv



Kharkiv. After completing the MP, it wasn't long before Fatima Abdueva had a lot on her plate. She was kept very busy preparing a German-Ukrainian seminar on chronic pain that was held in collaboration with a number of German and Ukrainian partners. More than 60 Ukrainian doctors were able to learn about the current state of care for chronic pain sufferers in Germany during the two-day event. The principal lecturer from Germany was Dr Michael Schenk, the former head of the Havelhöhe Pain Centre. Schenk and Abdueva first met when the cardiologist participated in the MP

in Germany. After sharing her plans for the treatment of pain sufferers in Ukraine with him, Schenk readily accepted her invitation for him to share his expertise in this field. The first joint event marked the beginning of a long-term education partnership between the two hospitals that was sealed with an official bilateral



Fatima Abdueva

agreement in 2016. "We are not only partners now though, but also friends", adds the MP participant. Among those to support the preliminary measures were the Honorary Consulate of the Federal Republic of Germany in Kharkiv, the Hessian medical device manufacturer B. Braun Melsungen AG and the German-Ukrainian medical association Udamed that was established in collaboration with another MP graduate, Anna Novikova. Abdueva subsequently organised a follow-up event for nurses. With more than 100 participants, it also proved extremely popular. As part of another initiative, four doctors from the university hospital travelled to Berlin for one month of training. Later that year, Abdueva helped to set up a pain clinic at the university hospital. "In this form, it is an absolute novelty in the Ukraine", she says with pride.

The young cardiologist is also responsible for further modernisation of the hospital. While the tense economic situation and fluctuating exchange rate make this extremely difficult, it remains a central concern. "We are taking small steps at the moment. It is important to keep up", says Abdueva of her approach. After the MP, the hospital increased its equipment budget and acquired minimally-invasive surgical instruments from KARL STORZ GmbH & Co. KG.

For Abdueva, it is not only the measurable business results of the programme that count. The exchange, networking and international cooperation are even more crucial. "The programme helps to open the borders", she explains. ■

We are interested in your opinion!

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



A bakery that follows the German model



The central baking room after the restructuring



"Now I'm a Real Entrepreneur"

Dorin Bolohan owns the "Bretzel" bakery chain in Chişinău. The 36-year-old launched his pretzel-making venture six years ago. "It started out as just a hobby. I couldn't live off it", he recalls. He continued to earn his "daily bread" as a legal expert, running the bakery on the side. At some point though, he realised he had to make a choice, and after ten successful years as a civil service lawyer, he decided to put all his eggs into the one basket – his bakery. This was when he heard about the MP.



Dorin Bolohan

Chişinău. "My mother used to make 'kalachi', a special Moldovan pastry, when I was little. I would often watch her as she worked", Dorin Bolohan says. He has fond memories of the baking ceremony, the mixing of the dough, the taste of the freshly baked pastries, and the homey, sweet smell that would waft through the house. In 2011, he felt the need for a new direction in life, and these childhood memories served as his inspiration. At the time, soft pretzels were a very popular snack in neighbouring Romania, and Moldovans were developing a taste for them too. Though he had zero experience as either a baker or a businessman, Bolohan began experimenting with dough. "In the beginning, I had no idea what I was doing", he remembers, "but I was having fun". He heard of the MP in 2014. By then sales of his pretzels were doing well, and he quickly realised that attending the MP in a country with centuries of heritage in the crafts of baking and patisserie presented a huge opportunity.

"I absorbed everything I could in Germany", Bolohan says. It turned out to be an effective strategy. Once home, he dove

right in, redesigning his eight shops based on the German model. Looking into the glass display cases in one of his shops today is just like being in a bakery anywhere in Germany. He switched from an exclusively take-away sales model and opened the shops to customers. The new premises offer a range of coffee specialities and free Wi-Fi which keeps customers there a little longer. Sales have risen by 25 per cent as a result. At the moment, he is working with a master baker from the Senior Expert Service (SES), a "Stiftung der Deutschen Wirtschaft für die internationale Zusammenarbeit" foundation, on developing new bread recipes to expand his product range.

Bolohan also restructured his enterprise to save money and increase efficiency. He shifted production to a central location that supplies all eight shops, and invested

in customised management software that tracks order status and sales figures. "I know what is flying out the door and what is warming the shelves in each shop, and can see if there is something missing and when things haven't been recorded", Bolohan says.

His enterprise's growth is currently subject to some limitations posed by nature: "Baked goods lose some of their taste and freshness in transport", he says, so he does not deliver outside Chişinău. He is investing in a new production line that would allow the finished baked goods to be frozen so they could be shipped beyond the boundaries of the city and even to other countries. This would free him from the problems caused by poor infrastructure and open up a whole new target group: the B2B sector. "A hotel chain and snack bar chain have already placed an order for frozen croissants and are impatiently awaiting their first delivery", Bolohan says. The new plant is fitted with a dough machine manufactured by DIOSNA Dierks & Söhne from Lower Saxony and an oven from MIWE Michael Wenz GmbH in Bavaria. While in Germany, he had the opportunity to see both these machines in action, though for budgetary reasons he purchased them second-hand in Moldova with a loan from his bank, the German ProCredit Bank AG.

