

# Fit for Partnership with Germany Journal

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



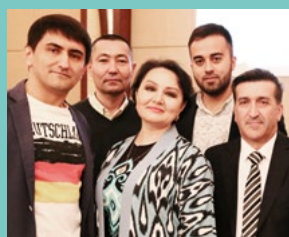
## In Focus: SME Promotion



### More Efficient Logistics

Ukrainian entrepreneur optimises  
warehouse technology

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### Follow-up in Central Asia

Alumni network for the first time  
across borders

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IN FOCUS IN THIS ISSUE:

# SME Promotion

Small and medium-sized enterprises generate over 50 per cent of economic value added in Germany and provide more than half of all jobs in the country. Thus, they contribute significantly to Germany’s economic strength. They are supported by the Federal Government through policy measures and a variety of promotional instruments. [READ MORE FROM PAGE 29](#)

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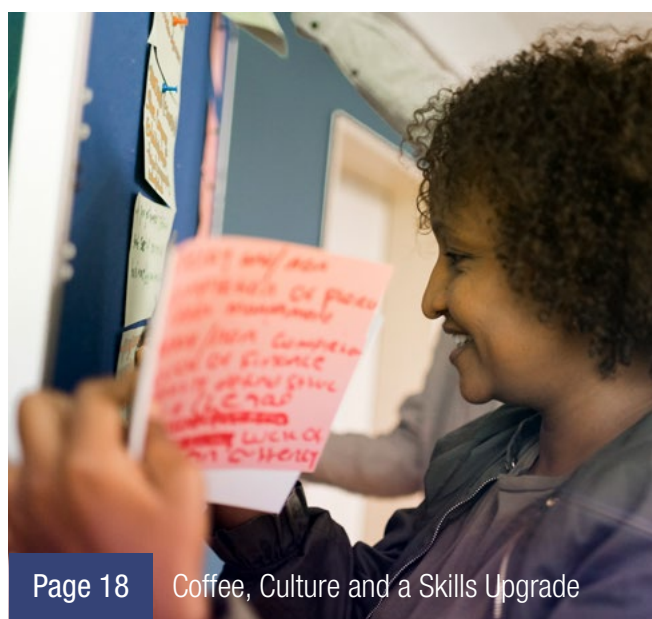


South Africa in the MP as a Pilot Country



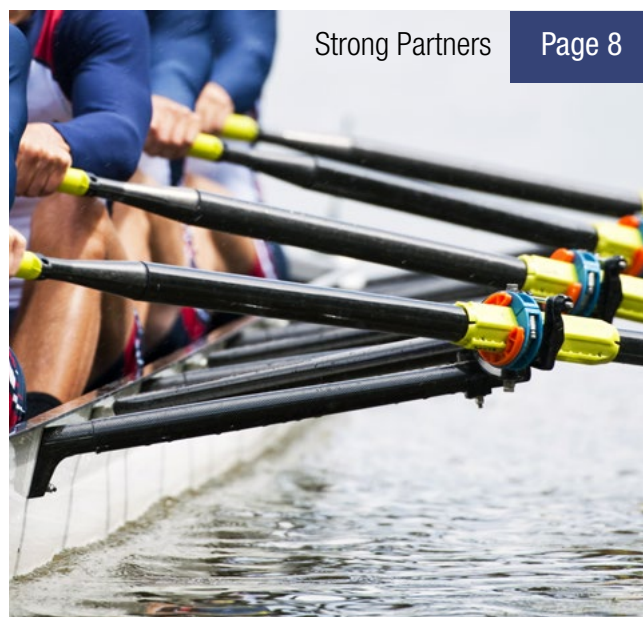
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Ethiopian pilot group very pleased with progress



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Farming the Siberian Way

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German entrepreneurs meet up with MP alumni in Russia



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Valuing SMEs, Strengthening Opportunities, Easing the Burden

The German Federal Ministry for Economic Affairs and Energy (BMWi) presented an **SME STRATEGY** in autumn 2019.

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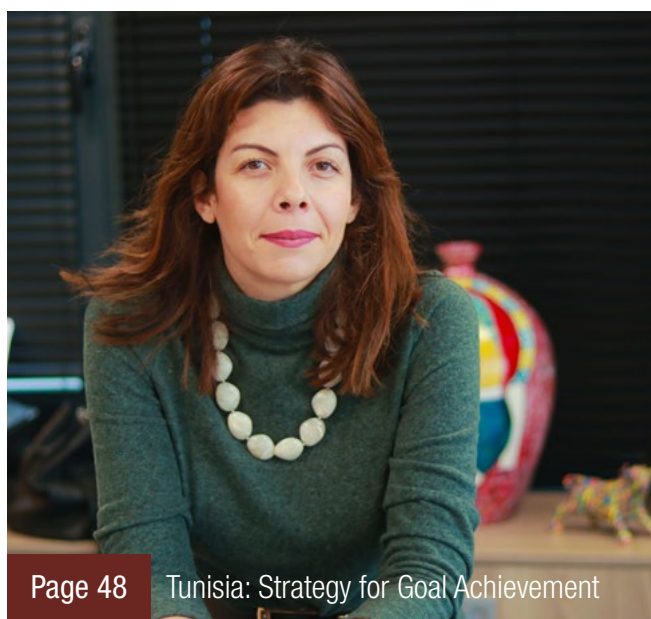
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Successful Networking

In September, Belarusian alumni grasped the opportunity to network in Minsk.



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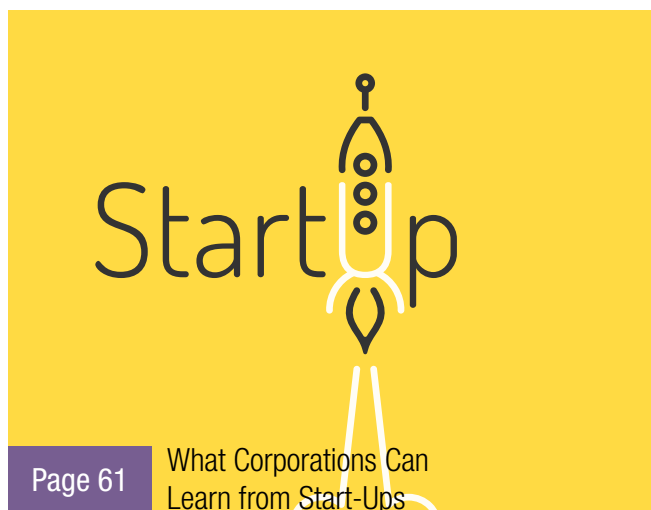
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MP participant from Cairo is cooperating with a German family business

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Dear Readers,



As you are probably aware, SMEs are the motor driving innovation and technology in the German private sector. But did you know that they account for 97 percent of German export companies and roughly 60 percent of all jobs as well? For more information and exciting facts, see our focus section starting on page 29. It also details the measures the German government has developed to promote SMEs and the export sector.

Programme participants in our new partner countries will certainly profit from the expertise of German SMEs. Ethiopia and South Africa are the most recent members of the ever-expanding MP family. Read about how the pilot groups from both countries enjoyed their time in Germany on pages 10 and 18. Azerbaijan, Moldova and Mongolia have been in the Manager Training Programme for an entire decade now – a partnership worth celebrating. Read about the highlights of the jubilee events and how alumni and Programme partners summed up their experience with the MP here as well.

Through the MP, Jurij Bugaj discovered just how essential motivated employees are for a company and he implemented the skills he learned in the Manager Training Programme to considerably increase his company's turnover. Read what he and six other entrepreneurs had to say about how the MP has helped them to greater business success.

We hope you enjoy this latest issue. Please feel free to write me with any suggestions or questions you may have at [mp@giz.de](mailto:mp@giz.de).

Reimut Düring  
Head of the Manager Training Programme

## Ethiopia to Be Included in the MP as a Pilot Country



Dr Dorothea Schütz and Mesganu Arga Moach at the signing of the MoU in Berlin.

Germany and Ethiopia have come to an agreement on a cooperation within the framework of the Manager Training Programme (MP). The Eastern African coun-

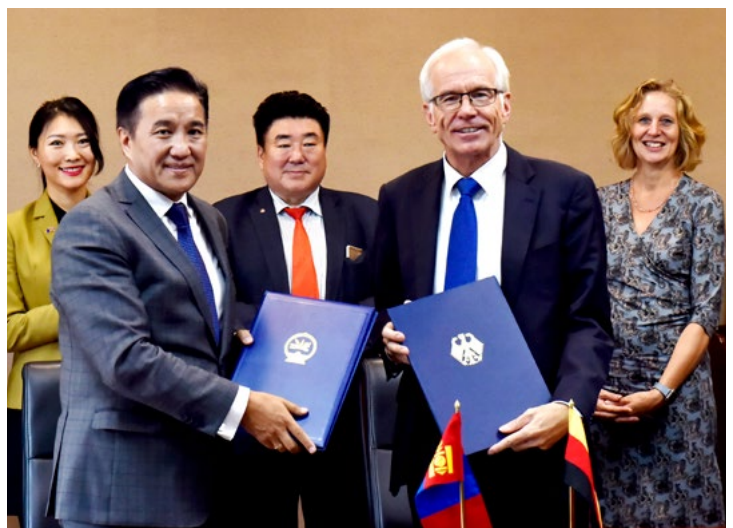
try will become a pilot country within the Programme and will be sending Ethiopian executives to Germany for training and the initiation of business relations in the

future. Dr Dorothea Schütz, Deputy Director-General at the German Federal Ministry for Economic Affairs and Energy (BMWi), and Mesganu Arga Moach, State Minister of Trade and Industry of the Federal Democratic Republic of Ethiopia, signed a Memorandum of Understanding to this effect in Berlin on 17 December 2019.

An initial group of 21 Ethiopian entrepreneurs was in Germany from mid-November to mid-December 2019 to participate in the Programme. More than half of the participants were from the coffee industry; in addition, executives from the food production, leather goods and textile industries took part. Dr Dorothea Schütz said, "the presence of highly qualified entrepreneurs from Ethiopia demonstrates, on the one hand, their interest in expanding their management skills and becoming acquainted with the German economy and, on the other hand, the interest German enterprises have in business relations with Ethiopia. Moreover, the cooperation within the MP confirms the interest in strong bilateral economic relations between Ethiopia and Germany."

## The Cooperation with Mongolia Will Be Continued

Germany and Mongolia will remain partners in the Manager Training Programme for the coming years. Dr Heinz Hetmeier, Deputy-Director General for European Policy at the German Federal Ministry for Economic Affairs and Energy (BMWi), and Enkhbold Vorshilov, Director General of the Department of Foreign Trade and Economic Cooperation of the Ministry of Foreign Affairs of Mongolia, signed a corresponding Memorandum of Understanding in Ulaanbaatar on 29 August 2019. "For the past ten years, Mongolia has been a reliable partner with strong commitment from the business sector. Therefore, I welcome the ceremonial signing of the Joint Statement today for the continuation of the cooperation in the Manager Training Programme for a further three years", Hetmeier said. Hence, the cooperation within the framework of the MP is being extended up to 2022. Mongolia has been a partner of the Programme since 2009 and has sent 330 executives from the middle and upper management levels to Germany since then.



Enkhbold Vorshilov and Dr. Heinz Hetmeier after the signing in Ulaanbaatar





The first South African MP group comprised 20 entrepreneurs from different industries.

## South Africa in the MP as a Pilot Country

As of autumn 2019, South Africa is also participating in the Manager Training Programme. An agreement was signed between the Federal Ministry for Economic Affairs and Energy (BMWi) and the

Department of Trade and Industry South Africa to promote economic ties between the two countries, focusing on exchange between South African and German SMEs. A pilot group of South African

entrepreneurs representing various economic sectors had visited Germany for a four-week training programme in autumn 2019 (s. report on page 10).

## Ramping up in Mexico

Since October 2019, the newly founded “Unidad de Desarrollo Productivo” (Productive Development Unit, UDP), part of the Mexican Department of Commerce, has coordinated the Manager Training Programme (MP) on the ground in Mexico. “Mexico has been an MP partner country since 2013. We want to continue this success story and work even more closely with the German private sector in future,” UDP Head Dr. Ana Bárbara Mungaray explains. Located in Mexico City, the UDP is responsible for designing and implementing policy for very small, small and medium-sized firms with the ultimate goal of employing strategic impulses to address economic inequalities in the country. The UDP funds special support programmes and advanced training.



**ECONOMÍA**  
SECRETARÍA DE ECONOMÍA



## New partner in Egypt



The Industrial Modernisation Centre (IMC) is a new implementing partner of the Manager

Training Programme with Egypt. IMC has been in charge of the selection process of participants, follow-up activities and accompanying measures since August 2019. “Our mandate is to provide targeted support for industrial enterprises and to contribute to Egypt’s sustainable economic growth. The Manager Training Programme will help us to achieve this goal and to strengthen our economic relations with Germany. We are happy to support Egyptian companies via this programme”, says Dr Amr Taha, Executive Director of IMC. IMC was established in 2000 to give an impetus for a sustainable, modernized, vibrant and competitive Egyptian industry. The organisation’s aim is to create an enabling business environment for the industrial sector. IMC has its head office in Cairo and 13 branches all over the country.



[www.imc-egypt.org](http://www.imc-egypt.org)



# Strong Partners

A network of training partners all over Germany implements the Manager Training Programme (MP) on behalf of GIZ. Three training centres that have been participating since 2019 introduce themselves below.

The **Chamber of Industry and Commerce of the Stuttgart Region (IHK RS)** with its 160,000 members is one of the largest Chambers in Germany. Proximity to the business sector means access to first-hand information: on the developments in industries, up-to-date data, facts and trends in foreign trade. Enterprises in the region benefit from this, as do the MP participants who come to Stuttgart for training.

“The Manager Training Programme is of great interest to us as it is an absolute win-win programme for foreign and German

businesses”, explains Dr Nahida Amado, specialised tutor at the IHK RS. “We have an excellent network within the business sector, which offers MP participants diverse opportunities for networking and sharing experiences. In addition, the Stuttgart region is very attractive for the Programme participants. This region, in one of the German federal states with the highest export rates and as the location where a number of successful and world-renowned companies such as Bosch, Mercedes Benz and Porsche were founded, is well-suited for conveying industry-specific

expertise in a variety of technology fields.” The IHK RS supports German businesses in the Stuttgart Region and in Baden-Württemberg with regard to internationalisation. The Chamber provides foreign-trade services, arranges international business contacts, advises on export and import matters and provides help in finding trade and cooperation partners abroad. “Many of the local SMEs cannot afford expensive trips abroad nor stands at trade fairs in order to gain access to new markets. The MP provides such opportunities right here. Through the Programme,





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**We enable specialists and executives from the MP partner countries to familiarise themselves with Saxony and Berlin-Brandenburg as business locations.**

Janine Müller, project manager at bbw

we are expanding both our range of services for our member enterprises and our network”, Armado continues.

Furthermore, the IHK RS offers a number of foreign-trade events, such as the International Consultation Day with representatives from 50 German Chambers of Commerce Abroad (AHKs), the Greater China Day and Business Day Russia. In 2019, the IHK RS oversaw two groups from Mexico and Tunisia for the MP.

