

# Journal

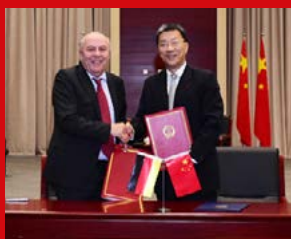
Fit for Partnership with Germany

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ENGLISH

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



## In Focus: Competition



### MP with China Extended

Bilateral programme with China  
extended until 2019

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### Pilot Group from Iran

Successful start in Germany  
with 24 Iranian managers

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Dear friends of the Manager Training Programme!

In 2016, the year was once again characterised by growth and anniversaries. In our last issue we reported the launch of the MP with Iran. The pilot group of Iranian managers has now visited Germany and successfully completed their training at the end of 2016.



There was also cause for celebration in Belarus, Germany, Russia, Ukraine and Uzbekistan. MP anniversaries were celebrated in these countries in 2016. The manager training for companies from Belarus and Uzbekistan has been taking place for ten years now and many of the MP participants maintain successful business relationships with German companies. For ten years now, the "Fit for Business with Russia" programme has been intensively preparing German managers for the Russian market, establishing local contacts and forming strategic partnerships. In Ukraine, the MP even celebrated its fifteenth anniversary in autumn 2016. To date, more than 1,100 managers have participated in the programme and contributed to economic growth in their country through bilateral business relations.

The tenth International Partner Conference held in Berlin at the start of December 2016 showed just how important the MP is for the individual partner countries. I am delighted that almost all partners attended the event to interchange ideas and to network. The good turnout once again proved how important these meetings are – and not only for the newcomers. This year, the focus was on innovation, whereby different aspects were discussed – from innovation management through to specific German innovation strategies and their relevance to the MP.

Innovation also plays a decisive role in competitive environments. For new developments are continuously required in order to survive in the market and retain a competitive edge over rivals – and not only in production itself but also in management, sales, personnel and marketing. Well-oiled competition is a challenge for all companies and particularly for SMEs – in Germany as well as in most of the MP partner countries. And this should not be underestimated. What companies must bear in mind to remain innovative, which strategies and success factors will bring advancements and how cooperative partnerships can yield a decisive competitive advantage, particularly for SMEs – are just some of the aspects covered in this issue's "In Focus" section, which is all about competition.

I wish you an enjoyable and informative read!

Warm wishes  
Reimut Düring



## Second German-Indian Steering Committee

# Make in India – with the Support of German Expertise



A subcontinent as a partner country definitely presents a challenge for the implementation and further development of the MP. At the second German-Indian Steering Committee since the start of the programme in 2009, it soon became clear that this challenge has been successfully met and both sides want to continue or even expand the MP.

**New Delhi.** Representatives of the German Federal Ministry for Economic Affairs and Energy (BMWi) and the Indian Ministry of Commerce and Industry in New Delhi met on 18 October 2016 to review the development during the past two years, present results and give an outlook on the coming years. Together with representatives of the German Embassy, the Indo-German Chamber of Commerce and Germany Trade & Invest, the parties responsible for implementing the MP on the German and Indian sides took a close look at the cooperation which already has more than 520 Indian MP participants.

Joint Secretary of the Ministry of Commerce and Industry, Shri Atul Chaturvedi, Co-Chairman on the Indian side, acknowledged the MP right at the start as an “excellent means of strengthening the management skills of Indian entrepreneurs”. He said it was also an advantage for the Indian government’s “Make in India” campaign under Prime Minister Narendra

Modi, which is currently giving the domestic economy a boost through a variety of reforms. He added that over the past two years many of the MP participants participated in projects under the “Make in India” campaign. Karl Wendling, Director at the BMWi, said that the German side was also very pleased about the stable development. He continued that the strong demand for the programme on the Indian side led to very diverse forms of cooperation between German and Indian businesses. The Indian side confirmed this and emphasised that there certainly is potential for higher numbers of participants or the formation of their own industry-specific groups.

### A Long-Term Approach as a Success Factor

The parties carrying out the programme in both countries also expressed their satisfaction. Amit Sanghvi from the Confederation of Indian Industry (CII) said

that, first of all, the stay in Germany led to a change in mind-set, which in turn led to changes in the participants’ own businesses. Stronger customer orientation, social responsibility as an entrepreneur, innovation management or green technologies are just a few examples of new emphases in the corporate strategies of former participants. Naturally, the programme also strengthens actual foreign trade relations, as Sanghvi illustrated with import and export figures. An example of successful best practice: only the previous day, an alumnus had opened his own private limited company (GmbH) in Germany – a step that would almost certainly not have been possible without the support of the MP!

Rajpal Singh from the Federation of Indian Chambers of Commerce and Industry (FICCI) presented the Indian entrepreneurs’ positive results, e.g. in the areas of business development, increase in turnover, technology transfer or imports from Germany. He emphasised that the MP primarily showed long-term results saying, “It sometimes takes five to six years to put all one’s ideas into practice and to be able to finance them.” He added that the MP reached most regions in India and thus also promoted networking among the alumni.

Reimut Düring, Director of the programme at GIZ, described the MP with India as stable and firmly established within the overall programme. He said that Indian business people were often particularly committed and successful in initiating individual business contacts.