Bolohan has ambitious plans for the current calendar year: He is hoping to open twelve new bakeries throughout Moldova and double his turnover. "I had a small business before the MP – now I'm a real entrepreneur", Bolohan says. ■



Successful company – and its employees

Iranian MP is Gaining Pace



An official intergovernmental agreement on the implementation of the Manager Training Programme (MP) with Iran was signed in 2016. With that, Iran is the 18th country to join the MP. A pilot group travelled to Germany in the same year. Hamidreza Safari and Fahime Taheri were two of the 24 participants. In an interview, they describe their experiences and achievements in Germany.



Fahime Taheri is the quality manager and an expert on plant protection products at Taher Growers Cooperative (TGC). The enterprise has its origins 36 years back when her father started growing pistachios. Today TGC employs about 50 people. The farm mainly cultivates pistachios, which it also processes and sells. A large part of the production is exported, and one quarter is sold in the domestic market. Up to now, business activities have been limited to Asia (Indonesia, India, Hong Kong, Singapore, and Malaysia). The strict regulations on food safety and the lack of certifications for the EU are the main obstacles to establishing a foothold in the German market. Taheri gained considerable know-how and established valuable contacts during her stay in Germany.

GIZ: How have you benefited from the MP in Germany?

Fahime Taheri: It has brought our family enterprise and me quite a large step forward towards the West. I am very grateful to everyone for the necessary, often also very personal, support I received from GIZ, the Carl Duisberg Centres and the Iran Small Industries & Industrial Parks Organisation (ISIPO)!

Before the MP, we were not yet fit enough to face the EU hurdle. Regulations there are much stricter and numerous certifi-

cations are necessary. And besides that, we had no idea about how these markets work. For example, I had never been to Germany before.

What exactly does that mean?

In Germany, I spoke with a representative of the German Agricultural Society (DLG). The DLG also supports foreign enterprises in their certification process for the German market. When I returned to Iran, I put the goal of achieving certification for exporting to Germany at the top of my priority list for our business and started the process promptly. We are well within our time frame and want to complete the procedure by the summer. The DLG will be carrying out an audit then at another Iranian enterprise, and we want to invite them to audit us at the same time.

You would like to sell your pistachios in Germany. Were German buyers impressed by your product?

Yes, they certainly were. In Germany I got to know Moll Marzipan GmbH and Zentis GmbH und Co. KG. The feedback on our goods was very positive. Moll would switch to our product immediately because the quality is better than that of their current US supplier. Our pistachios are of a different type and have a different colour than those from America. But unfortunately we do not yet have the documents necessary for supplying them.

Do you already have agreements with Moll or Zentis for the future?

We recently invited a representative of Moll to visit us.



Pistachio nuts in their raw state

With regard to its structure, the company is very well suited to us. It is also a medium-sized enterprise with a family tradition. It is important to us to build a long-term, trusting business relationship and not just to get as much profit out of it as possible. We want to impress our customers with the quality of our product and also want to be able to ensure it. That is why we are just taking one step at a time. Zentis is the next business partner on our list, so to say step two, with far bigger purchase quantities. We would have to re-equip and invest considerably to serve these customers.

You were in Germany for the first time in 2016. What impressed you there?

Most of all, German history! At the German Historical Museum in Berlin (Deut-

sches Historisches Museum), I was fascinated by the ups and downs the German people have experienced. When they had lost everything, they didn't bury their heads in the sand. Germans have always followed their principle of strong brands and quality "Made in Germany". I saw that during all of my visits to companies. These firms all have their own history and many of them illustrate it in their own museums. I saw how much time and money they invest in strengthening their businesses. To me, this is the secret of German success: If you want to belong to the world's best, you must give your very best and develop your enterprise in a sustainable way.



Hamidreza Safari is the plant manager and a management consultant at Syna complex factories Co., the largest producer of synthetic fibres in Iran. The firm was established eleven years ago, has an annual turnover of roughly 75 million euros and employs 1,200 people. It produces polyester textile fibres which are used in the fashion industry or in home furnishings, for example in carpets, curtains or sofa covers. The firm also produces glass fibre, particularly fibreglass fabric, which is used as insulating material. The mechanical engineer Safari found an important new business partner in LIPEX Anlagentechnik und Handel GmbH in Germany. The manager from Tehran has just bought a new production line from the Bavarian supplier.



Programme successfully completed – Fahime Taheri receives her certificate from Reimut Düring (GIZ, on the right) and Jörg Kalmbach (CDC)

GIZ: Mr Safari, why did you apply to take part in the MP?

Hamidreza Safari: I wanted to expand my management know-how in Germany and get to know the training methods applied there. In addition, I wanted to find out why Germany is so successful and how it has become the most important industrial nation in the world. I wanted to benefit from this knowledge and put it into practice in my business.

And we are also looking for new markets. We already export a large portion of the goods we produce. Turkey is our main customer for synthetic fibres for the textile industry. We want to increase our exports to the EU significantly; at the moment they only make up five per cent. So far, we have not exported to Germany at all.

Many firms in our country have started modernising their machinery with modern equipment from Western countries.



And our firm is about to expand its production and needs modern technology for that purpose. German know-how is very much in demand. We already have German partners, and I travel to Germany several times a year to visit trade fairs there.

Have you been able to realise your goals?

We have just invested in the purchase of a new production line from Lipex. With it, we can produce fibreglass fabric for use in the composite materials industry. We will double our production through the new line, and that means that we can also supply other markets. We are currently waiting for the first parts of the line, which have already been shipped. We plan to put the new line into operation in autumn 2017.