The training organisations, **Bildungswerk der Wirtschaft in Berlin und Brandenburg (bbw Group)** and the **Bildungswerk der Sächsischen Wirtschaft gGmbH (bsw)** work together in a consortium. The bbw Group is part of a broad national and international network of partner firms, associations and institutions from different economic sectors, culture and science. With its extensive range of educational and consultation services, it is a professional educational partner for enterprises in the region. For almost 30 years now, the bsw has been providing training and establishing contacts between enterprises and economic institutions in Saxony and foreign partners, particularly from Eastern Europe and Asia, in addition to organising training trips for specialists and executives from different countries. As a part of the bsw, **Management Akademie Sachsen International** promotes the foreign-trade activities of German businesses.

In Anne Hergert’s view, a distinctive feature of the MP is its balance between imparting skills and conveying business practices. As a project manager at the bsw, she firmly believes that, in the end, all parties benefit: “The MP participants receive future-oriented training with suitable contact initiation, and the enterprises in Saxony and the capital city’s region open their doors to new markets and business opportunities. Therefore, for eastern Germany, the Programme contributes to image and confidence building for foreign partners.”

“We enable specialists and executives from the MP partner countries to familiarise themselves with Saxony and Berlin-Brandenburg as business locations, and with the technological expertise and potential cooperation partners in the region. The Programme gives local SMEs a chance to expand their foreign trade activities and tap into new target markets. They receive numerous opportunities to present their products and establish new business contacts”, Janine Müller, project manager at bbw, adds.

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**We are particularly glad to have been involved again as partners in a new consortium with the bbw in building bridges.**

Anne Hergert, project manager at bsw

The consortium had already worked within the MP from 1999 to 2015, overseeing groups from Russia. “We were able to gain valuable experience in supporting foreign entrepreneurs at that time. That is why we are particularly glad to have been involved again as partners in a new consortium with the bbw in building bridges since 2019”, Anne Hergert explains.



<https://www.stuttgart.ihk24.de/english>  
[www.bbw-gruppe.de](http://www.bbw-gruppe.de)  
[www.bsw-sachsen.de](http://www.bsw-sachsen.de)

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**We have an excellent network within the business sector, which offers MP participants diverse opportunities for networking and sharing experiences.**

Dr Nahida Amado, specialised tutor at IHK RS

South African Pilot Group

# New Impulses for South African Entrepreneurs





Germany welcomed the first group of South African MP participants in October 2019. A varied programme gave executives from middle and upper management opportunities to get to know manufacturing companies in the SME sector, attend trade fairs related to their industries, and advance their business ideas with German partners. During their four-week stay in Germany, the 20 participants intensively explored innovation and international project management and took a look behind the scenes at a number of German companies.

MP participants involved in metalworking were particularly interested in a visit to BDS Maschinen GmbH. The Mönchengladbach-based company produces magnetic core drilling machines and core drilling tools. During a guided tour, the South African guests learned about how they operate and areas of application, and the quality control criteria that have to be met before the products can be sent to the customer, safely packaged and ready for use. “The machines we design and make are used worldwide in many areas of the metalworking industry and construction,” Essaid Hadjali, Export Director at BDS, explained. “From the simple models with just a few features to the complex and quite expensive models, each machine represents our exceptional quality. To maintain our high quality standards, BDS does not offer a wide range of products; we focus instead on a small selection of machines we constantly improve and redesign,” Hadjali said.

“The visit was particularly fruitful for the engineers in our group. BDS offered a unique experience. The company not only manufactures magnetic core drills; it is

also a research pioneer in the technology of the machines. The company is trusted worldwide and the machines are even sold as far away as India”, said Mnoneleli Maynard Gesha, Managing Director of Laser Mould and Die from South Africa after the visit. Export Director Hadjali summed up: “Our goal is to provide a wide range of information about how our company is developing while stimulating dialogue at the same time. So, we are happy to host any delegation from abroad interested in taking a closer look at the “Made in Germany” quality we produce at BDS Maschinen GmbH.” This concept seemed to bear fruit, and some MP participants expressed an interest in marketing BDS products in South Africa.

The Capreo company, which imports and sells quality South African wines, also opened its doors to MP participants. Lukas Jetter, Director of Business Development and Global Sales, explained why: “Personal relationships and trust play a major role in South Africa and are very important to business people there. We

are delighted to host this group, which is a great opportunity to expand our network as well. We are looking to further broaden and deepen our cooperation with South African business people.”

Pilot group members are the first entrepreneurs from South Africa to take part in the Manager Training Programme. Participants came from the metal and electrical industries, chemicals, shipbuilding, waste management and other sectors. They left Germany with the first key business contracts and some MP participants are already planning initial joint ventures with German partners.



#### About the author

Lilia Oesterreich is a seminar manager at TÜV Rheinland Akademie GmbH in Cologne. She assisted the South African group in Germany.



With BDS Maschinen GmbH, the South African MP participants got to know a global player in the field of core drilling technology.

# Green Chilean Business in Germany

Sustainability, climate protection and environmental technology are the core business areas of 16 managers from Chile. Through the MP, they came closer to achieving their business goal of also gaining a foothold in the German market.

The numerous site visits to enterprises involved in green technologies during the training in Germany were particularly valuable for the executives. CDM Smith in Nuremberg was one of these enterprises. The engineering firm with a focus on sustainable solutions presented its internationalisation strategy and its cur-

rent projects in Chile. "I am convinced that further bilateral contacts and joint projects will emerge in the coming weeks. The discussions during the visit laid the foundation for them. Furthermore, we hope that cooperation between the MP participants and our office in Chile will come about in the future", said Benjamin Bartsch, a member of the senior management team and Head of Business Development Europe at CDM Smith.

At HPC AG in the Swabian town of Harburg, the group gained an insight into the firm's environmental projects and quality management standards. The enterprise has been active in the environmental field since 1948 and founded INOGEN, the first and so far only international network

for environmental consultancy firms, which is also represented by a partner in Chile. Recycling, environmental consultation and infrastructure planning are among the main business segments. Branch manager Christian Blothe welcomed the Chilean managers' visit. "We know that an exchange can only be successful if it takes place in both directions. Even though we are not yet represented in the Chilean market, we were glad to talk about our projects and HPC's quality management", Blothe explained.

Following a two-week intensive work programme in Nuremberg, the group commenced their training sessions and site visits in Stuttgart. The visit to Fichtner GmbH & Co. KG, a planning and consultancy firm for public and private infrastructure service providers with a focus on supply and disposal management, is worth particular mention. The Chilean guests received an overview of Fichtner's global activities and how the firm's business process management is implemented and optimised. Promising business potential also became evident during the Resource Efficiency and Circular Economy Congress Baden-Württemberg in Stuttgart. The congress gave the Chilean entrepreneurs the opportunity to obtain information about current trends and challenges and to establish direct business contacts.

All in all, the Chilean MP participants gained valuable insights into the German environmental technology sector during their stay in Germany. And the German industry representatives included in the Programme benefited likewise from new market knowledge and direct access to Chilean decision makers.



At Züblin Umwelttechnik GmbH in Ingolstadt, the group learnt more about the firm's internationalisation strategy.



#### About the author

Maria Menzenbach is an internationalisation consultant at the ICUnet Group who oversaw the Chilean Group in Germany together with Baden-Württemberg International.



In October 2019, the Manager Training Programme (MP) was, for the first time ever, represented by an all-women group, consisting of 17 business women from Ukraine. The highlights of their stay in Germany included an event held together with the Club of European Business Women.



Success through networking: The meeting with the Club of European Business Women in Hamburg also served that purpose.

# Business Women Network with Each Other

Taking “Female Executives in Business” as their motto, the attendees from Ukraine learned about business practices in Germany and put their ideas for cooperation with German enterprises into action. The programme for the four-week training course also included a networking meeting with the Club of European Business Women in Hamburg, a gathering which brought together business women, entrepreneurs and top-level managers from Ukraine and Germany who want to make their businesses competitive internationally. A diverse range of industries were represented, from the metal and electronics industry to pharmaceuticals and cosmetics.

The event focused on an intensive exchange of practical experience on the

topic of “Women in Business”. The participants also learned more about prospects for development and measures to support business activities by women in Europe. “The event offered the perfect platform to share personal experiences and establish business ties to the Ukrainian women. We look forward to more gatherings like this,” explained Marina Tcharnetsky, the Vice President of the Club of European Business Women, after the meeting. All of the participants were given the opportunity to introduce themselves and present their business or start-up, as well as their innovative business ideas and products. The entrepreneurs also shared ideas about current market requirements, increasing customer demands, the pros and cons of business internationalisation

and online marketing. The idea of using various channels of communication to strengthen an online network of female business women was also supported.

The business women ultimately agreed that these sorts of networking gatherings are useful because they provide an opportunity to gain intercultural knowledge, develop intelligent ideas, make new contacts and find business partners. That is also what the Ukrainian MP participant Daria Zakharova, who works in the food industry, had to say: “I established contact to a CEO of a major food distributor through a German business woman. I will be going to him with a concrete proposal for cooperation to get our products to the German market.”

On the whole, the four-week programme for the Ukrainian business women was characterised by a warm atmosphere, plenty of enthusiasm and a constructive climate, which had a positive effect on the results.



#### About the author

Roman Khusnutdinov works as a project manager at the International Academy. He is responsible for the planning, organisation and implementation of group visits and the organisation of individual business meetings.



# Automobile Industry in Transition

During a tour of the Ford Industrial Supplier Park in Saarlouis, Mexican entrepreneurs learned about supply chain management and the optimised logistics at one German automobile manufacturer.

Upheavals in the German automotive industry, like proposed diesel bans and investment in alternative drive systems, have also impacted industry suppliers. Most of the Mexican MP participants who visited the Ford Industrial Supplier Park in Saarlouis in September work in

**1,200**  
vehicles roll off the  
assembly line every day

the automotive supply field. They toured the automotive seating expert Adient's plant in the park. Visiting Mexican executives identified many of the elements important in working with German car manufacturers based on Adient's successful collaboration with Ford.

The participants experienced car construction at first hand. Here in front of car bodies of the Ford Focus model at the Ford plant in Saarlouis.





As one of the world's largest suppliers in its sector, Adient furnishes almost all automobile brands with seating, including the nearby Ford plant. It takes just 90 minutes from the time a part is ordered to its final installation in a Ford vehicle. The close proximity of the two businesses, i.e. just a few hundred metres as the crow flies and easily covered by a truck in just minutes, make this quick turnaround possible. Careful coordination in many operational areas, such as aligning shifts at the two plants, is also key.

The electric monorail conveyor is the heart of the supplier park, and an important factor in its success. It enables direct and fully



Roman Lauer from Ford explained current challenges facing the automobile industry.



automated transport to the Ford plant from most suppliers. In combination with the automatic small parts warehouse that went online in 2016, optimal logistics has reduced production costs for suppliers. In real terms, this means just-in-time and just-in-sequence production. The right parts are delivered at exactly the right time for the various vehicle models on Ford's production assembly line. For this system to work seamlessly, Ford and its suppliers have to precisely coordinate their daily operations. Breaks at the Ford plant and its suppliers in the park are synchronised. Quality management, production processes and human resource management are also meticulously harmonised.

1,200 vehicles roll off the assembly line every day at Ford's Saarlouis plant, 70 per cent for export and 30 per cent to be sold in Germany. A tour of the factory provided MP guests with insight into all the production steps. "The assembly line never stops moving, even during shift changes. It runs at a constant rate and a new vehicle is completed every 34 seconds", plant manager Christian Klein explained. Adient's automotive seating is timed to the second to arrive just in time to be mounted in the model it was ordered for 90 minutes before. The high, constantly increasing level of automation was the subject of lively discussion among the visiting Mexican managers, as was the new, automated boron press shop, which produces components from a special steel alloy using a hot-forming process. "These parts are lighter yet more robust than the conventional cold-formed components. There is a lot to learn here," Daniel de la Serna, a manufacturer

of metal parts for the automotive industry in Mexico remarked with interest.

The visiting executives also experienced the vocational training system at Ford and were shown how apprentices are supervised at the plant and the supporting infrastructure. The plant consumes as much energy as a medium-sized city with around 40,000 inhabitants and has its own water treatment plant and fire brigade. A company-owned combined heat and power unit supplies the plant with environmentally friendly electricity and heat. Head of Material Planning and Logistics Roman Lauer and Head of Production Planning and Vehicle Delivery Bernd Kuhn rounded off the company tour by hosting an animated discussion on the strategic challenges at Ford and the current developments in the German automotive industry. "Where do you see the German automotive industry in five years' time?", MP participant Frédéric Bron asked, addressing market changes in Europe, a topic covered and much discussed in the "Writing a Business Plan" seminar. Roman Lauer enriched the conversation with ideas drawn from his experience and global perspective and concluded the exchange with a positive outlook: "Global sales figures for vehicles are rising steadily. Africa, China and South America are all markets with great potential."



#### About the author

Manuel Lauer is the MP Programme Manager at the ZEW – Leibniz Centre for European Economic Research. He also works as a Programme trainer and helps MP participants develop their joint venture projects.





The MP participants from India with LAPP Managing Director Andreas Lapp (in the centre)

# Quality Management Experienced at First Hand

Indian entrepreneurs visited the firm LAPP in Stuttgart within the framework of the Manager Training Programme. There they became acquainted with the quality and organisation management as well as the corporate philosophy of one of the many German “hidden champions”.

During a tour of the production facilities for cables, integrated cabling systems and charging systems for electromobility, the MP participants noticed particularly the continuous production process, which is constantly improved through quality and organisation standards. Among other things, the Indian guests were shown tables for recording process and quality standards, created in the Lean Management team of the LAPP family business, which was founded in 1959.

LAPP is one of the leading suppliers of integrated solutions in the area of cable and connector technology and is today managed by members of the second and third generation of the Lapp family. The firm's portfolio includes cables and highly flexible cables, industrial connectors and cable glands, customised solutions, automation technology and robotic solutions for intelligent fac-



**The visit to LAPP was really impressive and informative for us.**

MP participant from India

tories plus technical accessories. Values like customer orientation, success orientation, innovation and family are an integral part of its corporate culture.

Moreover, through Managing Director Andreas Lapp, the firm has particularly close ties to India. Early on, the medium-sized enterprise recognised the potential of India as a growth market and already opened a production facility in Bangalore in 1996. Now LAPP has 311 employees at two sites in India. Andreas

Lapp, who has held the post of Honorary Consul of the Republic of India since 2001, gave a presentation for the Indian group on the responsibilities and projects of the Indian Honorary Consulate in Stuttgart. The consulate promotes the political, economic and cultural exchange between Germany and India and, among other things, supports Indian enterprises in accessing the German market. For instance, the Honorary Consulate offers office space in the Indian Business Center to small and medium-sized enterprises from India who want to open their first representations in Germany.

“The visit to LAPP was really impressive and informative for us. Many of us can install some of the processes from their quality and process management in our own businesses”, said one of the MP participants, summing up the visit.