Access to the Indian market is also to be made easier for German entrepreneurs. Co-Chairman Chaturvedi provided information on the “Make in India Mittelstand” initiative of the Indian Embassy in Berlin, which offers German investors intercultural “initial assistance” on the Indian market. He suggested the creation of synergies between the two programmes. Finally, it was agreed to sign the MoU again in 2017 and to continue the collaboration up to 2020, with the same number of participants if possible. Alumni work is also to be expanded and the quota of female participants increased. ■

## 10 Years of the MP with Belarus



Alumni and MP partners at the anniversary celebration

**Minsk.** Exactly ten years ago, in November 2006, the first Belarusian executives completed their one-month stay in Berlin, Germany – the Manager Training Programme of the Federal Ministry for Economic Affairs and Energy (BMWi) with Belarus was born. In autumn 2006, Germany laid the foundation for a successful bilateral programme, together with the Belarusian partners of then and today, the Ministry of Economy of the Republic of Belarus and the School of Business and Management of Technology (SBMT) at the Belarusian State University. By the anniversary celebrations on 23 November 2016, ten years on, 402 Belarusian specialist employees and executives from the middle and upper management levels had completed their training in Germany and established numerous contacts with German companies.

At the celebrations at the IBB “Johannes Rau” International Education and Community Centre in Minsk, the partners involved in the programme, the alumni and guests took the opportunity to honour the significance of the MP with Belarus. “The MP is a flagship project in the economic cooperation between Germany and Belarus”, said Peter Dettmar, Ambassador of the Federal Republic of Germany in Belarus. Yıldız Götze, Head of the BMWi division responsible for the MP, emphasised that these successes were only achieved through many years of close collaboration with the Belarusian partners. She said the active acquisition of suitable candidates and the careful preparation of future participants were very important. Professor

**“The MP is a flagship project in the economic cooperation.”**

Peter Dettmar, German Ambassador

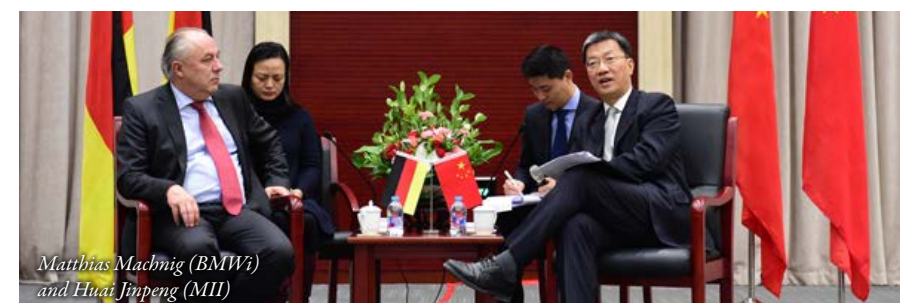
Vladimir Apanassovich, Director of the SBMT, pointed out the important role of the Belarusian alumni association for the MP. Future programme participants benefit from the experiences gained by the alumni in successfully realising their goals in Germany. Apanassovich regards the close cooperation with best-practice-participants, in order to utilise their models for success for other cooperation projects, as a promising strategy in the alumni work.

Before the evening celebrations, there was a partner forum of ABCooperation, the Belarusian MP alumni association, and the German-Belarusian Business Club (DBWC). The MP alumni and members of DBWC had very lively discussions, in working groups, with Belarusian and German

experts on how the image of Belarusian enterprises, also in comparison with German firms, can have a positive effect on their international business relations. The participants agreed that particularly reliability, punctuality

and quality are important characteristics for a business’ image and are basic success factors. “We can resolve interpersonal conflicts in the private sphere through emotional relationships”, Dr Alexander Knuth from the German economic consulting agency Berlin Economics put it in a nutshell. “In the business world, however, it is almost impossible to win back lost trust and repair a damaged image”. ■

## Bilateral MP with China Renewed



Matthias Machnig (BMWi) and Huai Jinpeng (MIIT)

**Beijing.** The MP with China will be continued until 2019. The deal was finalised on 1 November 2016 by Matthias Machnig, State Secretary of the Federal Minis-

try for Economic Affairs and Energy, and Vice Minister Huai Jinpeng from the Chinese Ministry for Industry and Information Technology. In Beijing the two

signed a memorandum of understanding for further cooperation in the training of executives from German and Chinese small and medium-sized enterprises.

The bilateral programme can now enter its next round. Since 2007 managers from China have specifically been prepared for establishing business relations and engaging in economic cooperation with German firms. And German executives have been participating in training programmes there as part of the MP “Fit for Business with China” scheme since 2012. ■



## Georgia: Manager Training Programme Approved



and Ketavan Bochorishvili, Deputy Minister of Economy and Sustainable Development of Georgia, were confident that the MP will contribute to sustainable economic development in the country. "Highly qualified specialists who are familiar with modern management methods can make a vital contribution to Georgia's economic development", said Beckmeyer. "We want to support Georgia in its development towards the EU by accepting it to the programme. This also helps to strengthen bilateral economic relations".