What are your plans for the future?

We want to make our firm one of the largest in the Middle East and Western Asia, steadily expand our customer base and increase our exports to 70 per cent. Moreover, we want to continue to drive our modernisation and expansion forward. We are currently in negotiations with a second German firm, Allma Volkmann Zweigniederlassung der Saurer Germany GmbH & Co. KG, concerning the purchase of twisting machinery for the production of carpet yarn.

Ms Taheri, Mr Safari, thank you very much for the interview! ■

MP Alumnus Uses German Technology to Gain a Foothold in Feed Production

Expanding Agriculture



Agriculture is very important in Turkmenistan. It is the country's second largest commercial sector after gas and oil, and employs around half the working population. It still only accounts for ten per cent of gross national product however, so the Turkman government has made expanding and modernising agriculture a priority. Shohrat Shukurov attended the MP in Germany determined to learn how his firm could get into feed production.



Ashgabat. "Feed production is growing in importance here", Shohrat Shukurov says. He is the co-owner of Arkadagli Watan, a construction and trading enterprise located in Ashgabat, the capital of Turkmenistan. Shukurov came to Germany with one central objective: to establish contact with feed manufacturers and identify a future partner in a new venture he had in mind. He was hoping to expand Arkadagli Watan's activities into the animal feed industry.

The Programme and Germany did not disappoint. In Amandus Kahl GmbH & Co. KG, a medium-sized, family-owned enterprise in Schleswig-Holstein, Shukurov found just what he was looking for: a range of high-quality and innovative feed production lines. The 36-year-old Deputy Managing Director is enthusiastic about the new business relationship: "We are currently hammering out the details to buy a production line for compound feed. To start with, we plan to purchase a rolling machine, a granulator and a packaging line and we can expand the line at any time".

Shukurov wants to start small. To date he and his business partner have worked ex-



ness of the new feed. Pastureland is very valuable in a country in which only five per cent of the land is suitable for farming. Schurkurov anticipates he will receive approval for the pastureland in 2017. Once the German machines have been delivered and are up and running, he plans to start production in 2018.

The Turkman businessman is also preparing his enterprise to overcome future challenges by focusing on optimising human resource management and customer relations. After analysing the role and responsibilities of his workforce, he drafted clearly structured job profiles that outline each employee's responsibilities in detail. Productivity has increased as a result. He feels working closely with repeat clients is the key to good customer relations. Better, faster communication and new, free services have boosted customer satisfaction and encouraged clients to recommend his firm. "We try to anticipate what our customers need, to think for them", Shukurov says.

If everything goes according to plan, the business partners will continue to invest in the new plant and stick with German technology. Their goal is to triple turnover over the next five years. "Germany transitioned to a market economy really early on. We can follow in its footsteps, using it as a role model", Shukurov says. ■



MP participants from Turkmenistan during their training in Dresden

Looking Ahead



Dmitry Kusnetsov ventured into self-employment at a young age. After gaining a few years of experience as an employee, the then 28-year-old founded his own firm, Lenkomtech. It started off as a business enterprise providing urban supply systems and sanitation services. The company with its 50 employees has been producing tanks since 2012 and since 2014 also trailers for the agricultural sector and for municipalities.

The manager believes it is important to modernise his business even in difficult economic times in order to consistently offer increasingly good quality. In an interview, he speaks about his visions but also the difficulties he is currently facing.



Dmitry Kusnetsov

GIZ: Mr Kusnetsov, you participated in the MP in 2014. What was your most successful experience?

Dmitry Kusnetsov: The visit to EuroBLECH in Hanover was most important for me. That is the leading trade fair for the metalworking industry in Germany.

You could have visited the trade fair without the MP.

That is true, but then I would have been just one of the numerous visitors. As an MP participant, one has the backing of the ministries of economic affairs, one has been through a preselection process and is not just anybody. I could sell myself and my firm in a much better way. It was not only the Programme's good reputation that helped me, but also the practical training on how to establish business relationships with German partners.

What new contacts were you able to establish?

I was mainly interested in contacts with mechanical engineering companies as I want to modernise my production line. For instance, I bought welding technology from a European supplier, with which I can produce a new type of trailer for the agricultural sector. I also found several new component suppliers. In addition, I got to know the German companies Leifeld Metal Spinning GmbH and Lorch Schweißtechnik GmbH. I have just bought equipment for 14,000 euros from Lorch for welding tanks and trailers. Our welding equipment has a high degree of wear and tear and urgently needed to be replaced. Now, with the system from Lorch, we can improve our productivity and quality. Unfortunately, I wasn't able to buy the system from Leifeld for producing high-quality vacuum tanks.

Why wasn't it possible?

The situation is very difficult at the moment regarding financing. Russia's credit worthiness has been downgraded and loans have become very expensive. It has become almost impossible to obtain loans from abroad and there are also hardly any domestic sources of funding. Moreover, foreign technology is becoming increasingly expensive due to the

weak rouble. So, regrettably, we have had to put the project on ice. It is a pity because the business plan is gathering dust on my desk. And the demand is there! I have numerous ideas for developing my firm further, but, unfortunately, not enough investment capital is available at the moment.

What other challenges is your business currently facing?