#### About the author

Franziska Wegerich is a specialised tutor for the Manager Training Programme at AHP International. In addition, she is responsible for organising and carrying out individual BMWi programmes on market access.



# All About Tastiness

The focus of the training for entrepreneurs from six of the MP's partner countries was on the topic of food processing.

In Germany in autumn 2019, the 19 executives gained an insight into the developing trends in the food industry and in the agricultural sector and were able to gain German partners for joint cooperation projects. The Anuga in Cologne, the largest trade fair in the world for food-stuffs and beverages, provided an opportunity for networking with potential business partners and customers. "I was overwhelmed by the size of the Anuga and the immense number of exhibitors", MP participant Harith Budhraj from India said. "The trade fair offers extensive potential for establishing business contacts. But you have to prepare yourself thoroughly in advance, otherwise you are lost."

Annaoraz Durdyev from Turkmenistan was impressed by the visit to Vatter, a bakery enterprise in Buchholz, Rhineland-Palatinate, during the four-week training period. "We also produce biscuits and bakery products in Turkmenistan. The visit to Vatter was a revelation to me and really changed my idea of the German

market." The Vatter bakery has its own shops and only uses high-quality raw materials in production, such as its own sour dough and flour as well as products from the region. They do not use any ready-made baking mixes or other processed products.

Jalal Shiralizade was particularly taken with the Gilde brewery in Hanover: "I work in the beverage industry in Azerbaijan myself, and it was very interesting to see how a German enterprise in this industry functions. My expectations were met: the production is very clean, well-organised and highly automated."

The meeting with the international guests also provided added value for the German entrepreneurs who welcomed the group. "I was very pleased at the strong interest in our production and the lively exchange of experiences. And I found it interesting to learn that such young people are already in management positions", explained Joachim Holst, owner of the Joachim Holst KG juice makers. The family business produces juice from locally grown fruit and sells it exclusively in the region.

In Lower Saxony, a visit to Chriwa Wasseraufbereitungstechnik GmbH, a firm in the water treatment technology industry,

was on the itinerary. The company has activities throughout the world and is strongly engaged in the Latin American market. Héctor Santodomingo, Head of Business Management Latin America at Chriwa, was therefore very glad about the internationality of the visiting group and gave them a guided tour of the plant in Hambühren. At the end of the visit, he summed it up: "Thanks to the Manager Training Programme and DMAN, a group of entrepreneurs were able to visit our headquarters. Chriwa supports sustainable cooperation with international enterprises and is grateful for the visit."

With their medium-sized enterprises, the executives from Chile, Mexico, Azerbaijan, Turkmenistan, India and Vietnam represented almost the entire range of the food industry: from vegetables, meat, fruit, juices, fish, dried fruit, biscuits, soybeans, mushrooms, tea, avocado oil up to seaweed burgers. Food processing is one of the industries which the MP focuses on.



#### About the author

Dr Ronald Pschierer is Programme Director at DMAN and responsible for designing and implementing qualification programmes within the framework of the MP.

Topics of the visit to Bäckerei Vatter, a family-run bakery in Buchholz, were personnel management and modern product management.





Ethiopian Pilot Group Very Pleased with Progress

# Coffee, Culture and a Skills Upgrade



The first 21 participants from new MP partner country Ethiopia arrived in Germany in November 2019. During the introductory workshop in Addis Ababa, the group had expressed great interest in expanding their intercultural skills and showed enthusiasm for modern technology. It also quickly became clear that the Ethiopian and German cultures are linked by one thing in particular: coffee.

The coffee industry was particularly strongly represented in the group with two-thirds of the Ethiopian executives and managers involved at various stages of the value chain from harvest to export. Other group members traded in pulses, leather goods, shoes and textiles.

Participants reported that the four-week programme's basic concept – which alternated training units with company visits – was very effective. Entrepreneur Lidiya Assefa worked on her business plans as part of the programme and took away some helpful insights from a visit to a family-owned German business. “My vision is to build a company and have a family who will one day take the helm, helping safeguard valuable knowledge,” she said. Getachew Zelealem was also clearly pleased with his learning curve:

“

**My vision is to build a company and have a family who will one day take the helm, helping safeguard valuable knowledge.**

Lidiya Assefa, participant from Ethiopia

“In Ethiopia, it takes around a month to learn what we learned in just an hour or a day here. This is because of the different teaching methods and interactions.”

The closing event held at the Federal Ministry for Economic Affairs and Energy (BMWi) in Berlin was one of the highlights. Deputy Director Dr Dorothea Schütz welcomed the group, kicking off the event by noting that, “the presence of these highly qualified entrepreneurs from Ethiopia attests not just to their interest in expanding their management skills and getting to know the German private sector. It is also a sign of the interest German companies have in doing business with Ethiopia. Furthermore, this kind of MP cooperation is proof of the ongoing

dedication to strong, bilateral economic relationships between the two countries.” The Ethiopian Minister of Finance was present as well, another high point for the pilot group and great encouragement to move forward with their joint projects.

Given the very different cultural norms that govern how business relationships are established in Ethiopia and Germany, the group's immediate successes were quite impressive, with the very first contracts signed during the training programme itself. Participants involved in the coffee industry had expressed initial concerns about participating in the Programme during prime harvest time, but those disappeared after time spent in Germany. Sara Yirga succinctly summed up the overall feelings of the group: “At the start, we were a bit worried because the MP coincided with the harvest in Ethiopia. But now I do not regret a single day I spent in Germany.”

#### About the author

Rimma Kadyrbayeva works as a consultant for IMAP GmbH and oversaw and assisted the Ethiopian group in Germany.



In addition to interactive management training sessions and bilateral B2B discussions, the Ethiopian group's itinerary included numerous on-site visits to firms.

# At the Heart of the Energy Revolution

A visit to the EUREF Campus in Berlin, a lighthouse project that showcases the innovative strength of German firms, was a special programme highlight for a group from China.

The EUREF Campus is a creative workshop and a real-life laboratory, where 3,500 people work on improving the future. Host to firms from the fields of energy, sustainability and mobility, it is regarded in Germany as a symbol of the shift to renewable energies. "That is why all the delegation members were very interested in visiting the campus," Jihui Yong, Managing Director of TELD New Energy Company, said, highlighting the campus' significance for the group.

A guided tour gave Chinese guests a general overview of the campus, which adheres to a holistic concept of sustainability, generates its own energy, and is home to start-ups as well as research institutions. Sustainability was a guiding principle when the older buildings were renovated to meet the highest energy and ecological standards, for example. The Manager Training Programme (MP) participants were surprised by another aspect of the campus's corporate philosophy: campus management decides in advance which start-ups to admit by assessing both the business idea and whether it complies with the principles of sustainability.

The Chinese guests enjoyed the chance to get to know three enterprises located on the campus a bit better. Tours of the firms revealed details of the various processes used to generate energy for the campus and the wider community as well. Inno2Grid charging stations give public transport vehicles enough power from one overnight charge to last the next day. Electromobility is very important in China and group members were keenly interested. "I saw some battery charging systems on campus currently being used on China's highways that have

successfully passed the pilot phase," MP participant Huang Haiyang explained. "I found it particularly interesting that the baseload plant temporarily stores the energy generated by the solar carport," Xiluan Yue, Managing Director of BAIC Dymos, reported.

Those MP participants who worked in the automotive industry noted similarities and differences in the approaches of Chinese and German enterprises. Battery recycling was an eye-opener for everyone. An innovative model from Citkar that combines a bicycle with a trailer offered one concept for future mobility. The price-performance ratio and the battery's

storage capacity were central to its development. A technical meeting with Cisco explored topics like production, logistics and traffic, and digital innovations and solutions in the field of IOT were also discussed during the tour. The enterprise provides tailor-made solutions for areas like disaster management, traffic control and international marketing strategies. The medical professionals in the Chinese group learned more about new digital patient management options during their visit.

The motivation strategies for employees on the EUREF campus were also novel for the guests from China. The campus offers a sustainable canteen and a lot of free-time activities.



#### About the author

Marlies Riemer-Lange is a project manager at the Wirtschaftsakademie Schleswig-Holstein, where she is responsible for the Manager Training Programme and international projects.



Citkar was one of the firms presenting itself on the EUREF Campus.





More than 300 Mongolian entrepreneurs have participated in the MP since the Programme began. In the photo: Dr Heinz Hetmeier (2nd from left) talking with an alumni

# “Demand for the Programme remains strong”

A two-day event marked the tenth anniversary of the Manager Training Programme with Mongolia, and provided those involved with an opportunity to take stock and set the course for the Programme’s future.

Roughly 90 guests came together on 30 and 31 August 2019 near the Mongolian capital, including Mongolian MP alumni from a number of years as well as representatives from German and Mongolian politics, the Mongolian and Vietnamese alumni associations, the implementing partner MONEF, the German-Mongolian Business Association (DMUV) and GIZ.

“After ten years of successful cooperation, demand for participation in the Manager Training Programme is still pleasingly strong”, said Dr Heinz Hetmeier, Deputy Director-General for European Policy at the German Federal Ministry for Economic Affairs and Energy (BMWi), in his speech during the opening ceremony. “I therefore very much welcome the fact that we have signed a Joint Declaration

of Intent on the fringes of the anniversary event for the continuation of the Programme”, Hetmeier continued. Bolor Tsolmon, former Mongolian Ambassador to Germany, also gave a welcoming speech.

A panel discussion, which included matters such as the contribution that the Programme can make within the frame of the German-Mongolian economic cooperation, provided an overview of the Programme results and an outlook on the future cooperation. Ganbaatar Khuyag, Vice-President and Executive Director of the Mongolian Employers’ Federation MONEF, said: “The MP is important for all the young, dynamic entrepreneurs in our country who are keen to grasp the opportunity to participate in international training.” The discussion

participants agreed that greater attention should be paid to the subject areas of digitalisation and Industry 4.0 in the further development of the Programme in the coming years.

In a further round of presentations, several MP alumni described their experience with the Programme and presented their enterprises and the successes they were able to achieve with the aid of the MP. In addition, two workshops gave the alumni an opportunity for a professional exchange of ideas and information. Here the topics included, on the one hand, the promotion of regional economic cooperation between Mongolia and Vietnam (see article on p. 42) and, on the other hand, providing support for the Mongolian alumni associations in institution-building as well as in preparing an action plan and firmly establishing the associations’ activities in Mongolia. On the sidelines of the anniversary event, a number of MP alumni showcased their products and services as part of an exhibition.

# “Mongolian enterprises hope for a transfer of knowledge”

Mongolia has been participating in the Manager Training Programme (MP) for ten years now. The Mongolian Ambassador to Germany, **Dr Ganbat Damba**, speaks in an interview about the importance of the Programme for the country and current economic developments.

Dr Ganbat Damba



*Journal: Mr Ambassador, what characterises the Mongolian economy today and how important is the cooperation with Germany?*

**Dr Ganbat Damba:** In the past 30 years, Mongolia has been a good example of active integration of the global economy. Our government has continuously pursued a policy of openness, multilateralization and diversification of international relations. Thus, we have strengthened our friendly relations and the diverse cooperation with all neighbours and nations throughout the world. The Federal Republic of Germany is Mongolia's main partner and the largest donor country in Europe. In 2019, we jointly celebrated the 45th anniversary of the establishment of diplomatic relations between the two countries. We have always attached great importance to the development of cooperation with Germany; the relationship is continuously being strengthened and, in numerous areas, developed further. Our commitment to the common values of freedom and democracy brings us together. On this basis, we can cooperate even more closely at an economic level. Thanks to international loans and aid, to which Germany has also contributed significantly, as well as increasing raw material prices, our country has recovered quickly. However, the dependence on external factors remains. Really lasting stabilisation requires medium-term and long-term measures with the objective of achieving broader economic diversification. Our economy grew by 6.2 per cent last year; total trade between the two countries amounted to roughly €145 million in 2018. German exports of goods to Mongolia in the same year amounted to €135 million. Altogether, foreign direct investments amounted to €2.2 billion.



*What impetus can Mongolian enterprises, particularly SMEs, gain in Germany?*

Germany has numerous small and medium-sized enterprises, which are crucial for growth and prosperity. They create jobs and qualify young employees through the vocational education and training system. From German SMEs, Mongolian entrepreneurs learn a sustainable, strategic and long-term way of thinking as well as quality assurance for in-house training and the success factors of vocational training. Mongolian enterprises are hoping for a transfer of knowledge; they do not want to only be suppliers of cheap raw materials, but to create value within their own businesses through new technology.

Our government is currently working on a comprehensive reform of the vocational education and training system and is being advised by Germany. GIZ supports selected vocational training institutions in the improvement of the formal technical vocational training and establishing a co-operative approach between government, businesses and civil society.

*The MP with Mongolia has been in place for ten years now, and more than 300 Mongolian entrepreneurs have already participated in it. How do you view the results of the Programme?*

We very much appreciate the fact that numerous decision-makers are prepared for cooperation between the two countries with the support of the Programme. We regard the executives' skills as an important resource. My home country has a very young population with high expectations; stable framework conditions are important for our economic development. For young Mongolian managers, the Programme is a pillar of German-Mongolian

In 2018, total trade between the two countries amounted to

**€145m**



**We very much appreciate the fact that numerous decision-makers are prepared for cooperation between the two countries with the support of the Programme.**



The MP supports Mongolia in the diversification of its economy.

relations which helps to make Mongolian enterprises competitive. I am sure that our executives will help us to understand each other better and to jointly grasp opportunities and thus strengthen German-Mongolian economic relations. The cooperation within the MP will be continued up to 2022 in several areas including renewable energy and sustainable agricultural and environmental technologies.

*How can Germany and Mongolia improve their economic cooperation further in the future?*

Our country has raw materials such as copper, gold, uranium, iron ore, tungsten, silver and rare earths. In times of increasing demand for raw materials like rare earths, our two countries should become strong economic partners. Mongolia lies between two neighbouring countries with large markets: Russia and China. This geographical location offers excellent conditions for German enterprises to produce goods in our country and export them to Russia and China. German and Mongolian firms have already

been successfully cooperating with each other for years, particularly in the fashion industry and in plant and equipment maintenance. Mongolia is very interested in expanding market activities with German businesses, especially in the area of recycling and landfill management, in addition to the raw material sector. One of our goals is to promote cooperation with SMEs. The agreement between the Federal Republic of Germany and Mongolia on cooperation in the areas of raw materials, industry and technology was expanded to cover renewable energy, regional promotion and SMEs. The Mongolian government created legal framework conditions that can help authorities attract foreign investment by providing an unbureaucratic, "one-stop" service for establishing and registering new enterprises. For Mongolian SMEs to be internationally successful, it is important that they produce products that meet European standards. For this reason, the government wants to amend the legislation applying to SMEs.

*Thank you very much for the interview.*



# Alumni Work Forms a Strong Pillar

This year, Moldova and Germany can look back on ten years of cooperation within the framework of the Manager Training Programme (MP). To mark this occasion, 150 guests came together in Chisinau on 4 December 2019 to attend a festive event and an alumni meeting.