Germany ranks sixth amongst Georgia's foreign trade partners with a trading volume of approximately 454 million euros in 2015. Georgia primarily exports food, textiles, petroleum and non-ferrous metals to Germany, from where it imports cars and automobile parts, machinery, chemical products, electronics and electrical technology. ■

**Berlin.** No obstacles remain: the MP with Georgia received official confirmation on 16 June 2016 in Berlin. After the pilot group was successfully completed in Germany early this year, each country's

ministry for economics signed a statement of intent for further cooperation. Uwe Beckmeyer, Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy (BMWi),

## Mongolia Enters the Next Round



**Berlin.** Representatives of the Federal Ministry for Economic Affairs and Energy (BMWi) and the Mongolian Embassy met on 21 June 2016 to confirm the continuation of the MP with Mongolia up to the end of 2019. The programme has already been running for seven years. It has produced more than 250 graduates and has maintained its reputation as a valuable tool for bilateral cooperation. This was emphasized by Tsolmon Bolor, the Mongolian Ambassador in Berlin: "In addition to China and Russia, Mongolia's two large neighbours, it is mostly the EU and especially Germany that are important trade partners. The MP is a very effective measure for intensifying the economic cooperation between our countries." Khuyag Ganbaatar, CEO and Vice-President of the Mongolian Employers' Federation (MONEF), which coordinates the programme in Mongolia, was also optimistic: "Germany has been helping Mongolia for a long time



on its path to a market economy. No other country is currently working on a bilateral programme with Mongolia that directly involves the private economy to such an extent and promotes German-

Mongolian trade relations". Uwe Beckmeyer, Parliamentary State Secretary at BMWi, also praised the MP as a whole and emphasised again its necessity. ■

## Continuity and Changes in Kazakhstan



Official signing of the MP extension: Dr. Eckhard Franz (third from the right), BMWi, and Dr. Albert Rau (second from the left), Kazakh Ministry for Industry and New Technologies

The MP with Kazakhstan is already beginning its 13th year. Almost 600 Kazakh executives have completed training in Germany since 2004. There have been interesting highlights in 2016 again that show both continuity and change.

**Astana.** The Federal Ministry for Economic Affairs and Energy (BMWi) is continuing the MP with Kazakhstan, and the Ministry of National Economy of the Republic of Kazakhstan, which is responsible on the Kazakh side, has made funds available up to 2018 for its own "Business Relations" training programme. This programme is intended to precede the MP in Germany. It is planned that 500 Kazakh executives from SMEs will still be trained every year within the framework of this national programme. Irrespective of whether or not they then decide to apply for participation in the MP, they will gain valuable skills for their day-to-day business. Those of them who would like to visit Germany for a month will benefit from special preparation, as the Kazakh programme is orientated towards the MP skills system. The title "Business Relations" shows the targeted promotion of international economic interconnections on the part of the government in Astana.

The extension of the collaboration between the BMWi and the Kazakh Ministry of Economy was sealed as usual with the signing of a joint Memorandum of Understanding. At the meeting of the German-Kazakh Intergovernmental Working Group on Business and Trade, both Dr Eckhard Franz, Director-General

at the BMWi, and Dr Albert Rau, Vice Minister of Industry and New Technology of Kazakhstan, acknowledged the significance of the MP: increasing the professional, social and intercultural skills of Kazakh managers raises the competitiveness of their companies and creates beneficial, cooperative relations between entrepreneurs in both countries.

### New Partners

Changes in the Kazakh „Business Relations" programme affect the parties responsible for carrying it out. After many years of successful cooperation with the

SME promotion agency DAMU, another organisation was awarded the contract for implementing the Kazakh training programme and for coordinating the collaboration with GIZ for the implementation of the MP. "Atameken" (NPP), the National Chamber of Entrepreneurs, which was founded in 2013, also sees itself as a representative of the country's business sector. It is responsible for non-financial promotional instruments, including training programmes.

In order to facilitate access to the national "Business Relations" programme for as many interested executives as possible, the two-week training courses were not only held in Astana and Almaty in 2016; the trainers also went to five further cities in the country.

A new invitation to tender was also issued for the coordination of the training programmes in Kazakhstan and the preparation of participant selection for training in Germany. The contract was awarded to Kazakh-British Technical University (KBTU), an institute of higher education with an international orientation, which also has a focus on IT and Management. GIZ supports its new partners wherever possible. The kick-off for the collaborative was in April 2016, when a representative of NPP accompanied his compatriots for a week in Hamburg during their manager training. A workshop was held in Astana in June with representatives of NPP, KBTU and GIZ. ■



Kick-off event: workshop in Astana with the new partners - the National Chamber of Entrepreneurs of Kazakhstan (NPP) and the Kazakh-British Technical University (KBTU)





Andreas Obersteller (BMW) and Shavkat Tulyaganov (Ministry for Foreign Economic Relations, Investments and Trade of Uzbekistan) during signing of the MoU

## Staying Power is Key for Successful Collaboration



Ten years of the MP in Uzbekistan and over 380 cooperative projects with Germany – an impressive demonstration of the longevity of the professional and managerial training programme collaboration and of its usefulness for all parties concerned. The anniversary conference was an opportunity to take stock of the past few years and to discuss the strategic direction of further cooperation.

**Tashkent.** Rustam Chodschiyev was the very first person in Uzbekistan to implement ISO-Norm 50001 for energy management systems in his company. As the department head for quality management systems at the municipal UP refinery in Bukhara, he had his company certified by TÜV Thuringia. The refinery now achieves optimal productivity with the lowest possible power consumption. This

MP alumnus explains that company representatives from all over Uzbekistan now seek him out to learn from his experience in saving energy and implementing international standards in large corporations.