There is very strong Italian competition in our field. And besides that, I am confronted with the same difficulties that many Russian companies have at the moment: declining equity ratios, shrinking profits and deteriorating profitability erode business. I have to invest a lot of time and energy in order to remain competitive. Sadly, the years of plenty with good returns are over. A large number of progressive projects, such as the one with Leifeld, are put on hold due to liquidity problems.

How are you tackling these challenges?

I am looking ahead and modernising my firm as far as possible. These projects mostly concern modifications and expansions to existing systems. And I am trying to reduce costs and concentrate more on services and maintenance. My wife, with whom I manage the business, and I opened a service centre in Moscow two years ago and have another in Rostov. I am also looking for a business partner in order to produce high-quality vacuum tanks. I can well imagine a joint venture in which we come closer to European quality but customise the production to suit Russian needs. And my favourite challenge right now is a personal one – I have just become a father for the second time.

We wish you every success and thank you for the interview! ■

We are interested in your opinion!

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



Facilitating Sino-German Projects

“Me, their Trusted Advisor”



Sun Hailong works for the Sino-German business park Metal Eco City located in the south Chinese province of Guangdong. As the project manager for the park's operator, ZhongDe Metal Group Co., Ltd, the 35-year-old is responsible for facilitating Sino-German cooperation projects. In October 2015, he participated in the MP in Germany to learn more about the needs of German enterprises and business practices. He applies the knowledge he gained to help develop the business park and also gladly passes his expertise on to Chinese firms.

GIZ: Mr Hailong, please explain briefly what the ZhongDe Metal Group does and your key responsibilities?



Sun Hailong: The ZhongDe Metal Group is the developer and lead investor behind the Metal Eco City, an innovative industrial park that aims to open up access to the Chinese market for German and other European SMEs. To date around 21 billion euros have been invested in this large-scale resettlement project that was initiated by China and Germany at the end of 2012. As the project manager and investment director, I am responsible for facilitating enterprise relocations and

mediating between German and Chinese enterprises.

You learned how to work with German business partners during the MP in Germany. Are you able to apply the knowledge you gained?

Yes, definitely. I use and pass on all that I learned almost every single day. A great many Chinese firms come to me for advice. Either they are already working with German partners or they wish to establish new contacts. My time in Germany and my intercultural knowledge allow me to support them and to act as a multiplier. I am their coach, their trusted advisor. One important development for me personally was to progress from merely possessing the required knowledge to actually having the self-confidence to assume this role. This has in turn allowed

me to mediate contact between countless enterprises.

How do you approach this task?

I have built up a database containing the details of German and Chinese enterprises. This helps me to bring potential partners together. Of course, not every contact leads to a successful partnership though. A representative from the paint and lacquer manufacturer Sto SE & Co. KGaA visited us after I had participated in the MP, for example. While he remains very interested in a partnership, unfortunately he has not been able to reach an agreement with any of the enterprises he has met with yet – they simply haven't been a good match. So we are continuing our search.

Do you already have any concrete successes to report?

Of course! I have supported a number of successful partnerships. My favourite example is the cooperation with Polytechnik Luft- und Feuerungstechnik GmbH. The company plans to launch a joint venture with Guangdong Deming Technology Co., Ltd to produce components for biomass plants for energy generation in August 2017. The cooperation is one of the outcomes of the “Fit for Business with China” programme during which a representative from Polytechnik Deutschland GmbH visited our business park (see the article on Hans Sanzenbacher, Journal 9, p. 53).

What are your plans for the future?

We still have big plans for Metal Eco City. We have already successfully implemented 37 projects – our goal is 300! A number of infrastructure projects offering countless opportunities for Sino-German co-operations are currently being developed. A modern, eco-friendly residential area is being built in the north-east of the industrial park for employees, local residents and visitors, for example. Incidentally, the site borders on the van Beethoven Park, an eco-park that was opened in 2016. I am also currently working on a new project, a Sino-German park for environmental technologies. We plan to establish this park within the Metal Eco City on a site covering one million square metres. A six-digit investment is planned. Our aim is to attract 20 German enterprises from the field of environmental technologies that wish to set up production facilities here.

Mr Hailong, thank you for the interview! ■



Sun Hailong gets German-Chinese collaboration projects off the ground



The Chief Energy Engineer Marat Nazarov found an energy supply solution for his company while being trained in Germany

German Technology Helps Enhance Competitiveness for the Leading Kazakh Cooking Oil Producer

Oil Supply Secured



Shymkentmay AG's premium cooking oils feature among the staple food products for the 18 million strong population of Kazakhstan. They can be found in almost every households' kitchen cupboards. To ensure staple foods remain affordable for everyone the state regulates the prices. But enterprises also contribute to this by seeking ways to curb the rising cost of production. Marat Nazarov, the chief energy engineer at Shymkentmay, based in the South Kazakh city of Shymkent, found a solution in Germany for bringing down the cost of energy, below the rates of local power suppliers.

Shymkent. Shymkentmay is the largest and oldest producer of cooking oil in Kazakhstan. Established more than 70 years ago, the enterprise with a staff of about 800 has existed in its current legal form for 25 years. As head of the energy department, Marat Nazarov is responsible for the plant's energy supply. “Our country is blessed with raw materials. Energy was never a major cost factor for us”, the engineer explains. But this has now changed. “The costs increase every year”, he reveals. What's more, a law on saving energy and enhancing efficiency was introduced several years ago. Firms not meeting the stipulated goals face hefty fines. The law also requires large firms

to conduct energy audits and develop energy efficiency programmes.