Among them were Moldovan alumni from all the years of the Programme as well as 20 Belarusian and Ukrainian alumni. In addition, representatives of the German Federal Ministry for Economic Affairs and Energy (BMWi), the Ministry of Economy and Infrastructure of the Republic of Moldova, the Chamber of Commerce and Industry of the Republic of Moldova, GIZ and IN-VENT Moldova, the Moldovan alumni association were also present. In his speech, the Moldovan Minister of Economy and Infrastructure Anatol Usatii welcomed the guests.

Dr Heinz Hetmeier, Deputy Director-General for European Policy at the BMWi, praised the commitment of the Moldovan alumni in his speech, saying: “The anniversary celebrations have impressively confirmed that alumni work is a strong pillar for the sustainability and

the success of the Manager Training Programme. The alumni’s commitment has contributed significantly to making this event such a success. We will continue the cooperation with our partners in Moldova within the MP.”

Inesa Iordatii from the vocational training centre at the Moldovan Chamber of Commerce and Industry, who is responsible for the MP in Moldova, was clearly very satisfied with the event. “It was an excellent opportunity to meet participants and partners once again and to see how the alumni are developing in their enterprises.” According to Iordatii, Moldova wants to integrate itself further into the EU market in the future. “The Manager Training Programme is supporting us in this respect by giving Moldovan executives the opportunity to expand their skills. In the long term, we want to place more importance on certain branches of

industry, including green energy, the export of technological services, new production methods, Industry 4.0 and sustainable tourism within the scope of the MP. Moreover, we aim to have a higher proportion of women on the Programme and to include more enterprises from all parts of the country.”

The one-day conference also provided insights into the business successes of Moldovan MP alumni. For example, Valentina Uzun from the Azamet Group described how her enterprise has managed to grow from a business idea to a successful exporter. Veronica Raetchi-Tomescu from Winetours Moldova explained the importance of quality management, and Ion Lupu from Toreco, a wholesaler for hygiene articles, spoke about the effective development and expansion of distribution channels and his insights from the MP. In workshops, the alumni discussed the





The MP with Moldova has already been running successfully for ten years. Numerous guests from politics and business celebrated the cooperation.

various topics with experts. Christian Co-dreanu from the IHK Academy Munich and Sergui Guzun from the confectionery manufacturer Panilino discussed which elements of the German vocational education and training system could also be applied in Moldova. Jörg Kalmbach from the MP training centre Carl Duisberg Centres and Adela Cazac from Skytowers shed light on the role of executives in the digital age. Michael Gross from GIZ Moldova and a representative of the Moldovan Organisation for Small and Medium Enterprises Sector Development (ODIMM) spoke about foreign direct investment and opportunities for the local economy.

The assessment by many of the attending alumni was positive. Sanda Gulea, who participated in the MP in 2019, said: “For me, the event was a valuable experience. I was not only able to listen to the success stories of other Programme par-



### Alumni work is a strong pillar for the sustainability and the success of the Manager Training Programme.

Dr Heinz Hetmeier, Deputy Director-General for European Policy at the BMWi

ticipants, but also to evaluate my own project. And I have established numerous new contacts and new business relations. MP alumnus Andrei Ursu summed it up: “It was a great pleasure to attend the Anniversary but what I liked the most was the possibility to network with managers and companies. I met nice people from the Programme and shared information and experiences. I have already recommended the Programme and I will do the same in the future.”

Since the Programme started in 2009, 325 Moldovan specialists and executives from the manufacturing industries as well as the service and trade sectors have participated in the MP. Purchases and leasing of technical equipment, numerous business contacts, supply contracts and commercial agency agreements with German businesses for their representation in Moldova have subsequently come about.

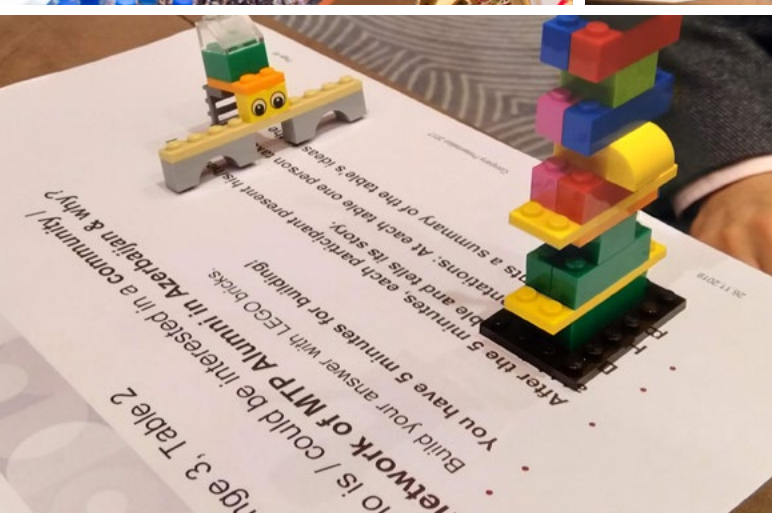




Niyazi Safarov and Dr Heinz Hetmeier



Orkhan Mammadov





# 10 Years of Successful Exchange



Some 200 guests from politics and business celebrated the tenth anniversary of the Manager Training Programme with Azerbaijan on 29 November 2019 in Baku under the motto of “New Paths”.

“Ten years of cooperation in the MP with Azerbaijan are also ten years of intensive contacts between German and Azerbaijani entrepreneurs. We want to continue this cooperation in the future. I am glad that we and Deputy Minister Safarov were able to agree on specific measures during the meeting of the steering committee”, said Dr Heinz Hetmeier, Deputy Director-General for European Policy at the German Federal Ministry of Economic Affairs and Energy (BMWi) during the opening ceremony. Among the speakers and guests at the event were Niyazi Safarov, Deputy Minister of Economy of Azerbaijan, the German Ambassador Dr Wolfgang Manig, representatives of the German-Azerbaijani Chamber of Commerce (AHK Azerbaijan), the Senior Expert Service, the Azerbaijani export promotion agency AzPromo, GIZ and Azerbaijan’s Small and Medium Business (SMB) Development Agency, which had extended the invitation to the anniversary event. Orkhan Mammadov, Chairman of SMB Azerbaijan, welcomed the attendees and confirmed the importance of the MP for the competitiveness of the enterprises, both within the country and in the international market.

Roughly 200 representatives of Azerbaijani businesses, all of them alumni of the

MP, also attended the event and grasped the opportunity for a professional exchange and intensive networking. Some of them presented their products and services on the sidelines of the event. “For me, the anniversary celebration was an opportunity to meet up again with many other alumni. The fact that such high-ranking politicians were present is also a motivation for my work. It would be great if such meetings were held every year”, said MP alumnus Rashad Mammadov, Head of the Store Development Team at Azerbaijan Supermarket LLC. The alumni from the various years all agreed that, through the MP, they had become bridge builders and the Programme had helped them to find business partners in their own country.

In various workshops, the alumni were able to extend their knowledge on topics such as innovative entrepreneurship, professional networking and Change Management. Trainer Piero Irrera provided a workshop on new sales and marketing technologies. “The requirements regarding the digitalisation of S&M processes differ among the alumni’s industries. However, we have all realised that now is the time to evaluate established S&M technologies with regard to their effects on our own market. European, partic-

ularly German, technology firms could cooperate with Azerbaijanis in this field”, he continued. Coach Meike Neitz from Germany held a workshop on start-up culture. “My participants came from the most diverse industries and positions, so it was a wonderfully colourful, very concentrated group that made an active contribution”, she said.

422 Azerbaijani executives have taken part in the Programme since it started in 2009; moreover, during this period more than 1,000 German enterprises have had the opportunity to get to know Azerbaijani firms through group and individual visits, B2B events and trade fairs. The majority of the Azerbaijani MP participants come from industries other than the oil and gas sector – therefore, the Manager Training Programme also supports the diversification of the Azerbaijani economy. In future, the economic cooperation within the MP is to have a stronger focus on the areas of renewable energy/energy efficiency and Industry 4.0 as well as food processing, and the participation of female entrepreneurs is to be promoted.



The programme for the German entrepreneurs included a visit to Evalar in Biysk, an enterprise that produces food supplements.

# Farming the Siberian Way

## German Entrepreneurs Meet Up with MP Alumni in Russia

A group of German agriculture executives travelled to a training course in Russia in autumn of 2019 as part of “Fit for Business with Russia”. The specialist programme included company visits, cooperation exchanges and individual business talks and led the participants to the three regions of western Siberia: Novosibirsk, Kemerovo and Barnaul. There they gained deeper insights into select Russian companies and determined approaches for future economic partnerships.

The Russian alumni of the Management Training Programme (MP) who reside in

the region were involved in the creation of the programme. They also opened the doors of their own businesses to the German guests and explained what they were able to achieve for their companies through participating in the MP – often with the use of German technology: innovative, efficient structures and competitive products that are in demand in the EU.

There was also an intensive exchange of professional ideas among the entrepreneurs from both countries. At a joint alumni event, they discussed how to

shape the conversion from traditional to ecological agriculture, which conditions are necessary, and which challenges and risks need to be considered. The issue of exporting agricultural products was a further topic of discussion. This focused on the question of how to succeed in exporting one's own products to Europe: which prerequisites are there, are the high costs for certification and transport from Siberia to Germany worth it, and how suitable is the German market for individual products?

The individual partnership talks in Barnaul, the planning of which was actively supported by the Russian alumni association “Status”, were especially valuable for the German Programme participants. The visit in this region to the Cheryomnoye sugar factory was also part of the programme. It is the only sugar factory in Russia that lies east of the Ural. Concrete agreements for building cooperations with Russian business partners arose during the trip for many of the German entrepreneurs.





# Valuing SMEs, Strengthening Opportunities, Easing the Burden

German Federal Minister for Economic Affairs and Energy Peter Altmaier (centre) visited a large number of German businesses during his SME campaign.



Unlike almost any other economy in the world, Germany is characterised by a strong and value-oriented SME sector. With the aim of safeguarding this position in national and international competition, the German Federal Ministry for Economic Affairs and Energy (BMWi) presented an **SME STRATEGY** in autumn 2019. A central element of the Strategy is the improvement of economic framework conditions through the reduction of the tax, state contribution and bureaucratic burden. Furthermore, the Strategy contains numerous measures for counteracting the shortage of skilled labour and supporting the SME sector in the areas of digitalisation and innovation.

Germany is a country of small and medium-sized enterprises: 99.5 per cent of all businesses in Germany are SMEs. They generate roughly 35 per cent of total turnover, provide almost 60 per cent of all jobs and more than 80 per cent of all the apprenticeship places. The SME sector encompasses large family enterprises established generations ago in rural areas, businesses in the crafts and trades, freelance professions and self-employed individuals, start-ups and a more than proportionate number of “hidden champions”. The SME sector forms the backbone of the German economy and is a central pillar of German society. However, it faces numerous challenges: foreign trade uncertainties, a shortage of skilled workers, growing bureaucracy, a high tax and social insurance contribution burden plus high energy costs.

The SME Strategy presented by the Federal Ministry for Economic Affairs and Energy (BMWi) in 2019 represents a comprehensive approach to according the SME sector more esteem, strengthening its position and reducing the burdens imposed on it. It supports SMEs in meeting the economic challenges they face in a changing world in order to maintain and consolidate their strong position in national and international competition in the coming years. Here the focus is primarily on clear, consistent and stable framework conditions, complemented by appropriate stimulus schemes. The overall aim is to give the enterprises flexibility, freedom and certainty so that they are well equipped for the future and can fully develop their innovative capacity.

The contributions that the SME sector makes and the responsibility it assumes for the community are often underestimated and not sufficiently appreciated by the public. The SME Strategy is therefore also intended to initiate a socio-political discussion process and, as a result, ensure that the SME sector is accorded adequate esteem.

**99.5%** of all businesses in Germany are SMEs.  
They generate roughly **35%** of total turnover, provide almost **60%** of all jobs and more than **80%** of all the apprenticeship places

The key aspects of the SME Strategy include the following measures:

### I. Improving the policy environment

The tax, state contribution and bureaucratic burden on the SME sector is to be reduced. Furthermore, employment laws are to be made more flexible; efficient infrastructures put in place; and a secure and affordable supply of energy guaranteed. The creation of an investment and innovation-friendly environment that enables flexibility, supports industrial research and encourages broad-scale digitalisation in the SME sector is just as important. Specifically, the aim is to completely abolish the so-called “solidarity surcharge” and reduce both the tax burden and state contributions for unemployment insurance. In addition, there are to be further reductions in bureaucracy, for example reductions in the retention period for documents under tax law as well as faster planning and approval processes. More support is to be provided for entrepreneurs starting their own businesses and

financial instruments are to be strengthened and developed further.

### II. Attracting, training and skilling specialised workers

Six out of ten enterprises – particularly SMEs – consider the shortage of skilled labour to be their greatest business risk.

Therefore, it is absolutely necessary to support the SME sector in recruiting, training and skilling specialised employees. It will be easier for skilled workers from abroad with a vocational qual-

ification to gain access to the German labour market and the recognition procedures regarding vocational qualifications obtained abroad are to become faster and more efficient. The objective is to also tap the potential of domestic skilled labour to a greater extent, for example through a flexible pension, so that older workers can extend their working lives. Vocational education and training are to be made more attractive in comparison to academic training.

### III. Supporting SMEs in the areas of innovation and digitalisation

To further improve the competitiveness of the SME sector, it is essential to drive innovation forward and consistently grasp the opportunities that digitalisation offers. The development of new products, processes and services on the basis of innovative cross-cutting and “game-changing” technologies, such as artificial intelligence (AI), blockchain or biotech, requires investment in technological and organisational know-how plus a correspondingly high level of capital. The aim is to increase the innovator rate to 40 per cent by 2025. Specific projects include establishing an agency for break-through innovations and a digital agency, a tax credit for research and development, and the development of a nationwide network of AI trainers.

### IV. Supporting SMEs regionally

The aim is to create equal living conditions throughout Germany. To achieve this goal, we need a strong SME sector with regional roots that safeguards and creates income and jobs locally. A national







funding system for structurally weak regions will enter into force in 2020. With the Act to Strengthen Structures in Coal-Mining Regions (Strukturstärkungsgesetz Kohleregionen), the Federation will provide financial assistance amounting to up to €14 billion for the Länder of Brandenburg, North Rhine-Westphalia, Saxony and Saxony-Anhalt for a maximum period up to 2038. This assistance is to be used to develop lignite-mining regions on a sustainable basis, bring about successful structural changes and build economically strong regions with competitive small and medium-sized enterprises. Within its area of responsibility, the Federation also commits itself to implementing further measures with a volume of up to €26 billion for the lignite-mining regions by 2038 at the latest. These measures include the swift expansion of high-speed broadband and mobile infrastructures.