Chodschiyev talked about these developments at the celebration of ten-year anniversary of the MP in Uzbekistan, which was celebrated on 17 June 2016 at a con-

ference in Tashkent. Other MP graduates also had the opportunity to speak about their successes: Malika Abduganiyeva, a logistics manager at Inkomkonsalting GmbH (see issue 3), Alexander Wereschtschagin, a commercial director at Apiteks, and Ruchsoara Hurutdinova, the director of Progress Engineering GmbH.

Jörg Hetsch, the Delegate of the German Economy for Central Asia, chaired a panel discussion on the topic of economic cooperation between Germany and Uzbekistan. Representatives of the German firms Güiring, CLAAS and Commerzbank, the German Federal Ministry for Economic Affairs and Energy, the German Embassy at Tashkent and the Senior Expert Service discussed the opportunities, challenges, and motives for entering Uzbekistan's market. There was general agreement that only a focus on long-term cooperation would produce success in Uzbekistan – including the construction of independent production facilities and the founding of subsidiaries. The market in Uzbekistan is especially interesting for companies that are operating on a global scale and planning to enter markets in other central Asian countries such as China and Afghanistan.

During the anniversary conference Andreas Obersteller, Deputy Head of Department at BMWi, and Shavkat Tulyaganov, Deputy Minister for Foreign Relations, Investment and Trade for the Republic of Uzbekistan also signed the Memorandum of Understanding for the extension of the programme to renew it until the end of 2018. ■

## MP with Russia Has Been Extended to 2018



**Berlin.** The State Secretary at the Federal Ministry for Economic Affairs and Energy (BMWi), Uwe Beckmeyer, and Alexey Likhachev, the Russian First Deputy Minister for Economic Development, signed the new memorandum of understanding in Berlin on 24 June 2016. This confirms the continuation of the MP with Russia until 2018. The meeting of the German–Russian Working Group for Strategic Questions of German–Russian Economic and Financial Relations (SAG)

provided the professional coordination. In addition to bilateral investment plans, the Russian localisation strategy and import substitution, the meeting focused on increased cooperation in the fields of energy, environmental protection and professional and management training. These topics are reflected in the industry-specific MP training programmes and the alumni events. This way the programme can contribute to executive networking and the further development of cooperation. ■



Alexey Likhachev, Russian Vice Minister for Economic Development, and Uwe Beckmeyer, Parliamentary State Secretary at the BMWi (r.)

## Mexican Executives Visit Brose

# Automotive Pilot Project



In autumn 2016, the MP introduced another innovation: a training programme tailored exclusively for executives from the automotive industry. A special highlight marked the final week of the programme which was attended by 23 executives from Mexico: a company visit to Brose Schließsysteme GmbH & Co.



A resounding success: Mexican MP participants from the automotive industry

**Wuppertal.** With 60 locations in 23 countries, over 24,000 employees and more than six billion euros in annual turnover, Brose is the fifth largest family-run automotive supplier in the world. In addition to high quality closing systems, Brose develops and produces mechatronic systems for vehicle doors and seats and electric motors and drives.

The closing system product line is located in Wuppertal, where the Mexican managers first learned about the company's more

than a century of history and its corporate identity. Founded in 1908 by Max Brose, the firm places dual focus on exceptional quality products and the training and continuing education of its employees. For a number of years, Brose has been very active in Mexico where the company is currently building a fourth plant. This made Brose an ideal choice for the Mexican automobile delegation, both from an industry standpoint and in the interest of promoting German-Mexican economic relations. The sheer number of business

cards exchanged was ample proof of both sides' sincere interest in cooperation and exchange.

The company visit ended with a tour of the logistics department where the guests from Mexico learned about the just-in-time principal Brose applies to its logistics chain, something the seven logistics experts in the group found particularly enlightening. Then Rainer Wirths, Head of Closing Systems Construction, provided an overview of the Development Department in Wuppertal, detailing the three test groups currently in development at the site. Brose also invests a great deal in training and continuing employees' education. New employees go to "Latch School", for example, to learn about the range of Brose closing systems.

The Mexican executives were equally impressed by the benchmarking system, a key element of Brose's corporate strategy. The company applies this specific method to assess the current business environment and company's position regarding the competition. The benchmarking presentation raised awareness of the need to regularly monitor and analyse the market and possible competitors, and the visiting executives picked up some tips and ideas for implementing a similar system in their own firms. A technical simulation also offered exciting insights, this included a lab demonstration of what happens when the closing systems come into contact with water and dust.

In addition to the Brose tour, a number of other company visits, individual meetings, the Automechanika exhibition in Frankfurt and the IAA exhibition in Hannover also provided the Mexican MP participants with insights into the German automobile industry. During the programme, a total of 90 individual meetings initiated joint ventures worth 20 million euros, making the automotive industry pilot project a resounding success. ■



Franziska Schneider has worked at AHP International as a specialist tutor for the MP since 2016. Moreover, she is responsible for the organisation and implementation of individual Federal Ministry for Economic Affairs and Energy (BMWi) market development programmes, and helps American companies to develop their business relations with Europe.



# Tenth International Partner Conference



“Where people exchange ideas and work together, there is peace. And that is a good thing.” Emphasised the Parliamentary State Secretary at the Federal Ministry for Economic Affairs and Energy, Uwe Beckmeyer, during the opening of the tenth International Partner Conference for the BMWi’s Manager Training Programme. Political decision-makers and representatives from the implementing organisations in almost all MP partner countries met in Berlin at the start of December. Over the years, the partner conferences have become an important forum, which allows all involved parties to meet, network between countries and exchange personal experiences.