Nazarov was tasked with finding solutions to reduce energy consumption. Originally, the plan was to install photovoltaics – an obvious choice given the around 3,000 hours of sunshine every year. Given that they had no experience with this technology, the firm's management resolved to send Nazarov to Germany to participate in the MP focusing on renewable energies. The aim was for him to bring back the necessary know-how from Germany – and ideally also the technology. However, it rapidly became clear that they were on the wrong track.

“Solar plants require a lot of space – space that we simply do not have. Our firm is located in the very heart of the city”, explains the MP participant. He therefore had to rethink the plan and came upon a new idea thanks to a company tour in Germany. The company that his group visited had installed a Caterpillar generator to convert the exhaust air from the production area into energy. Such a system was also an option for Shymkentmay. The engineer compiled all the facts to present the advantages of the German technology over their competitors from the USA or Turkey to the firm's management. The higher price appeared justified by the superior quality and the process automation. Management decided to go with the German provider. The gas/electricity generator has now been purchased and will be installed in autumn 2017.

Nazarov estimates that the new solution will reduce the energy costs by around one third. In the coming two years, a further two generators will be acquired from Caterpillar. This should allow Shymkentmay to become energy self-sufficient and thus entirely independent of the city energy supply with its rising costs. At the age of 61, Nazarov is somewhat older than the average MP participant. “My managers were adamant that I and not one of my younger colleagues should participate, though, as I have the most experience and know-how”, explains Nazarov, who jumped at the chance. “I have long dreamed of gaining an insight into the industrial energy supply of leading economies. I was particularly interested in the developments in this field in Germany”, he says. ■



Negotiation Style:

Negotiate Successfully

The style of negotiation is of central significance for the process and results of a negotiation, including a broad spectrum of hard and soft negotiation techniques. A hard bargainer rigorously utilises his advantage during negotiations and wants to win whatever the cost, even if it is to the detriment of the other party. To do so he employs unfair tactics, bluffs and threats. He is hard on both the people involved and the problem. A soft bargainer, however, does not want to endanger the relationship and will yield and make concessions as soon as pressure is exerted upon him. He is soft on both the people involved and the problem.

Five strategies for handling a negotiation have been drawn from these fundamental approaches. Each of which reflects the degree to which your own interests, or the interests of the other party, are taken into account:

- Win-lose: The one side competes and wins at the other side's expense.
- Lose-win: One side yields and loses to the benefit of the other side.
- Lose-lose: Both sides avoid a conflict and withdraw from negotiations.
- Win-win: Both sides cooperate and win by searching for mutual gains.
- Compromise: Both sides split the difference and achieve a not fully satisfactory (win-win) solution.

The illustration of this model often uses the example of two sisters fighting over an orange. Both are aware that adopting a win-lose mind-set, by which one sister

gets the whole orange, would be detrimental to the relationship they have. In the interest of peace and harmony they agree to cut the orange in half. An apparently good and sensible compromise. Now one sister takes her half, eats the inside of the orange and throws the peel away; the other sister throws the inner part of the orange away because she's looking to bake a cake, and only needs the peel. If both of them had simply explained to each other where their interests lay, they would have reached a result whereby one of them would have received all of the pulp and the other all of the peel, thus both reaching maximum satisfaction (win-win).

Hard and Soft: The Harvard Concept

Based on such a win-win attitude and outlining a common sense approach to negotiations, the Harvard concept describes the method of "principled negotiation". It

is a third way to negotiate – being both hard and soft: "hard on merits, soft on the people". The Harvard method has established itself worldwide over the last 30 years, and is used as a guideline for successful negotiations. It operates based on four key principles:

1. Separate the people from the problem

The other side is not to be treated as an adversary, but rather as a partner when solving a problem. Issues regarding the matter at hand can be worked out together on the basis of respect and understanding for the other point of view. The content-related points are to be stated clearly and objectively, and any attacks aimed at the negotiating partner are to be avoided.

2. Focus on interests, not positions

Positions are what negotiators say they want. Interests are the needs or concerns that underlie positions. Get behind positions to interests: why and for what purpose is this position being expressed? Failure to talk about respective interests such as in the example with the orange may prevent negotiators from optimally achieving their goals.

3. Invent options for mutual gain

Once interests are identified, the parties then jointly develop a wide-ranging set of solution options considering the interests of both sides and expanding the list of possible alternatives.

4. Insist on objective criteria

The selection of a solution from the available options is based on objective criteria.

The Harvard method is opposed to position-related negotiations such as is practised, for example, in distributive negotiations. A distributive negotiation involves a single issue, a limited resource, a "fixed-pie" is to be distributed among the parties involved, and each party is haggling over the biggest slice of pie. One side's gain results in other side's loss. Consequently, this always leads to a win-lose result. Distributive negotiation can be observed, for example, on a market: the buyer wants to buy the goods at the lowest possible price, the seller wants to sell for the highest possible price. Agreement is only possible along the line drawn between the positions taken.