#### **V. Developing new markets in Germany and abroad**

The BMWi supports SMEs in tapping into new markets in Germany and abroad. The strength of the German economy with its internationally renowned industry is based on the interaction between successful SMEs and large companies in highly efficient, precisely synchronised global value chains. The industrial SME sector receives particular attention in the National Industrial Strategy 2030. Central areas for

action set out in the Strategy are the improvement of framework conditions, the strengthening of key technologies and the maintenance of technological sovereignty. The focus includes efficient network and cluster structures and the quicker transfer of research findings to SMEs. The Federal Government is also committed to establishing a level playing field for competitors at the international level, i.e. uniform financing standards and access for European enterprises to public contracts in non-EU countries, among other things. Both the network of Chambers of Commerce Abroad and Delegations of German Industry and Commerce and the economic development agency Germany Trade & Invest (GTAI) are being continuously expanded, as are the Market Entry Programme, the Foreign Trade Fair Programme and the Manager Training Programme.

#### **VI. Setting up a “Committee of State Secretaries for the SME Sector”**

SME policy is a cross-cutting task that requires a concerted effort by the entire Federal Government. For this reason, a Committee of State Secretaries for the SME Sector is to be set up, which will examine the plans of all government departments as to whether they are appropriate for the SME sector. The improvement of the competitiveness of German SMEs must be the guiding principle for decisions on

economic policy made within the Federal Government.

The BMWi is working to ensure that this and other measures are swiftly implemented. Several measures have already been implemented or launched. Examples of measures that came into effect on 1 January 2020 are: the tax credit for research and development, favourable tax treatment for the energy-efficient refurbishment of owner-occupied properties, the Third Act to Reduce Bureaucracy and the return to compulsory master-level qualification in twelve crafts and trades. “Gaia-X”, the project to develop a secure, independent data infrastructure in Germany and Europe, was presented to the public at the Digital Summit on 29 October 2019. The agency for break-through innovations, “Die Agentur für Sprunginnovationen”, was established in autumn 2019. A skilled immigration summit was held on 16 December 2019 to support the Skilled Immigration Act, which comes into force on 1 March 2020. The Act to Strengthen Structures in Coal-Mining Regions is currently passing through parliament.

Further information on the support and implementation of the BMWi SME Strategy:

<https://www.bmw.de/Redaktion/EN/Publikationen/Mittelstand/german-sme-strategy.html>





# Greater Success Abroad

German enterprises are actively supported by the German federal government in the implementation and financing of international business. One of the instruments they use for this purpose is the export initiative HEALTH MADE IN GERMANY. **Kirsten Herrmann**, the acting director of the Berlin office, explains which measures the initiative includes and how German healthcare firms can benefit.

*Journal: Greater success abroad – that sounds exciting. Could you briefly outline the tasks of the export initiative HEALTH MADE IN GERMANY?*

**Kirsten Herrmann:** German healthcare enterprises are very successful on the global market. In addition, spending on healthcare is increasing across the world, which creates more opportunities for export. But there's another side to this story because international business poses various challenges, especially for small and medium-sized enterprises. It's primarily about information on market data, import conditions, customs and marketing authorisation, but also concerns the lack of contact with local partners or a platform in the target markets. That is exactly where our initiative offers support. It focuses on three central services: We provide comprehensive information on international markets and we market the German healthcare economy and its individual sectors abroad. We also offer help in networking with international



**Kirsten Herrmann** has been working on the promotion of German SME exports since 2005. After gaining practical experience at the Chamber of Foreign Trade in New York, she moved to Germany Trade & Invest in Berlin in 2012 and has been in charge of public relations for the export initiative HEALTH MADE IN GERMANY there since 2016. She is currently also the acting director for the department. [Kirsten.Herrmann@gtai.com](mailto:Kirsten.Herrmann@gtai.com)

partners. Our focus there is very much on SMEs.

*Those are big responsibilities, but what exactly does it look like in practice?*

First of all, we bundle all of the relevant information about foreign markets on our website. That includes short articles and information about events, as well as publications that we issue on individual markets and make available for download. We are currently working on market studies for South Korea, Poland, Columbia and Mexico. We also offer a monthly newsletter on regulatory issues for select countries. The whole enterprise is complemented by our webinar series. In our on-line seminars we have market experts and company representatives report on their experiences when entering a particular target market.

For marketing support abroad, we mainly make use of leading international trade fairs and conferences. For us, it's mostly





about demonstrating the power of HEALTH MADE IN GERMANY. For that purpose, we have published individual sector profiles that we use there for marketing. And we have recently added English-language promotional films on the individual sectors.

One popular service is also the use of our "HEALTH MADE IN GERMANY" logo. This is based on how highly respected the label "Made in Germany" label is in other countries. German healthcare firms can take advantage of this and use the logo for their international marketing, for instance on trade fair booths, brochures and business cards.

*And is all of this available globally, or do you focus on certain countries?*

We have projects planned for 15 countries in 2020. In some countries we are active locally, for example by presenting at joint federal booths at BIO International in San Diego, Pharmed & Healthcare in Ho Chi Minh City, BIO Japan and the leading health trade fair in Russia in December. We serve other target markets through the information we provide. Our webinar series for this year will look at China, Mexico, Poland and Russia, among other countries. Because we strategize our target

markets, the projects typically build upon one another.

Vietnam is a good example of that. After making exploratory fact-finding trips, in 2018 we produced a market study for the area of medical technology, while at the same time initiating and supporting a trip by German entrepreneurs seeking to establish business contacts. This past autumn we were then able to open the first German pavilion at the Pharmed & Healthcare in Ho Chi Minh City. Another highlight was our involvement in hosting a group of Vietnamese participants from the BMWi Manager Training Programme with a focus on the healthcare sector with visits to MEDICA and more. An informational trip to Germany for Vietnamese purchasers is planned for 2020.

*The federal government offers various programmes to support the German export economy. Do you coordinate or cooperate with them?*

This is one of our special strengths, actually. Our activities complement the typically larger programmes and provide a critical interface. With that we can offer additional added value to businesses in the healthcare economy. We also determine points of strategic focus which are used in part by other programmes. What I mean here is especially the previously mentioned market entry programme for SMEs, the federal government's international trade

fair programme and the Manager Training Programme. In cooperation with our colleagues, we offer input mostly in strategic planning in an attempt to establish a link to our target markets and to directly involve our projects. In addition, we host



trips or trade fair activities and support the attending firms there at a local level. They are very appreciative.

*Speaking of which, what sort of response do you get from the enterprises to your services?*

The businesses appreciate the work we do. Especially the structured, multi-year market entry is well received. We have made a conscious decision not to offer any one-off measures, but instead a programme with which German healthcare products and services can be marketed over the course of many years. This way, German enterprises are well prepared for the markets and can get started locally with our initial support.



[www.health-made-in-germany.com](http://www.health-made-in-germany.com)





Why is the Mittelstand described as a pillar of the German economy?

The medium-sized companies already start contributing to economic development as they are in the process of being founded: Founders invest an average of 66 cents from every euro of revenue in assets such as fixtures, business facilities and production plants.

Germany's Mittelstand:

# Questions & Answers



What is the secret of the German Mittelstand's success?

Germany's Mittelstand has multiple strengths. They include the fact that the medium-sized companies are firmly rooted in their home regions and that the local managers not only fulfil their business-related tasks, but also maintain close contacts with all stakeholders – which usually includes a bank ("principal bank system").



What competitive advantages does the German Mittelstand have over SMEs in other countries?

One example is the networks that have formed between medium-sized enterprises and large companies: in various regions there are not only clusters of suppliers, but also many small, legally independent companies and freelancers who perform administrative, distribution and service activities for major companies.





How attractive is Germany as a location for medium-sized enterprises?

Germany still has a top ranking in general location factors. Those include the dual education system and the low level of corruption. And the label “Made in Germany” is without a doubt still a factor in location decisions, as it stands for high-quality, innovative and reliable products.



Where are the greatest challenges for the German Mittelstand over the medium term?

New technologies, demographic change, increasing tertiarisation and internationalisation pose more and more challenges to companies which can only be managed with adequately qualified employees. One constant issue is the price of energy and raw materials: there industrial companies are less concerned about geological availability than globally increasing demand and the frequently unstable political situation in countries rich in raw materials.



How does Industry 4.0 affect the Mittelstand?

There are opportunities here especially for SMEs whose business success in the past had already been in individual production. But they have to meet the challenges associated with Industry 4.0 head on (e.g. suitable business model, design of innovation processes, further education, in-house organisation).

# An Economically and Socially Important Pillar: The German Mittelstand

The Mittelstand is considered to be Germany's most important driver of innovation and technology. Prof. Dr **Friederike Welter** from **IfM Bonn** describes what characterises small and medium-sized enterprises and how they differ from enterprises run by hired managers.







In many countries, the term “German Mittelstand” is often limited to particularly successful world market leaders. Indeed, according to a current scientific study, 50 per cent of all the hidden champions worldwide are in Germany. As a rule, this applies to owner or family-run enterprises, which are primarily in the production sector and are not listed on the stock exchange. Hence, in principle, they meet the criteria which, according to the definition set out by the Institut für Mittelstandsforschung (IfM) Bonn, are decisive for belonging to the Mittelstand: the world market leaders are family-owned and are run or controlled by family members – irrespective of the number of employees they have.

Nevertheless, it would be a mistake to limit the German Mittelstand to just the hidden champions alone. In fact, businesses in the trades, service providers and retailers, for instance, as well as members of the freelance professions, digital start-ups or self-employed individuals and large family enterprises all belong to the economic Mittelstand in Germany, as long as the defining characteristic “unity of ownership and management” is fulfilled. They all contribute to making the Mittelstand a supporting pillar of the German economy.

# 50 %

of all the hidden champions worldwide are in Germany.

## Facts & figures

The significance of the Mittelstand for the national economy is calculated on the basis of the SME definition by the IfM Bonn because the characteristic qualitative features of this sector (corporate management, ownership structure, economic independence) cannot be adequately derived from official statistics. Furthermore, the majority of independent SMEs belong to the Mittelstand.

Roughly **3.5 million enterprises** in Germany are SMEs according to the definition of the IfM Bonn, i.e. **99.5%** of all the enterprises in the private sector.

In comparison to SMEs in other EU countries, SMEs in Germany are larger, which means that they employ more people than the SMEs in the other EU countries.

With a turnover of more than **€2 trillion**, SMEs generate about **35%** of the total turnover in Germany.

Over **17 million people** are employed in SMEs, i.e. roughly **58%** of all the employees subject to statutory social insurance contributions.

Roughly **82%** of all apprentices and trainees are employed by businesses with less than **500 employees subject to statutory social insurance contributions**.

(Data from 2017. Figures for 2018 will only be available from 2020).

## Independent, flexible and stakeholder-oriented

But what exactly characterises the Mittelstand in Germany? First of all, the special ownership and management structure. Most of the small and medium-sized enterprises (SMEs) are individually owned:

the owners are therefore legally and economically independent in their activities. The smaller an enterprise is, the clearer the internal communication structures are. Accordingly, small and medium-sized enterprises can usually act more quickly and flexibly than large groups, for example, in matters pertaining to organisation,



personnel and production. The previously mentioned hidden champions also benefit from this specific advantage because the flat organisational structures help them to tailor their technically complex, high-quality products directly to the respective requirements of their customers.

Small and medium-sized enterprises are considered per se to not be as willing to take risks as manager-run businesses are. This statement is based on the fact that family enterprises normally plan their business strategies for the long term. And only lasting corporate success ensures the owners' livelihood and their independence. Nonetheless, a recent study by the IfM Bonn shows that entrepreneurs in family businesses also strive to achieve short-term profit maximisation if their income is secured through it.

At the same time, entrepreneurs in SMEs place importance on lasting relationships based on trust with all of their stakeholders – but particularly with their employees. In this respect, entrepreneurs in SMEs distinguish themselves clearly from managers in firms outside this category. Owners of family-run enterprises feel a greater responsibility to create and maintain jobs than employed managers do.

Germany's national economy benefits from the Mittelstand entrepreneurs' sense of responsibility towards their employees. A comparative study between large family-owned businesses and large manager-run firms carried out by the IfM Bonn four years ago produced this result: for example, the large family-owned businesses refrained from personnel reductions as far as possible during the global

economic crisis in 2008/09, despite losses in turnover. In doing so, they made a decisive contribution to stabilising the labour market across various regions of Germany. The latest IfM Study titled "Corporate target systems: do Mittelstand firms really differ from others?" shows that Mittelstand entrepreneurs feel committed to a particular social responsibility and set of values. Even large firms that have long since grown out of the Mittelstand sector and no longer fulfil the criteria of "unity of ownership and management" still see themselves as medium-sized enterprises. In most cases, the family still holds shares in the company, but the family members are no longer active in the business.



There are historical reasons for both the social responsibility and the special adherence to values in the Mittelstand: their roots lie in the medieval guilds, which not only set up specific rules for running enterprises in the various trades and ensured that these rules were implemented, but also determined the social environment.

#### On the way to a framework based Mittelstand policy

In Germany, there are already a large number of support programmes at federal, state and local levels for small and medium-sized enterprises. For a long

time, these programmes concentrated on promoting enterprises that, for example, due to their size, their resource availability or their stability appeared to be disadvantaged in comparison to other enterprises.

As a result of far-reaching changes in market conditions and changed economic structures, the Mittelstand has, however, for some time now been steadily becoming more diversified: It is partly becoming more heterogeneous, more volatile and smaller but on the other hand more international and larger. Over the last few years, to some extent due to the digital transformation, numerous new forms of doing business have emerged, such as the sharing economy, hybrid self-employment and gig economy. Hence, SME policy must also be made clearly recognisable as such, particularly for small and medium-sized enterprises. The objective of the SME Strategy recently published by the German Federal Government is to develop a framework-oriented SME policy that supports the Mittelstand in fulfilling its macroeconomic and social functions as best possible.



#### About the author

Economist **Professor Dr Friederike Welter** is the President of IfM Bonn (Institut für Mittelstandsforschung) and a professor of entrepreneurship and SME Management at the University of Siegen.



# Successful Networking

Establishing contact to potential business partners from Germany is important following participation in the Manager Training Programme (MP). In September, Belarusian alumni grasped the opportunity to network in Minsk.



Belarusian MP alumni were able to report two success stories within a short period of time: they were in high demand as contacts for a delegation of young German entrepreneurs who took part in a trip to Belarus, in September 2019, organised by the German Eastern Business Association (Ost-Ausschuss – Osteuropaverein der Deutschen Wirtschaft e.V.). At a meeting in Minsk, the MP alumni were much sought-after contacts in relation to the topic of Belarus as a business location for German business people, most of whom were visiting Belarus for the first time. Following the meeting, both sides confirmed their interest in staying in contact and exploring possible partnerships.

Just a few days later, more than 30 Belarusian alumni attended the 10th Day of German Economy (TDW) in Minsk at the initiative of GIZ. In addition to numerous B2B talks, they had their own information stand covering the topic of the Manager Training Programme with Belarus, which proved very popular. The organisers of the TDW, among them the German-Belarusian Economic Club (DBWC) and the Representative Office of the German Economy in Minsk, acknowledged the alumni's commitment and their contribution to the success of the event. Eugen Gudi, Head of the Representative Office of the DBWC, said: "We are very glad to have

so many Programme alumni among the participants at the 10th Day of German Economy in Belarus – they stand symbolically for the positive development and, in their positions in the private sector, in associations and government bodies, contribute to a high degree to the further development of economic relations. The impressive number of Belarusian MP alumni, over 500 so far, and their very successful history highlight both the pleasing results achieved so far and the further potential for economic cooperation between Germany and Belarus."