**Berlin.** Eighteen years – eighteen partner countries. This is what the Manager Training Programme of the BMWi had succeeded in achieving by the end of 2016. Parliamentary State Secretary at the BMWi, Uwe Beckmeyer, emphasised three advantages in particular: “Firstly, we have a good partner structure and are open to new partners. Secondly, we are successful as we concern ourselves with concrete matters. And thirdly, the MP is a stability factor in an increasingly difficult political environment.” Yıldız Götze, who heads the unit at the BMWi responsible for the MP, considers the programme’s partnership approach to be a decisive factor: “All those involved in the programme benefit from the fact that the MP has been set up so well – both we in Germany and all partners in their home countries.” The MP and events such as the partner conference help to create networks that extend far beyond the MP.

The focus of the tenth conference was on the subject of innovation – a key concern for both the MP and the political, business and programme levels. Innovations are necessary on all levels in order to master global challenges. “And it is not only a question of innovations in the high-tech but also in the low-tech fields,” Götze added.

## Focus on Innovations

Wolfgang Crasemann, Head of Unit – Innovation and Technology Policy, explained the difference between research and innovation, namely the production of knowledge through basic and applied research primarily by universities and research institutes on the one hand and the knowledge transfer within the market through novel products, services and new processes and systems on the other. German SMEs play a major role here: they are able to react quickly to market requirements and customer needs. Crasemann emphasised how important it is for the government to lead the way with framework conditions and the according climate for innovation, giving numerous examples, i.e. from procurement policy, to foster the development of clusters and networks, and to raise the profile of innovation clusters through the support of patrons. Many of these measures are not even costly but rather merely require a political commitment to an issue important to our future.

Using a practical example from his own experience, Jan Krückemeyer (Managing Partner, Reinhard Krückemeyer GmbH & Co. KG) explained how innovations are introduced at his company. Starting from the supplier or customer perspective, a push or pull strategy is pursued for innovations, whereby his company favours the pull strategy. This involves a customer seeking a solution to a problem approaching the supplier/manufacturer, who in turn then researches how the problem can be solved most efficiently. Foreign managers learn about the different innovation

strategies from a variety of different companies during their training in Germany. Alumni from various countries reported in short video sequences on key experiences during their training and above all the implementation of their projects, the introduction of innovations in their own enterprises and the cooperation with German businesses.

“Cluster and innovation policy is exactly what we need and what we concern ourselves with on a daily basis,” reported Olga Badanova, Head of Department at the Ministry of Economy of the Republic of Moldova. Other MP partners also returned a positive response to the conference’s focal topic. “The experiences in Germany in the field of innovation

development and the establishment of industry clusters proved particularly useful. These two areas will determine the priorities for future manager training,” said Mohammed Atayev, Director of Turkmenistan’s Strategic Planning and Economic Development Institute.

## Programme Benefits and Evaluation

On the second conference day, representatives from the partner countries, BMWi and GIZ discussed the programme innovations introduced in the past two years, the latest achievements, the benefits to the

countries involved and the future prospects for cooperation. “Most contacts are on the SME level,” underlined Oksana Kozlovskaya, Head of the Department for Economics at the Embassy of Ukraine in Germany. “It is a fantastic programme. Graduates are very well qualified.”

Dr. Shanti Swaroop Gupta from the Indian Ministry for Industry and Trade pointed out: “The MP is an investment and the resources assigned should not be considered expenses.” “On the one hand

it is training, but on the other it also makes a major contribution to the economic recovery.” GIZ Programme Director Reimut Düring immediately took up this idea. A return on investment is expected from every investment.

Hence the outcomes of the MP are evaluated on many different levels. This could also form the focus of a joint working group with the partners to document and exchange information on the respective results. ■

**“Cluster and innovation policy is exactly what we need and what we concern ourselves with on a daily basis”.**

Olga Badanova, Ministry of Economy, Moldova







## Between Tradition and Industry 4.0



The first Iranian Manager Training Programme participants came to Germany at the end of 2016. The curriculum included expert seminars and company visits to traditional German firms which use innovative management to ensure their success on the global market.

**Weil der Stadt / Ditzingen.** Fortuna Spezialmaschinen GmbH based in Weil der Stadt can look back on over 100 years of tradition and serves as an excellent example of a successful transition into the modern age. It is a global market leader in machines for splitting and skiving leather, plastics and rubber, and also offers highly efficient solutions for the liquid packaging carton industry. The company's 90 per cent export rate and machines of exceptional quality speak for themselves. Owner Tilo Ullmer sees exclusive production in Germany and in-house training of all employees and

executives as the keys to his firm's success. He also feels his role as an owner-manager, carrying full responsibility, has clear advantages over bringing in management from external sources. It creates consumer confidence, and therefore the possibility to compete with the best quality and most expensive products on the market. This company visit, which expanded on the topic "global business process management", provided the participants with a valuable experience. Some took the opportunity to arrange another meeting for a later date in Teheran. One tangible outcome was that a



participant put an Iranian partner, who had been searching for such specialist machines for quite some time, in touch with Fortuna. "I am so glad we got to visit Fortuna. Their expertise really impressed me, so I immediately put them in contact with one of my business partners. He plans to purchase a Fortuna machine in the very near future", Abdolreza Mohammadpour, Head of Research and Development at Farassan in Iran, says.