Integrative Negotiations

Complex sales situations are characterised, however, by a variety of negotiation items. These include, in addition to the question of price:

- Product quality
- Product options
- Delivery quantity and dates
- Payment terms
- Financing
- Guarantees
- Service
- Training
- Possible follow-up deals
- Ancillary services such as possible marketing support etc.

Even if it is frequently the price that plays the most important role, the treatment of several topics expands the scope for negotiation – "expanding the pie" – and thus enables mutual gains. This approach is termed "integrative negotiation". One side makes concessions or an additional offer regarding a point, and the other party reacts accordingly with concessions in another. Assuming that a party selling industrial equipment is interested in a later delivery date, as a counter-gesture he can accommodate the purchaser's interest by offering him free-of-charge staff training. Although both sides move away from their maximum position, they both get a larger slice of the pie, since the differing levels of priority regarding a respective

Recommendations

- Thoroughly prepare and clarify:
 - What are my primary, maximum and minimum objectives?
 - What are the possible concessions, and what do I demand for them in return?
- Emphasise from the outset that you intend to achieve a common, mutually beneficial solution.
- Try to understand the other side from their perspective and determine what their interests are.
- Be creative and develop as many options and alternatives as possible, which align with the interests of the other side.
- Adhere to the agreed order of individual negotiation points and do not question aspects which have already been agreed upon.
- Repeat the statements issued by your counterpart in your own words to show that you have understood what has been said.
- Summarise the most significant points and statements from time to time.
- Please note that objective arguments, facts and figures, laws and expert opinions have significant weight for Germans, and both sincerity and straightforwardness are of great value.
- Try to express your thoughts as clearly, unequivocally and directly as possible.
- Do not shy away from following up something which is still open for you, or you have not understood.

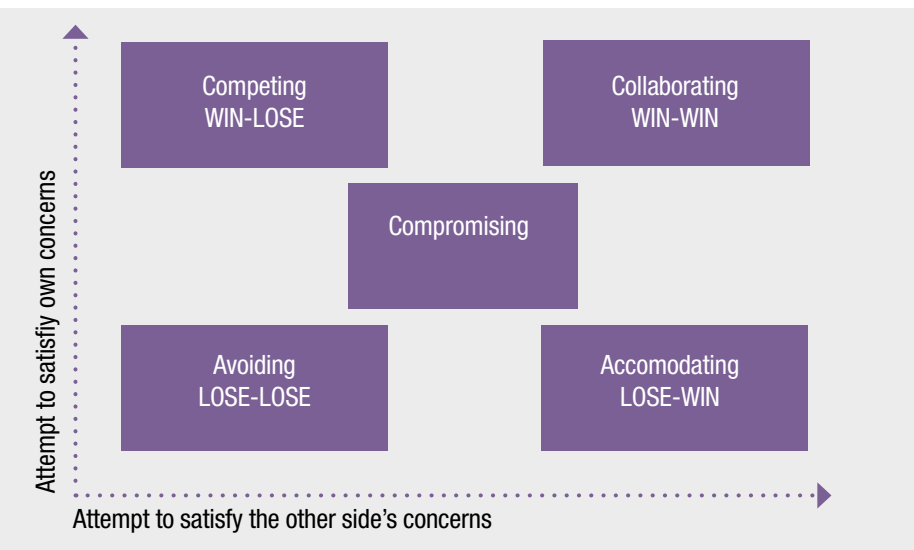
point of negotiation are accounted for. Like the Harvard concept this process of giving and taking also enables a win-win situation, above all when the partners value issues differently. If, however, only one side emerges from the negotiations as the winner (win-lose), victory is only short-term. As the loser notices – no later than at the point in time of completion – the imbalance in the contract, and will potentially only implement this contract badly, and will not want to make further deals with the other side.

Negotiation strategies predominantly depend on the respective situation, the personal preferences, the constellation of power, the objectives and needs. Furthermore, numerous authors identify preferences affected by culture to a certain negotiation style and attitude.

It can be assumed that the win-lose approach in Germany is something that is frowned upon, and German business partners have a tendency to strive for a mutually beneficial solution. ■



Katerina Ruhnke is a trainer for intercultural management and conducting negotiations. Since 2003 she has worked as a freelance trainer and lecturer – including as part of the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy. She holds application-oriented management seminars for international master students or company associates at various business schools and universities. She also provides training to specialist and managerial staff at (in-house) training sessions both domestically and internationally.





International Project Management

There is basically no difference between local and international projects when it comes to project management initially. But planning and implementing international projects is generally more complex – not least because of the distance, cultural differences and language barriers involved. As a result, it is essential to pay special attention to certain project management process areas because they affect how the project goals are fulfilled in particular. These success factors are described below together with an explanation of their significance in international projects.

The same fundamental rules and requirements apply to the management of international projects as to local projects. The importance of project management within an enterprise, for example, is therefore highly significant. A range of factors such as industry, product, management culture, the size of the business, the firm's history etc. affect how project management is carried out in each enterprise and what value these management tasks have. For this reason, there is a great deal of variation in project management.

Choosing the Project Manager

The role of the project manager is often assigned without much thought and with-

out an understanding of the actual role according to established standards. It is quite often the case that a development engineer is selected as the project manager because he or she has proved to be a particularly good developer. The role of a project manager is more a task for a generalist, who has to take all kinds of aspects of a product into account. That is why it is challenging when the project manager is reduced to the role of lead developer.