The TDW is geared towards entrepreneurs and representatives of business or-

ganisations from Belarus and Germany. Among the 200 participants this year were the Belarusian Minister of Economy Dmitry Krutoy and the German Ambassador Manfred Huterer as well as a high-level economic delegation from Germany led by Dr Ulrich Nussbaum, State Secretary from the German Federal Ministry for Economic Affairs and Energy (BMWi). "All this fills us with optimism that the stimulation of the economy and intensification of the co-operation which we have seen between the two countries in recent years can and, hopefully, will continue in a similar way in the future", Gudi added.



Bridge builders between the Belarusian and the German economies: the MP alumni



are used in greenhouses, where he also intends to introduce another innovation: “In our country, sheep’s wool is a waste product, but in Germany I learned how to make fertiliser from it. We can do that here too”, explains the entrepreneur from Bishkek.

“Since the training, my life has changed completely”, reported the MP graduate Saira Matabaeva from Kazakhstan. “I didn’t just learn how to make deals. I also learned that you have to give something back to the community.” After her stay in Germany, she revised her business model and gained an MP participant as a business partner with whom she now produces her furniture. She is also active at a community level. To improve the educational infrastructure in the rural areas, Matabaeva founded a school in a village for 800 children. She has received several prizes for her work there.

For Alexandr Chernovol, the follow-up meant a “reunion with friends”. “The meeting once again revived the atmosphere that was at the training in Dresden. But the format demonstrated to me that the results don’t always reflect the forecasts”, commented Kasache. “One and a half years after the MP, the

entrepreneurs from all three countries have achieved a great deal, and that’s truly impressive”, said Zakhid Tolyaganov from Uzbekistan.

At the end of the event, everyone could vote for what they believed was the most successful project by using a gold coin. Dinara Gabdulkhakova is convinced that there isn’t just one winner: “Everyone’s a winner, because through the MP we’ve all set critical changes in motion in our businesses.”

## “Everyone’s a winner”

58 Manager Training Programme (MP) graduates met in the Uzbek city of Tashkent at a follow-up event on 25 October 2019. For the first time, alumni in attendance represented three countries: Kazakhstan, Kyrgyzstan and Uzbekistan.

“We are very pleased with the event. The participation of graduates from multiple countries was a unique opportunity to network and plan mutual activities. And of course it was an honour for us to host guests from Kazakhstan, Kyrgyzstan and Germany”, is how Dinara Gabdulkhakova from Uzbekistan’s Chamber of Industry and Commerce, who coordinates the MP in Uzbekistan, sums it up.

In addition to the novel constitution of the follow-up event participants, the format was also new: All of the results were presented as part of a business game inspired by the fantasy television series “Game of Thrones”. The participants formed groups that drafted summaries, displayed business results and identified

success stories which were then presented in a competition.

“The results are plain to see”, said Gabdulkhakova. “The alumni were able to present the concrete results of their cooperation projects and show which measures they had implemented in their enterprises following their stay in Germany.” The MP inspired Tilek Toktogasiev from Kyrgyzstan

to develop a new business idea. He originally participated in the MP in order to set up a long-term cooperation with the lighting manufacturer Osram. The plan worked, and today Toktogasiev is the official company representative of Osram in Kyrgyzstan and Uzbekistan. The lights



Zakhid  
Tolyaganov



Alexandr  
Chernovol



Tilek  
Toktogasiev



## One new insight for me that I took from the MP was that...

- ▶ a small business doesn't automatically mean less revenue
- ▶ there are no universally valid conditions for enterprises
- ▶ the German market is open to Asian firms
- ▶ giant corporations don't always dominate
- ▶ it's definitely possible to establish contact with larger firms
- ▶ exporting from Germany really isn't all that difficult
- ▶ 80% is planning and 20% is practice
- ▶ it is not just about knowledge when it comes to business, but also talent



## RESULTS from the FOLLOW-UP EVENT

### The MP provided me with impetus for ...

- ▶ strategic planning
- ▶ ecology/sustainability
- ▶ mechanisation and automation
- ▶ courage to enter new markets
- ▶ stronger customer orientation and customer retention
- ▶ attendance of trade fairs
- ▶ more employee involvement and motivation



### What I took with me from Germany:

- ▶ focus on the essential
- ▶ business partners and friendships
- ▶ attention to detail
- ▶ planning for the long term
- ▶ business continuity
- ▶ business ethics
- ▶ a global business vision



# Combined Strengths for a Strong Economy

To exploit synergies and promote economic development – Vietnamese and Mongolian MP alumni met in Ulaanbaatar with this objective in mind. Together they examined prospects for cooperation and drew up an action plan. The alumni associations sealed their future cooperation with a memorandum of understanding.

In the half-day workshop, representatives from alumni associations in both countries identified the strengths and weaknesses of the economic and political relations. They talked about the challenges and risks that influence bilateral cooperation. In a lively exchange of ideas, their mutual Asian origin and culture were addressed, and the historical cooperation at a political level was emphasised.

Following along those lines, the participants discussed aspects that enable economic cooperation at a regional level. Among other things, the size of the respective markets and their economic growth rates were mentioned. The alumni

from both countries saw potential in the medical engineering and pharmaceutical industries as well as in the textile industry (cashmere, leather), mining, natural resources and tourism.

Moreover, the already existing investment approaches in both countries were assessed as a great opportunity for the creation of synergies. For example, a large Vietnamese group is currently planning the opening of a tobacco factory in Ulaanbaatar, which could be used to enhance the visibility of the two countries' bilateral trade relations. In addition, the participants judged the good English skills, particularly of the younger population in

Mongolia and Vietnam, as favourable for improving cooperation. The participants only saw weaknesses in terms of regional economic cooperation in a few cultural differences, the influence of economically stronger neighbouring countries and complicated investment regulations.

Finally, the alumni developed specific recommendations for action which could give substance to cooperation at a regional level. For instance, the suggestion was made to create a joint online platform on which information regarding bilateral trade relations, market information and sector-specific business activities could be made transparent. Other ideas included the plan-





Bayarmagnai Nasanbayar from the Mongolian Global Managers Alumni Association MGMAA (2<sup>nd</sup> from left) and Le Thi Lam Vien from GIZA, the Vietnamese alumni association (2<sup>nd</sup> from right), signed the Memorandum of Understanding. Also in the photo: Ganbaatar Khuyag, Vice President of the Mongolian Employers' Federation MONEF (left), and Dr Heinz Hetmeier, Deputy Director-General for European Policy at the BMWi (right)

ning of a variety of events, joint trade fair appearances and on-site company visits.

At the end of the workshop, the Vietnamese and Mongolian MP alumni agreed that, as a first step, a joint internet presence could pave the way for future bilateral cooperation. The implementation should be carried out via the alumni associations in both countries. These associations and their member firms should also be responsible for ensuring that the content is kept up to date. Representatives of the two alumni associations GIZA and MGMAA then signed a memorandum of understanding confirming the future cooperation.



**The multiplier effects hold enormous economic opportunities to promote bilateral economic cooperation.**

Benedict Hartmann, AHP International

“The workshop was characterised by a constructive atmosphere, and the strong interest in learning more about one another was noticeable in every discussion. The right approach and the right actors are the basis for forming new cooperation relations between the two countries”, Benedict Hartmann from AHP International summed it up, adding: “The alumni associations comprise members from diverse economic sectors, who in turn have an extensive regional reach. These multiplier effects hold enormous opportunities to promote bilateral economic cooperation, particularly at the SME level.”



2019 was a notable year for entrepreneur **Meretmuhammet Meredov**. The Managing Director of “Kindi”, a baked goods producer in Turkmenistan, came to Germany to learn about new methods for making confectionary and to find partners for a joint venture. Consequently, he completely revamped his corporate planning.

A full-page photograph of Meretmuhammet Meredov, a man with dark hair and a beard, wearing a white button-down shirt and blue jeans. He is standing in a bakery or food processing facility, with a conveyor belt of golden-brown baked goods visible in the lower left. The background shows industrial equipment and a staircase.

“It’s about learning  
from each other”





*Journal: You recently completed the MP. Looking back, what were the three most memorable experiences?*

**Meretmuhammet Meredov:** In all honesty, the Programme exceeded all my expectations and there is a lot I enjoy remembering. There was one time we arrived early for a tour of a bakery. Arriving early to make sure you are never late is just part of our Asian mentality. So, we got there at 9:45 for a 10:00 appointment, only to discover they would not let us in. They asked us to wait until 10:00. I was truly surprised by this example of German preciseness. It also struck me how respectful employees in most firms are towards one another in Germany, even if it is unclear where someone fits into the enterprise's hierarchy. During a factory tour, we asked some of the staff if not having a supervisor looking over their shoulders impacted workflow and productivity. They told us no, that everyone simply did their jobs even if no one was around giving instructions. Now I really try to instil this sense of individual responsibility into all my employees.

*What takeaways from the Programme have you used in your work?*

Before the MP, I had a different attitude towards my employees and their responsibilities. The Programme really changed my understanding of management and delegation, and I have made a lot of progress in this area. It is not about focusing on mistakes, but about learning from



each other, offering staff support, solving problems together, tossing around ideas and taking the initiative.

*Did anything about Germany really surprise you?*

I had travelled around some other European countries before and there were a lot of surprises, but Germany kind of

astonished me. I really admire the German corporate management style. Systematic, always on time, efficient and open to innovation – all this has made Germany what it is today.

*What are your current plans for your enterprise?*

Well, the first thing I did when I got back from Germany was work with my staff to draft a ten-year development plan. We objectively evaluated where the business stands now and where we see it a decade down the road. We agreed that everyone should have a very clearly defined role and take responsibility for their area or department. To achieve our objectives, we are also negotiating with a German firm to purchase equipment for confectionary production and talking to them about making chocolate and chocolate-covered biscuits. We are also planning to invite an experienced German specialist from the Senior Expert Service to come to help us structure our baked goods production lines.



**The Programme really changed my understanding of management and delegation, and I have made a lot of progress in this area.**

Meretmuhammet Meredov





# “Our processes are now 90 per cent more efficient”

For more than two decades, Ranok has provided the Ukrainian market with books and stationery. Business is good and processing all the orders quickly and efficiently is one of the firm's biggest challenges. As head of logistics, this is **Jurij Bugaj's** responsibility. In the course of the MP, he optimised the warehouse technology in his firm and increased his focus on employee motivation.

the challenging economic situation in Ukraine, Ranok is doing well and growing. In 2018, the business generated a total turnover of over €7 million.

To promote its continued success, the enterprise is currently working on improving its internal processes. The need for speed is a huge logistical challenge Jurij Bugaj is focused on solving. “Our warehouse system is almost at capacity,” he says. There are a few reasons for this: firstly, purchasing behaviour has changed. Customers are shopping differently: they are more targeted in their buying, buying less overall but more often, he says. Additionally, online business has been growing by around 10% and maintaining a competitive edge requires faster order processing.

## Agile warehouse processes

Logistics expert Bugaj shakes his head when asked if he needs a larger warehouse. The space is large enough if he can improve processes. It is all about speed rather than size. “Our range is too limit-

The Ranok enterprise promises online customers super-fast service: all orders placed by 5:30 p.m. are dispatched by 6 p.m. In Forbes' 2016 ranking of the best brands in Ukraine, Ranok ranked

among the top 20. Over 800 people work in the various subsidiaries and business lines, producing around 20,000 articles including books, stationery, educational games and craft and art supplies. Despite





ed and our order processing too slow. We have to modernise our IT and infrastructure if we want to hold our own on an international playing field,” Bugaj explains. This will involve an investment of around €3 million, but not all at once. Market demands and technology are developing so rapidly, Bugaj plans to take it in stages: “Something innovative or at least state of the art today could be yesterday’s news tomorrow,” Bugaj says. So, optimisation will proceed bit by bit as long-term warehouse planning is replaced by short-term, agile steps. One of the first improvements was a new live pallet racking system from Europe’s warehouse technology market leader BITO-Lagertechnik Bittmann GmbH after the Manager Training Programme. The inclined roller tracks mean goods automatically advance to the removal point. The shelves are designed on the FIFO (first in – first out) principle. Strict adherence to the order of replenishment and removal means no product is ever out of date. In addition, the shape maximises capacity and ensures short distances for workers. Guide rails and clear divisions also reduce errors. “We were able to increase the utilisation of our warehouse and the efficiency of our processes by 90%. Now we can even expand our range, and all without a new warehouse,” Bugaj says.

### “Everything depends on the people”

100 of Ranok’s approximately 800 employees are employed in the warehouse under Bugaj’s leadership. “Everything depends on the people,” he says. Even in an automated world, personal communication is important. Therefore, he has worked to improve the flow of information during shift changes and introduced a handover system where workers discuss any problems that occurred during the previous shift and possible solutions. The modern VUCA world means employees need to be open and willing to learn, especially in fast-moving areas such as logistics. So, the warehouse and logistics expert has started a continuing education programme for his staff. Employees test their knowledge on a quarterly basis, keeping them up to date on all the latest developments and developing their skills. Staff can study at home and test their newly acquired skills during working hours. Employees who successfully complete a test can be bumped up one salary

level, a very real motivation to learn. Bugaj has noticed a change: “My employees are now committed and motivated, and no longer work mechanically like robots.” He now also offers free drinks and apples for their physical well-being. This small gesture has had a big impact: “Showing your staff appreciation is the most important thing, something that really struck me during my company visits in Germany.”

Jurij Bugaj

# 800

people work in the various subsidiaries and business lines, producing around 20,000 articles.





# Strategic Goal Achievement

Few medium-sized enterprises in Tunisia are privately owned industrial businesses. The Soran Group, headed by a committed couple, is one of them. After participating in the MP, co-founder **Sonia Louati** sharpened her strategy. Now she is in a position to stand up to strong competition in the long term.

Thirteen years ago, a young academic in Tunisia took a bold step. In 2006, Sonia Louati and her husband founded SORAN Signalétique S.A.R.L. At the time, Louati was 28 years old, had successfully completed her studies in computer science and had two years of practical work experience. In the early years, the young couple produced safety panels, displays and signage, always with a clear vision of becoming a market leader in Africa. But to get closer to their goal, they first needed to create added value for their products.

## From a Production Firm to a Solution Provider

The enterprise has gradually developed from a simple production business to what it is today: a global solution provider with over 50 employees. Soran provides complete petrol station equipment and fittings, including petrol station shops. So far, the firm has equipped 230 petrol stations in 16 African countries – from conceptualisation through to installation. “Our customers showed us at the time what they needed and we listened to them”, says the businesswoman, who still maintains a close dialogue with cus-

A portrait of Sonia Louati, co-founder of Soran Signalétique. She is a woman with long, wavy brown hair, wearing a dark green turtleneck sweater and a necklace of large, light-colored, oval-shaped beads. She is looking slightly to the right with a calm expression. Her hands are clasped in front of her, and she is wearing a brown leather watch on her left wrist.