Due to its ground-breaking developments, Trumpf Werkzeugmaschinen in Ditzingen is playing a key role in Industry 4.0, which is currently a very hot topic. So it was unsurprising that the company visit focused on innovation and lean management concerning the IT-networking of production and services. The Iranian participants were also impressed by the tour of the technology centre, and especially by the precision of the manufacturing. The tour concluded with a return to tradition: a visit to the in-house Trumpf museum that honours the firm's rich history by illustrating historical milestones and technical highlights. ■



Rüdiger Focks has worked for the Carl Duisberg Centres (CDC) as a project manager for international strategic business development and has been organising and implementing the MP since 2013.

## Eighth Business Conference in Bonn



**Bonn.** The programme "Fit for Business with Russia" celebrates its first ten years in 2016. The Eighth German-Russian Business Conference at the Consulate General of the Russian Federation set a new participation record with over 140 participants. The SME representatives came to Bonn to report on the current economic situation, the effects of EU sanctions and possible

solutions. The MP remains a strong pillar for economic cooperation between Russia and Germany – this was emphasised by Consulate General Vladimir Sedykh, Wolfgang Hombrecher from BMWi and Alexej Bunkin from the Federal Resources Centre in Moscow. There was therefore one question that came up in all of the talks and panel discussions: Which proposed solutions can sustainably strengthen economic relations given the current general conditions?

Dr. Andrea Gebauer from the Russian Competence Centre Düsseldorf at the IHK Düsseldorf reported on the economic situation in Russia and its implications for the German economy. She concluded that the recession is continu-

ing, but there are gradual signs of stabilisation. Amongst other factors, greater stability in the price of oil is also contributing to improvement in the rouble's situation. In his talk about sanctions and import substitution "Downward Spiral or Solution?" Prof Dr Andreas Knaut from Rödl & Partner Moscow presented future-oriented approaches for economic cooperation in the fields of import and investment subsidies. In the macroeconomic view, the state has the obligation to provide structural reform and investment and economic stimulus measures. Falk Tischendorf from Beiten Burkhardt in Moscow emphasised the advantages of localisation and import substitution for SMEs in Russian regions. ■



## Multi-Faceted and Practical Knowledge Transfer

GICON®-International Training and Business Development GmbH (GICON®-InTraBiD), headquartered in Dresden, is one of the 13 training centres involved in the MP and imparts management skills and practical knowledge concerning German enterprises to foreign executives during their four weeks in Germany. However, after their time in Germany, MP alumni can also make use of the diverse services offered by the Dresden training centre and benefit from tailor-made training.



**Dresden.** For some time now, the innovative capacity of high-tech companies in Saxony has reached as far as China. Specialists from the China Academy of Launch Vehicle Technology (CALT) visited GICON®-InTraBiD in Dresden in October 2015. The group, consisting of ten engineers, was particularly interested in precision technologies, new raw materials and the utilisation of renewable energies. The itinerary included visits to the Fraunhofer Institute for Organic Electronics, Electron Beam and Plasma Technology FEP, where high-tech methods for surface coating are developed, as well as HTS GmbH in Coswig, which presented high-technology systems for use in European space travel. The engineers were so interested in trends in the development and application of high-precision hydraulic pumps and valves at the Institute of Fluid Power at the Technical University of Dresden that relevant future training events are already being considered. "We would like to cooperate with you again in this respect", announced delegation leader Liu Bo.

### Exchange with Technology Suppliers

Experiences from Dresden are also valued in Russia. Alexander Blitkin, specialist for

plant networks at the Russian company EvrosibEnergo, expressed a high degree of satisfaction after a one-week training programme on the topic of waste water management. "Naturally, technologies in Germany and Russia are similar. I am therefore taking numerous ideas for possible optimisations back home with me". Blitkin did not only get to know the waste water management system in Dresden, but also benefited from the experiences of the entire GICON® group of companies in this field. The Dresden engineering services provider, to which GICON®-InTraBiD also belongs, is an association of independent engineering and consulting firms. In addition, the company provides plant construction and engineering measures in the energy and environment sector as well as research and development.

### GICON®-InTraBiD Conveys Knowledge and Arranges Business Contacts

The transfer of knowledge and experience, combined with technical excursions, are GICON®-InTraBiD's trademark. They appeal just as much to Colombian representatives of mu-

nicipalities and universities interested in sustainable waste management as to the Chinese engineers from CALT. GICON®-InTraBiD has been offering managers and executives a multi-faceted range in the fields of training and business internationalisation since 2014, when it was awarded the contract for the practical implementation of the BMWi Manager Training Programme. Prospective domestic and foreign clients can rely on the team's many years of intercultural experience, close connections to institutional partners for the promotion of economic development and on the contacts of the GICON group of companies. This provides the participants with useful insights into German companies, institutions and culture. The seminars convey knowledge, skills and contacts in order to prepare foreign executives for international business relations and to give the impetus for innovations and changes in their enterprises. Specialist translations and interpreter services are also part of the package. Naturally, former participants receive subsequent individual support in furthering business contacts. And, of course, alumni of the Manager Training Programme can also benefit from tailor-made programmes on request. ■







Indian managers visited a waste incinerator in Kiel

## Indian Solar Sector Set to Take a Leap Forward

According to the BP Energy Outlook study by the British oil giant, India's energy demand will more than double by 2035. That growth will be among the highest in the world. The government plans to close gaps in supply with coal-fired power plants and renewable energy. Investments in projects for alternative energy generation are flourishing. These and other topics were highly interesting for 19 executives from India who completed a Manager Training Programme on the subject of renewable energy in September 2016 at the Wirtschaftsakademie in Schleswig-Holstein, financed under the Renewable Energies Export Initiative of the Federal Ministry for Economic Affairs and Energy (BMWi).