The technical aspects and functions of a product are important but non-technical issues such as cost controlling, quality management, purchasing, logistics, infrastructure, employee training, marketing, service etc. matter too for a product's

success on the market. Besides, there is an essential, non-technical skill for the implementation – communication.

Small and medium-sized enterprises or start-ups are at an advantage here because they generally do not divide labour as much and task allocation is simpler and more transparent. But the ability to communicate plays a crucial role, both in terms of planning and implementation, no later than when these enterprises deal with an international project spread over several sites. This calls not for the best developer, but rather for an extremely emphatic person who is experienced in dealing with different languages and cultures.

“Think Global – Act Local”

To manage an international project and shape communication effectively, it is necessary to assign a separate sub-project manager to take responsibility for each region.

In addition to the project manager, you should also put together a team in every region, with all the same competencies as in the other regions (see Figure 1). These structures should be clear to the whole project team around the world. This would simplify communication between professionals in different regions when specialist questions need to be addressed. It may sound trivial, but using this one-to-one structure for each team is a simple but

fundamental factor for success in international projects. One example of this is a global industrialisation project in the automotive industry, where a total of nine production lines were planned, created, tested and set in motion with a delay of a few months in all three countries.

Secondly, it is beneficial to carry out a PIA workshop in every region, along the same lines as for local projects. This allows regional characteristics to be identified in the project launch phase and taken into consideration for planning.

At the same time, managers can also use the valuable time in the region to involve customers and suppliers in the planning process as important stakeholders. By doing this, you can identify points of contact to the regional customers and supplier organisations and incorporate communication planning – an important building block – in the project. This approach is extremely helpful in the early phase of the project, and proves to be extremely useful throughout the course of the whole project.

With the appropriate competencies, authority and status in the enterprise, this is good project organisation.

Error Management Culture in an International Context

Error management culture is particularly interesting when considered in an international context because a project manager here is confronted with intercultural conditions, as well as enterprise-specific ones. For example, the project manager for an industrialisation project in what are known as Triad countries – in Europe, North/Central America and Asia – will encounter cultures which could not be more different.

Some project participants foster open communication and therefore deal with mistakes transparently. Mistakes or failures are possible if you take risks – and every project ultimately comes with a number of risks. But “it does not matter if you fall” when a risk occurs, but “what matters is that you get back up again”. In this kind of error management culture, the work is generally very process orientated.

For others it is much more difficult to report an error, let alone to take respon-

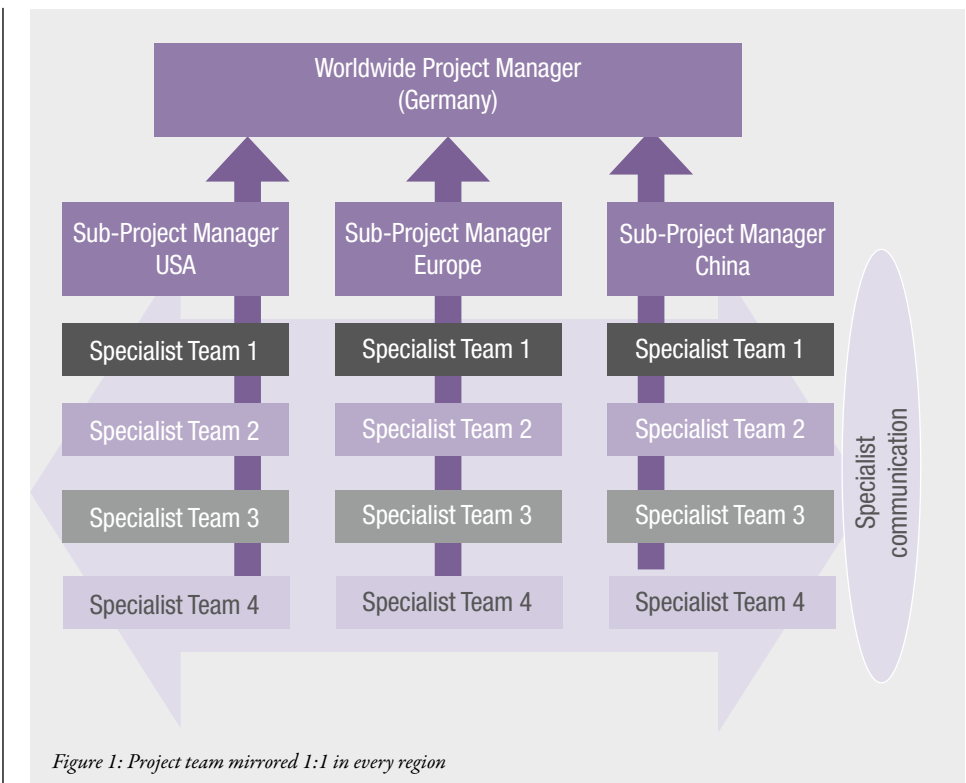


Figure 1: Project team mirrored 1:1 in every region

sibility for it. In some cultures, “losing face” has a deep emotional significance. As a result, these cultures deal with errors differently. It is difficult to make a general recommendation for this. In some cases, it can be helpful to use clearly-defined goal agreements as a management tool. This means managing by finding a consensus on the final state in terms of deadline and content and not by controlling the implementation process closely and constantly.