”

We supply our customers with what they need before they even know they need it.





"Since the training in Germany, our focus has been on petrol stations", says Sonia Louati. Here: in front of a petrol station in Ghana.

tomers. "Now we have a portfolio with which we can achieve our goal", she explains.

"We think globally", says the young entrepreneur. Therefore, participating in the MP in 2018 was a logical step for Louati, who is responsible for the strategic development of the enterprise. She has learned how important specialisation and focusing are for reducing costs and saving time. "In the past, we used to serve all customers; now – following the MP – we concentrate solely on petrol stations", Louati says. The Total oil company, with which the petrol station business began some years ago, is Soran's main customer.

Today Soran focuses on proximity to its customers. "We supply our customers with what they need before they even know they need it. That sets us apart", the manager says. Competitors from France and Turkey – who, with their aggressive price policies, indeed pose a challenge to

the up-and-coming business – are not so close to the customers' needs.

### New Partner from Germany

"I appreciate quality made in Germany", says Louati, whose suppliers are in Europe and America. During the training in Germany, she signed a declaration of intent with PWM GmbH, a manufacturer of electronic price signs for petrol stations. Soran will carry out the installation and maintenance of the products supplied by the family business in North Rhine-Westphalia. Representatives from the firm have already trained Soran's employees in Tunisia.

Following her stay in Germany, Louati separated production and engineering from one another and installed a department for research and development. "The clear – also spatial – division enables us to work in a more structured and effective way", the entrepreneur explains. She has hired 15 new employees and contributed to creating new jobs for academics in a country in which job opportunities beyond agriculture and the public sector are rare. "The first years were often hard; now this often feels like a dream to my husband and me", Louati adds. A dream which the MP helped to become reality.



### Outstanding Entrepreneur

Sonia Louati was honoured in 2019 for her corporate commitment: she was one of the three finalists in the "Business Award" by the Tunisian association of young entrepreneurs CJD. With this competition, which the Konrad Adenauer Foundation supports, the CJD is promoting the development of a new corporate culture in Tunisia.





# From Silicon Valley to Business in Russia

The pump was designed for greens maintenance in golf clubs. Today, the high-pressure water jet cleans tankers in Russian shipyards and even cuts ceramic and metal materials.

The engineer and business information technology specialist **Siegfried Köhler** has always worked internationally. The programme “Fit for Business with Russia” helped bring about a major business shift: He moved his software sales business from the US to Russia and founded a start-up that converts golf course pumps for use in shipyards and factories in Moscow and St. Petersburg.



While others his age are entering retirement, Siegfried Köhler has been busy tapping into new business sectors in the eastern European market, working on new technology and software ideas – and, as a side project, even selling innovations

”

**As an entrepreneur, you’ve always got to have multiple sources of income to safely withstand a crisis.**

Siegfried Köhler

like a diver navigation system, which was developed by Russian programmers, to the German market.

He can thank his participation in the programme “Fit for Business with Russia” for his latest contacts and customers. “Without a doubt a five-star programme”, is how the multifaceted and international entrepreneur sums up his experience, and lists the successes he has achieved through the exchange programme: “During our visit to Russia in 2018 we went to a shipyard where I was able to establish initial contacts for my high-pressure pump system. I had already started converting pumps that were used to maintain golf courses with the help of two subcontractors in Germany. The water stream was ideal not just for getting perfectly green





US, although the programmes there had usually been developed beforehand in Russia.

### Crisis-Proof Thanks to Multiple Streams of Income

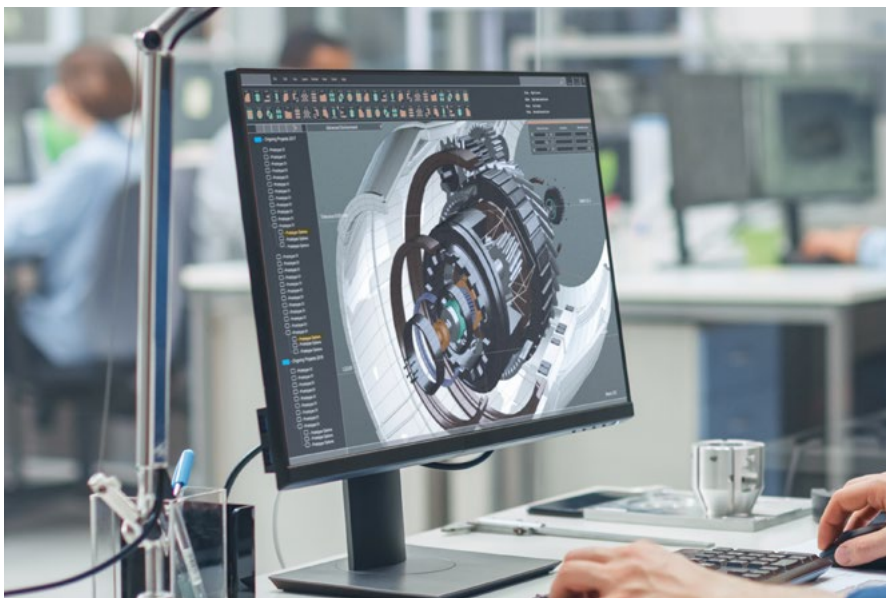
“I’ve been self-employed for over 30 years and have learned that as an entrepreneur you’ve always got to have multiple sources of income to safely withstand a crisis,” says Siegfried Köhler. In the 1970s he was one of the first to import software from Canada and the US. For instance, the mechanical engineer and business information technology specialist introduced software (DADiSP) that can analyse greater volumes of data in order to calculate seismographic vibrations for forensic speech recognition or for the safety of ICE and Transrapid routes and for Airbus to the German-speaking regions of Europe.

“There are very good programmers in Russia. So why sell software from the US that was initially developed in Russia – why not just buy it directly from there yourself?” is what Köhler was thinking when he applied for the Manager Training Programme. He established direct contacts through the GIZ to Russian programmers and entrepreneurs and now, for instance, he sells an underwater navigation system for divers in Germany that was developed in Russia. And more products are already in the planning: like measuring instruments that detect whether people are inside shipping containers or smoke detectors that can detect fires earlier than conventional models.

To sum up: “I’m more than happy about the contacts in Russia – they have really expanded my horizons. Without the “Fit for Business with Russia” programme’s organisers and instructors I wouldn’t have been able to do it. What really impressed me was the willingness of the Russians to help out and the open and honest discussions!”

grass, but also for removing incrustations from ship walls, and even cutting metal and ceramic materials. I was also able to use my business presentations in Russia to persuade another construction firm to use my pumps for concrete restoration.” And, at a group visit to the regional trade

fair in St. Petersburg, Köhler met business representatives from St. Petersburg who work at a Hamburg office. They were interested in selling Russian software, which he now obtains directly from Russian programmers. Before that he had been importing the software through the



Siegfried Köhler produces his IT products in cooperation with Russian entrepreneurs.





# Georgian Lemonade for the German Market

Export Manager **Malkhaz Chakaberia** wanted to find out how popular his lemonade “made in Georgia” was in Germany. The sobering result: the soft drink is too sweet for German taste buds. The enlightening result: he can sell it nevertheless because he has found a niche market for it.

“Too sweet, too fizzy” – German test customers all agreed on that at the tasting of the different flavours of the “Natakhatari Lemonade” brand such as pear, grape or tarragon, which is popular in Georgia. Chakaberia carried out the test in April 2017 with a German marketing agency which he got to know during an event.

Together they wanted to sound out what chances the Georgian best-seller had with German customers. However, no one had expected this sobering result. “That was quite a dampener”, says Chakaberia. But he did not let it get him down; he took use the Manager Training Programme (MP) as an opportunity to change his strategy.

## A Niche Market for “Eastern European Specialities”

Natakhatari Lemonade, named after the spring that provides the water for its production, is a brand of Lomisi AG, which produces the major share of beer and lemonades made in Georgia. These products





are already on sale in Germany; however, not in conventional retail chains. The Monolith group of companies imports the lemonade and sells it in their own MIX-Markt chain, which specialises in international products. Because the market has potential, Chakaberia decided to strengthen the already existing cooperation with a business partner from Berghelm in Germany. Roughly 12 million consumers in Germany are of Eastern European origin. In contrast to Germans, they love their lemonade sweet and sparkling. Furthermore, many of them know the soft drink from their home countries.

### Measures to Promote Sales

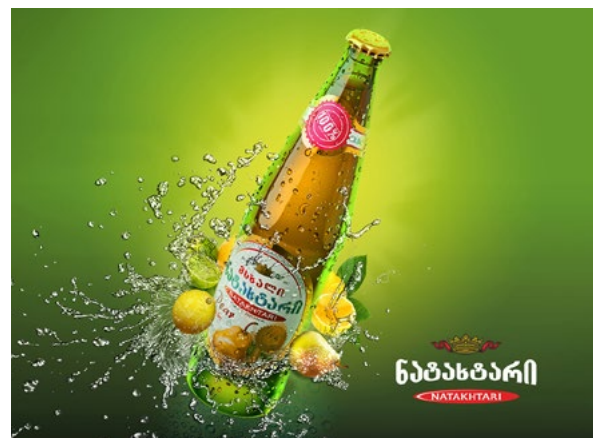
Chakaberia met with the managing director of Monolith during the MP and discussed with him measures for promoting sales. Monolith has over 160 MIX-Markt supermarkets in Germany. In addition, the firm has branches in other European countries. Together, the entrepreneurs

developed a marketing campaign and advertised the soft drinks, for example on television. This had a positive effect on turnover in Germany and in the other European countries to which the beverage specialist exports his goods: Greece, Poland, Bulgaria and the Baltic States.

Moreover, further activities to promote sales were agreed on for the German market, for

instance special discounts for a certain period and the inclusion of the lemonade in the weekly special offer flyers. And the beverage is now displayed more prominently in the supermarkets. “We were able to increase our turnover with Germany by about 30 per cent in the past two years due to these activities”, the 40-year-old sales expert is pleased to say. After all, that was his goal when he applied to participate in the MP.

Malkhaz Chakaberia





**Ahmed Fathelbab** is Managing Director of the steel firm El Fateh. Together with a mechanical engineer whom he got to know in Germany, he is implementing several projects in Africa and Germany at the same time. In addition, the dynamic businessman founded a new firm during the MP that produces biofuel.





# An Entrepreneur Full of Energy

## MP Participant from Cairo is Cooperating with a German Family Business

El Fateh is strong in the area of steel structures. The firm, with its 450 employees and an annual turnover of €10 million, has made a name for itself in Egypt through large projects such as the Sharm el-Sheikh International Airport. Renowned partners like Siemens place their trust in the steel manufacturer from Cairo. Most recently, El Fateh supported the global player from Europe in the construction of a steam power plant in Asyut.

In Germany, Fathelbab was looking for general contractors who deliver turnkey buildings to customers. In this regard, he wanted to offer his services as a partner for construction projects in Africa or Europe. Establishing contact with a family business in Düsseldorf has led to several joint projects. The two partners are currently building a cement factory in Ruanda plus a cooling tower in Germany for a chemical firm. The next project has already been lined up: Fathelbab has concluded a cooperation agreement with a plant manufacturer in Germany for a multi-million project in Mali. Work is planned to begin in 2020.

Through the MP, Fathelbab has been able to increase El Fateh's export rate from 20 per cent to 30 per cent. He plans to increase it to 60 per cent in the coming years, with a stronger focus on the European market. Besides Germany,

# 5,000 tonnes

of the alternative fuel are produced by El Fateh every year.

Fathelbab has activities in Italy and the Netherlands. The internationalisation is bringing him not only growth, but also greater independence from the volatile Egyptian market.

### Founding Bidaya

Through various channels, Fathelbab got to know an environmental technician during the MP. With this technician's support, he founded Bidaya in Luxor, a firm that is anything but a "waste product" from the Programme – even though it does deal with waste. Bidaya produces agricultural ethanol from biomass. Siemens with its gas power plant in Asyut is the main purchaser of the alternative energy carrier.

For almost a year now, Bidaya has been operating in Luxor, a city located on the

east bank of the Nile in Upper Egypt. The biofuel produced in the plant originates mainly from agricultural waste. "We are among the first factories in Egypt producing bioethanol", Ahmed Fathelbab, Managing Director of the firm proudly says. The MP alumnus invested €500,000 in the enterprise, which produces 5,000 tonnes of the alternative fuel a year. He used part of the money to buy a firm that disposes of agricultural waste – now this biomass is converted into biofuel. Forty employees are responsible for its smooth operation. Fathelbab designed the equipment for extracting the bioethanol together with his new partner and had it manufactured by El Fateh.

### Improvement of Energy Supply

"Power plants and cement factories require large amounts of energy. With our biofuel, we can reduce their expenditure on energy", says Fathelbab. The 33-year-old entrepreneur currently exclusively supplies his biofuel to the Siemens power plant, which he helped to build. The manager plans to expand his production capacity because there is strong potential in Egypt and other African countries investing in the improvement of their energy supply at the moment. A stable supply of energy is essential for these countries to also develop their economies. Through Bidaya, Fathelbab is making his contribution.



**Rasoul Sadati** is the owner and CEO of East Roll Industries Company (ERICO), founded by his father in 1978. The company is situated in Gorgan in the north of Iran and specialises in the manufacturing of high-precision rollers for the food and feed industries.

Rasoul Sadati, mechanical engineer, owner and CEO of ERICO

**“German manuals are the most comprehensive in the world”**



*Journal: Mr. Sadati, in 2018 you participated in the Manager Training Programme (MP). What impact did it have on your business?*

**Rasoul Sadati:** I learned that the presentation of our company and products should be more adapted to global standards, so after my return to Iran we updated our company website as well as our product presentation. We also improved our working safety structure and implemented new management methods, especially new key performance indicators to measure quality and business performance, as well as improved security standards and an optimised quality management system. Despite the current economic challenges, I was able to import rollers for the food and feed industries from a company in Bavaria after having participated in the Programme in 2018.

*What was your motivation to participate in “Fit for Partnership with Germany”?*

I realised that my experience was somewhat limited. After my first stay in Europe many years ago, I had already updated our products and activities, and it became clear to me that the key to developing our business further was to improve upon our communication with European businesses. Later, I got to know a German company that is one of the best suppliers of rollers for food industries. After a few trips to Germany, I realised that German firms are the most trustworthy in the world of trading and business. They never hide information concerning the functions and technical details in order to profit from that. German manuals are the most detailed and comprehensive in the world. Thus, the MP was a great opportunity for me to deepen my knowledge about German work-culture and qualification programmes. During the four weeks in Germany, I visited more than 15 different firms and factories and got a better understanding of modern global standards. In addition, I was able to further develop business relations with the existing German partners. The outcome and benefits of the Programme exceeded by far my expectations.