**Kiel.** Renewable energy is not a niche industry in Schleswig-Holstein. This federal state in the north of Germany has been actively participating in the trend towards renewable energy for many years now. More than 2,600 companies there are involved in the generation of power from

wind and solar energy, biomass, geothermal heat and hydropower. The Indian MP participants were therefore able to gain an insight into this leading position in renewable energy in northern Germany. They in turn represent small and medium-sized enterprises in the fields of solar/photovol-

taics, wind energy and waste management. A diverse range of visits to companies, the WindEnergy Hamburg trade fair and a visit to the Deutsches Elektronen-Synchrotron DESY research centre as well as a meeting with the research network at the wind energy competence centre, called Kompetenzzentrum Windenergie, offered the MP participants a platform with a strong environment for investment in the wind energy industry.

The training for Indian guests started off with a panel of experts, which included numerous representatives of companies in the industry, at the internationally renowned law firm Graf von Westphalen in Hamburg, which specialises in business law. The invitation came from the Renewable Energy Hamburg/Schleswig-Holstein cooperation. The introductory speech by Dr Ritesh Rajani on bilateral investment opportunities, the increasing number of German-Indian joint ventures and comprehensive expertise in the area of German-Indian legal transactions prepared the participants for their business activities.

There was a stimulating discussion during the visit to Senvion GmbH in Husum, a manufacturer of wind power plants, because India also plays a significant role in the international wind power industry. Investors had installed wind power plants with a capacity of approx. 25.1 GW at the end of 2015. The repowering promises good business opportunities. More and more offshore wind parks are being planned. India was in fourth place with a global market share of 5.8 per cent. Addi-

tional capacity is likely to be three to five GW a year. "And our wind energy markets are organised regionally", explained MP participant Vijay Madhusudan.

### "Energy Solutions – made in Germany" Energy Export Initiative



The services of the Energy Export Initiative are mainly intended for small and medium-sized enterprises (SMEs) offering energy solutions in the fields of renewable energy, energy efficiency, smart grids and storage technologies. In the context of the Initiative, the Federal Ministry for Economic Affairs and Energy wants to help companies enter new markets abroad with the aim to increasingly spread German energy technologies worldwide. In order to better support exports of comprehensive energy solutions, the former Renewable Energy and Energy Efficiency Export Initiatives were merged and expanded to become the Energy Export Initiative.

### Solar Industry as an Engine for Growth

The solar industry is rapidly becoming the Indian energy sector's new favourite. One of the world's most attractive markets for photovoltaic (PV) is currently developing there. The National Solar Mission has set the target of expanding capacity from five to 100 GW by 2022. "We are looking for energy-efficient solutions in the solar / PV segment and in thermal systems", said Dr Vimal Eswarlal, a member of the board at the Indian company Mangla Smart Energy Solution.

Sun Energy and Solar World's trade fair stands at Hamburg Wind-Energy were therefore surrounded – because 70 per cent of the participants work in this segment. In a panel discussion, there was a lively exchange about the current situation, in which domestic and foreign companies are mainly investing in large solar farms. Roof-mounted systems also offer great potential. However, the grid still has weaknesses, and there is a lack of expertise in this area. "Our domestic solar industry is poorly developed. The opportunities for German solar firms are very good", Harishankar Belaji and Ashwin Dhanotiya added. The participants agreed that production and grids cannot keep up with the growing demand for electricity in India. Regenerative sources must play a much more important role in the country's energy mix in the future. "We can only achieve the high goals that we have set ourselves for the generation of electricity from both wind and solar energy if, at the same time, plans are developed to improve the decrepit grids so that they meet the new requirements", stated Anu Asar.

### Focus on Waste Management

The closely related topic of waste management also met with considerable interest. Thermal waste processing at the waste incineration plant in Kiel, one of the most modern plants in Europe, fascinated the Indian guests. During the tour around the plant, they were able to see the various steps of refuse recycling. This included not only the separation of constituents, drying, gasification and then incineration, but also the control room and the cabin for the lifting equipment. In addition, Managing Director Dr Frank Ehlers de-

**Pratiek Parasmal Sanklecha** is the owner and managing director of Sanklecha Tradelink Company, an Indian SME with 30 employees that has been in the market for 65 years. The business sells solar and PV systems. It provides advice and assembly services as well as servicing and maintenance. Sanklecha's task in Germany was to select companies and products and to buy goods. He wants to present the latest and best models of solar panels to his customers back home. He was particularly interested in models that are still in the pilot phase or only available as prototypes. Before he came to Germany, Sanklecha had already contacted German companies that have developed prototypes in this segment, e.g. Heliateg GmbH and Heliocentris Energy. He was interested in products which would be market-ready in the near future. In addition, he wanted to import second-hand machinery to India. He also had successful talks in this area (J. v. G. Thoma GmbH) and is currently in contract negotiations with the company.



scribed the former conflicts with the residents of Kiel, who protested against the opening of a waste incineration plant in the city centre. He particularly went into detail regarding the concerns of the residents, who have in the meantime accepted the presence of a waste plant "in their midst". They accepted it because of the ecologically responsible way in which refuse is dealt with.