Time Zones

Unfortunately, there is no perfect solution for this seemingly trivial challenge. But there are sensible solutions for compromises, which are pragmatic and function really well. These include appropriate project organisation and thought-out communication planning.

The problem of different time zones can be tackled better if responsibility is clearly divided into sub-projects. A regional sub-project manager with relevant competencies and authority is a key position, and it is important to hire the right person. Clear agreements about the project manager's competencies and authority are crucial for being able to make decisions locally and quickly. When a project is under time pressure, decisions must often be made within a few hours. If it becomes necessary to escalate a decision to a higher

management level, this should happen at the next highest management level but not higher. This allows all project teams to be informed within 24 hours and for a decision to be made promptly.

If you carry out a local PIA workshop – PIA stands for Project Initialisation and Acceleration – as an initial planning and communication tool, this will give the project a solid basis early on in terms of content in all the important areas.

In spite of these organisational structures, it is a good idea to go to the different regions regularly. On the one hand this reinforces the project's importance, and on the other hand you show that you value the local project team employees. This applies for every region. With a well-measured presence and appreciation in the region, you can build up personal relationships that make it possible to overcome the boundaries of local error management culture as well. You should never underestimate the value of personal relationships in a national or international context. ■

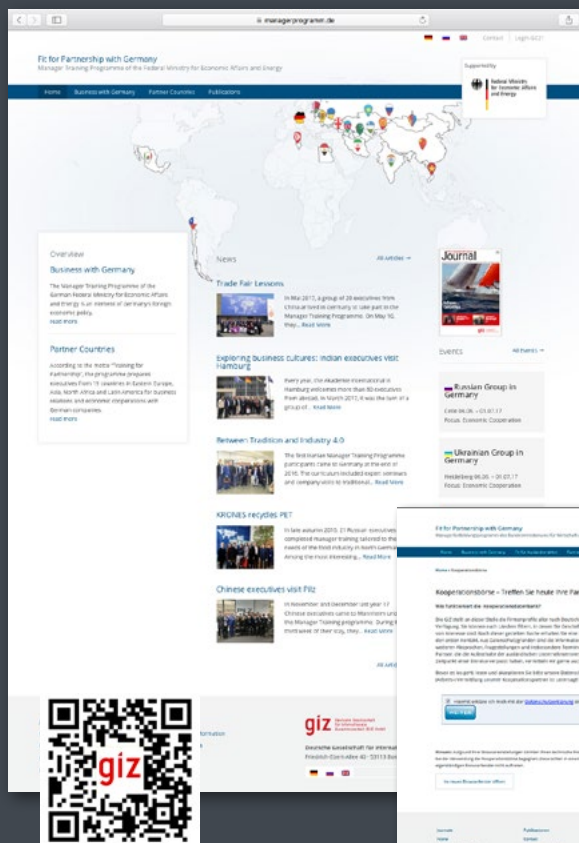


Arno Faust, Aerospace Technology Engineer (Dipl. Ing.), is PMP certified. He has been working for more than 20 years at Robert Bosch GmbH in sales and project management in product development and industrialisation in various product areas such as body electronics, airbag sensor technology, steering units, power electronics and eBike systems.

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

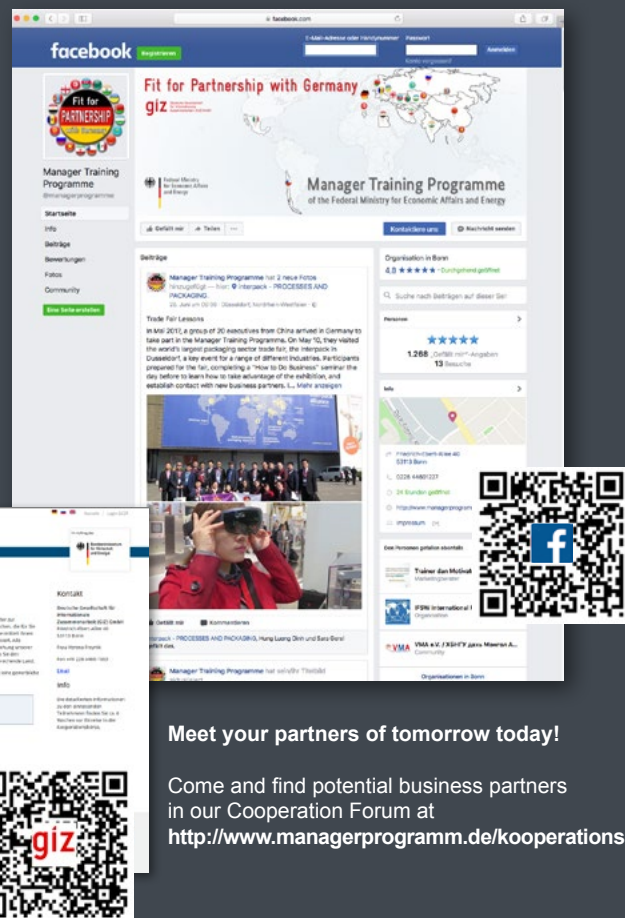
Lots of information at a glance for participants or anyone interested in the Programme!

www.managerprogramme.com



The Manager Training Programme:
Now on Facebook!

www.facebook.com/managerprogramme



We are interested in your opinion!

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



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

Manager Training Programme

Supported by:



Federal Ministry
for Economic Affairs
and Energy