*Despite the current challenges, have you been able to conclude contracts with Germany?*

During these four weeks in Germany I was able to communicate with research-



### Mini Fact Sheet ERICO

- Mechanical items and high precision rollers
- Founded in 1978, registered since 2008 as ERICO
- 45 employees
- Turnover in 2019: €500,000

ers and educational institutes as well as with two enterprises in the fields of animal food and food industries. We are keeping in touch and sharing our experiences concerning the state of the Iranian market – to be ready in time when the economic situation changes. As soon as the economic change comes, I am planning to strengthen and expand my business relations with Germany. I have already started creating a more collaborative

organisational culture in my company and opened a training centre for employees and customers to offer so-called on the job training, something which is still quite uncommon in Iran.

*What surprised you most about Germany and what have you learned about “the Germans”?*

I was amazed and also surprised about many things; especially the attention given to environmental issues and innovation in this field was impressive to me. One point I clearly remember is our meeting at a leading German firm. One person in our group asked: “What happens, when employees make a mistake?” The answer was: “We send them for additional training.” “And if they repeat the same mistakes?” “Then they either receive further training – or we put them in a different position.” This is totally different to the work culture in Iran. After repeating a mistake once, employees there probably get fired.





# Getting in shape for the Next Economy in 9 steps

Before us lies the Next Economy, a high-speed economy where human and artificial intelligence are linked. Only enterprises that have the right organisational structures will be able to survive in this kind of environment. For this purpose, **Anne M. Schüller** and **Alex T. Steffen** have developed the Orbit model.



The rules of our working world were created during the era of industrialisation. That is where they belonged and they have served us well. At that time, it all revolved around control and stability. In the digital economy of today and the future, what is needed is speed, the ability to adapt and constant innovation. But in a hierarchy-focused, silo-based organisational environment, that cannot be achieved. Classic top-down formations do not have the slightest chance against the lively network-organisms of younger enterprises. Having suitable organisational structures is what makes pioneering new business ideas possible in the first place.

Of course, most businesses have now started to introduce new work tools but this is largely happening only selectively. Furthermore, this approach is typically limited to the employee side of things, workplace design and new tools. With regards to basic organisational structures on the other hand, nothing is changing. Management itself remains hierarchical. Even where pilot teams are allowed to work under self-organisation, their transformational energy fizzles out as soon as they run up against an obsolete framework. In the “wilds” of our increasingly unpredictable future, enterprises shaped from the old mould will not be able to survive.

## Ready for the future: the Orbit model

A “Next Organisation” is what we need for the “Next Economy” and that is what we have developed the Orbit model for. It promotes conversion from a pyramidal organisation to a circular, constantly evolving dynamic organisation. It enables a fast transformation to a enterprise that can respond flexibly to the demands of the future. Orbit has the following fields of action:





✗ **THE PURPOSE:** at the centre of the organisation rests a powerful purpose – the enterprise's reason for existing. It is economically, ecologically and socially significant and simultaneously attractive for customers and all of the employees. Like the seed at a fruit's core, this purpose guarantees the firm's survival on the market.

✗ **THE POSITION OF THE CUSTOMERS:** the much talked about customer focus is immediately evident in this model. The customers congregate around the purpose because it is appealing and worth supporting. All the employees revolve

around the customers – as equals and in dynamic interaction.

✗ **THE POSITION OF THE EMPLOYEES:** they are no longer subject to a top-down hierarchy, but rather act as equals within a circle with the managers and partners of the enterprise for the good of the customers. Operative decisions are made by the employees in a decentralised, cross-functional and mostly self-organised manner.

✗ **THE POSITION OF THE MANAGERS:** the managers are not separated from the customers; consequently, proximity to the customers is not only visible in Orbit

organisations, it is also actually lived out. The collaboration with the enterprise's employees and partners takes place as equals and hand in hand.

✗ **THE SIGNIFICANCE OF THE PARTNERS:** the weaknesses that become apparent in conventional organisations concerning transformative change have now long been leading more and more enterprises to connect with innovation centres, build their own innovation labs, found digital organisational units and/or cooperate with suitable start-ups. These kinds of strategic allies are the new innovation aides and growth drivers. ►

✗ **THE BRIDGE BUILDERS:** As everything in the outside world becomes linked, it also needs to happen within the business. This requires bridge builders, who can create interdisciplinary connections and moderate the “having it both ways”. They close the gap between the inside and the outside, between up and down, between humans and the thinking-machine. External advocates and influencers are also needed who can ensure that new customers are gained.

✗ **THE POSITION OF THE EXECUTIVES:** the executives no longer symbolise the tip of the enterprise, but rather its foundation, and ensure the necessary stability. They are responsible for the transformation strategy and for defending it vigorously. In addition, they act as a link to the public. And they are the bridge builders to the future.

✗ **THE IN-BUILT DYNAMICS:** circles are a typical characteristic of decentralising organisations. However, circles also need dynamics, by joining with each other. This creates a system in which aspects of renewal can be initiated by anyone at any point. In a dynamic system, an organisation constantly renews itself.

These nine fields of action comprise all the essential aspects of the development of an organisation for today and the future. They are described in greater detail in “The Orbit Organisation”.

#### Who the Orbit model is suitable for

The Orbit model is suitable for businesses across the globe. Three lines of action are conceivable:

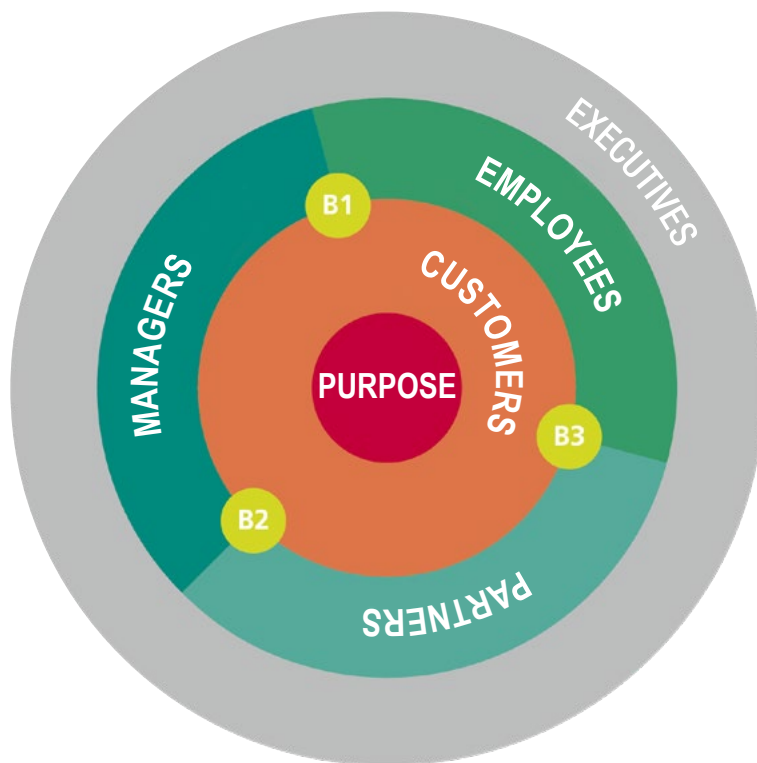
✗ **IN SMALL OR MEDIUM-SIZED ENTERPRISES:** much of what the Orbit model involves can be implemented especially quickly by SMEs. It is best to make the fundamental decision to break with your old organisational model and the old mindsets behind it. Start with new ways of thinking and new actions. However, do not just copy. Cut your own path, tailored to your business.

✗ **IN A LARGE ENTERPRISE OR CORPORATE GROUP:** start with something brand new at the periphery of your organisation! Set up the first units there that not only seek disruptive innovations, but that also play by new organisational rules. Above all, resist the temptation to first of all out-

line a conventional organisational chart. There will be reservations: “But people have to know where they are positioned and who they report to?”. You will not get anything from rigid employees. And incessant reporting simply distracts from achieving added value and doing the best for your customers. Have the people rally around the customers cross-functionally.

✗ **AS A START-UP AND YOUNG ENTERPRISE:** get things right from the start! And not only with a scalable business model, but also with an organisational design that can grow along with it. If co-operations are planned, then you will actually be able to achieve fruitful partnerships by using the Orbit model.

In any event, do not wait. Change starts with a single person who takes up the cause for themselves and in their field. If you do not show any courage to change, it will be difficult to assuage others’ fear of the new. Sitting back and waiting is not an option. “Later” too often becomes “too late”.



#### About the authors



Anne M. Schüller is a management thinker, keynote speaker, award-winning bestselling author and business coach. She is one of the most in-demand speakers in German-speaking regions. She was chosen as the Top Voice in 2017/2018 by the business network LinkedIn and named the Xing Top Writer in 2018 by Xing. Her clients include the economic elites in DACH. Her Touchpoint Institute offers certification as an Orbit Organisation Developer. [www.anneschuller.de](http://www.anneschuller.de)

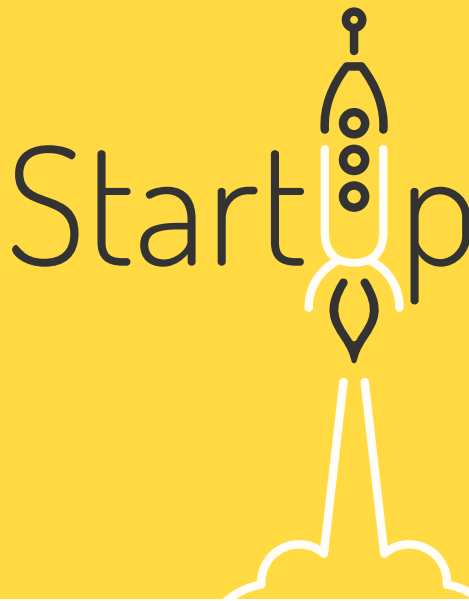


Alex T. Steffen is a strategic innovation expert and speaker. He researches the success factors for innovation labs and ecosystems. He advises DAX firms and ministries about the factors that will ready them for the future. He has first-hand knowledge of both the pain points of established businesses and the strengths of start-ups. With his unique perspective,

this TEDx speaker and bestselling author is a leader in the field of organisational development. [www.alexsteffen.com](http://www.alexsteffen.com)

- B1 Customer-focused bridge builders
- B2 Employee-focused bridge builders
- B3 Advocates/Influencers as bridge builders





**Meike Neitz** says a little more start-up spirit would help established enterprises adjust even better to market challenges. She shares how corporations can benefit from exchanging ideas with young entrepreneurs.

# What Corporations Can Learn from Start-Ups

In this era of rapid, digital transformation, no one can afford to ignore innovation. Well-established corporations are concerned about their future: Will new technologies make our business model obsolete? Could disruptive innovation impact our entire industry? And what can we do to keep pace with change? Innovation is no longer a luxury today; it is essential whether you are a Turkish textile business, a Kenyan telecommunications company, a British consulting firm, an Azerbaijani confectionery manufacturer or a German automobile manufacturer. Working with start-ups is one approach to active innovation management and an excellent way to expand an organisation's horizons.

## AGILITY

Start-ups have to be flexible if they want to hold their own on the market. While Agility businesses rely on decades of ingrained processes and often excessive red tape, start-ups are known for their agility: they simply cannot afford slow,

sluggish processes across layers of hierarchy. If the original, founding idea does not bear fruit, a start-up has to be able to adapt products or services quickly. This is known as "a pivot" in the start-up scene, a shift or complete realignment of the entire business strategy without shuttering the business. Many established corporations could also benefit from this kind of responsiveness, quick decision-making and a willingness to act.

## DIGITAL TRENDS

Start-ups are innovative by definition: they identify solutions to existing problems – with the help of new technologies and software designed in-house. Whether artificial intelligence, augmented reality or robotics: start-ups have their fingers on the pulse of new technologies. So, they can provide corporations with insights into newly emerging digital trends they might otherwise not recognise until much later – or miss entirely.

## CORPORATE STRUCTURE

Start-ups have a special corporate culture that goes far beyond the now obligatory football table and muesli bar: they often work with flat hierarchies and give employees plenty of freedom to contribute their own ideas and drive their own projects forward. Many young businesses are also experimenting with new forms of organisation, such as a holacracy or sociocracy, completely redefining and embodying what good leadership looks like and where priorities lie. It is exciting to see how many managing directors of long-established enterprises are open to exploring new management methods. This alone can invigorate leadership structures within an enterprise.

## DIGITAL SKILLS

The digital skills are possessed by the entire team in start-ups. Most start-ups enjoy trying out new tools to make their daily work easier and are often faster to act and more willing to experiment



# START NOW!

than established firms. Larger enterprises often find it difficult to introduce new tools to their processes, even if they would improve efficiency. Many firms also tend not to invest enough in ongoing education, especially for older employees, with regard to simple, digital know-how. Start-ups can also provide new inspiration here.

## CUSTOMER FOCUS

Steve Jobs once said, “You have to start with the customer and work your way back to the technology, not the other way around!” Many large firms claim to focus on constant optimisation yet develop their products with little or no customer input. Does a customer stuck in a telephone provider’s queue really feel like a king? Customer centricity is one of the most important start-up philosophies, i.e. product development is carried out extremely close to or even jointly with the first few customers and this proximity to the customer is always maintained.

## MVP STRATEGY

It is interesting to look beyond the “what” of start-ups – i.e. what new products they are working on – and understand the “how”. Strategies such as the MVP (minimum viable product) approach are widespread in the start-up scene but can be fruitful for businesses of all sizes. Instead of tinkering with new inventions for years behind closed doors or in research

departments, start-ups go to market earlier with a consumer-centred approach. They elicit feedback on an initial prototype, which is fed into the product optimisation loop that ultimately yields the final result. This principle not only applies to product development; it can also be effective in testing out new sales strategies, for example. Ideally an enterprise needs to embrace imperfection and quick responses.

## COMMUNICATION

Enterprises can also benefit from the “start-up way of doing business” in the areas of marketing and communication. How do you attract a lot of attention to a new product on a small budget? What are some successful growth hacks? Is our previous marketing strategy still up to date and is it really reaching customers? What opportunities do Instagram, Pinterest and Twitter offer? What is TikTok? The old school is often closed to inspiration and may lack the courage to think differently. Success today depends on sometimes trying out something new and unusual, being open to new ideas and questioning the old ones.

## COURAGE

Start-ups are known for their vision. They think big, take bold steps to achieve their ambitious goals – and are sometimes a bit cheeky. But it is precisely this attitude that often enables founders to go further

than anyone thought possible. Many long-established businesses often lack the vision, the courage and the power to drive change and think outside the box.

Networking with start-ups is incredibly multi-faceted and presents such rich opportunities for larger corporations to take inspiration from both strategic and digital trends and products and to learn new management methods and strategies. The very first step is to engage, exchange ideas, talk to start-ups about what they are working on and how they are working. Who knows where this might lead?



### About the author

Meike Neitz is intensely involved with corporate innovation – as a mediator, she helps build networks between corporations and start-ups, advises start-up programmes, and holds workshops for firms interested in start-ups. Through her “Die Zukunftsmanufaktur” agency, she also helps start-ups with their public relations needs. Meike volunteers her time to organise and moderate the “12min.me” event series in Cologne. Before striking out on her own, she worked for entrepreneur Vural Öger on every aspect of the German start-up television programme “Die Höhle der Löwen” (known as the Dragon’s Den in the USA and UK) for two years. She holds workshops on start-ups for the Manager Training Programme.



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