In the course of the programme, Claudia Raschke from the Energy Export Initiative of the Federal Ministry for Economic Affairs and Energy, which funds this training, visited the participants and experienced a highly motivated and very active group. Raschke presented the export initiative's activities and gave an overview of the project development programmes. At the end of the training programme, the participants presented their results at the Federal Ministry for Economic Affairs, following an invitation by the BMWi and the Energy Export Initiative. ■



Marlies Riemer-Lange is a project manager at Wirtschaftsakademie Schleswig-Holstein GmbH where she is responsible for international projects. She holds a degree in commerce (Dipl.-Kauffrau) and manages and is responsible for hosting the MP at WAK.



MP participants during a visit to the Deutsche Gesellschaft für Sonnenenergie e.V.



## The Leader-Ship:

# “Trim” for Partnership



Imagine yourself venturing out across a vast ocean in a small sailing boat. Unimaginable? People have been doing so time and again for thousands of years. Imagine yourself making an entire enterprise fit for cooperation with partner companies on the other side of a “large pond”. Nineteen Tunisian managing directors and executives wanted to find out what that was like and took up the challenge.



Tunisian managers discuss management and leadership

**Hamburg.** If you want to make your enterprise “fit for partnership” with international players, you must reckon with challenges similar to those in sailing: you have to “clear the decks” before venturing out and, during the journey, tackle many things quite differently than you normally would. The good news: you can rely on a complete crew. But how do you lead this crew? What type of leadership is contemporary in modern companies and how far should you adapt your own leadership style to it?

Anyone setting off to sea needs to first re-think or, better still, leave behind things they firmly believed in. Modern English has a fitting expression:

### Unlearning

Informing oneself about management methods means learning. And this learning must suit the respective challenge. Traditional textbooks or management literature will not be of much help; our way of learning changes over the course

of time. We learn to learn; new learning patterns replace old ones. From birth up to toddler age – learning is playful. We are curious and keen to experiment, preferring to try things out than have them explained to us. At school, we absorb knowledge until, at puberty, we start to increasingly question things, to choose and even sometimes refuse. (These patterns do not differ entirely between people who grew up in Tunisia or in Germany). Then, through vocational training or, for example, studies in engineering, learning means solving complex problems.

All these learning patterns help us further. But they are not sufficient when we set off across the large pond. There we are faced with completely different challenges. At high sea, the wind and the waves determine what we need to learn. A great deal of what was valid ashore has to be proverbially thrown overboard. Managing a small or medium-sized enterprise is no different. The business can only be adjusted to modern partner-

ships if the management has arrived in the global economy. And that certainly does not mean having a one-sided focus on micro-management or solutions to technical problems. All this is important, however, it takes something else as well: the development perspective.

Anyone who wants to develop further as a manager or managing director cannot do so alone, but must have an eye on the entire business. Developing further means learning in a completely new perspective. A deficit-oriented manner of solving problems is complemented by an opportunity-oriented development perspective. This has far-reaching consequences, which become most evident in personnel management. Note: most evident, but not only there.

### Management and Leadership



It is no coincidence that a modern leadership approach is characterised by the differentiation between “management” and “leadership” and originates from the Anglo-Saxon parts of the world. “Management” in this sense means the rather classical understanding of managing: managers must be capable of giving clear instructions, following up closely, assessing performance and giving relevant feedback. Problem-solving supports employees, where necessary. “Leadership”, on the other hand, means competence-based delegation, which involves transferring extensive responsibilities to employees and enabling them to develop their skills further through leadership coaching. Moreover, “Leadership” takes a responsible look at the future and sees the enterprise embedded in an overall context of partnerships, based on transparent values.

As with learning, the one does not replace the other, but expands, complements and balances. Management AND Leader-

ship: the enterprise becomes a “Learning Enterprise”.

### Learning to Let Go

The Tunisian participants had already taken a big step forward on their journey with the Leader-Ship. As participants in a programme that lasted several weeks, they were forced to delegate so that things also ran smoothly without them. The exchange amongst the participants, the friendly and cooperative manner, were milestones on the way to a “Learning Enterprise”: they learnt from each other about how even tasks which carry great responsibility can be delegated. And important “unlearning” had already taken place: letting go of tasks did not mean that problems accumulated. On the contrary: the, in some cases very diverse, organisations have become more independent. This was a crucial experience for the managing directors and

### Managers

- Assign work
- Follow-up
- Provide feedback
- Support employees
- Solve problems
- Plan and budget
- Organise and staff
- Control
- Report

### Leaders

- Provide a vision and look into the future
- Align people and ideas
- Inspire and motivate
- Empower people and the organisation
- Create a culture
- Develop and coach key people
- Reflect upon own behaviours
- Relate with others

executives because they now have the opportunity to spend more time on future-oriented activities such as forging partnerships. And the Tunisian participants tend to have special skills in that respect. One thing German firms can definitely learn from Tunisian firms and business partners is that all business is people business. Business partnership is first and foremost partnership, and that begins

with the person opposite you. And this attitude is certainly firmly anchored in Tunisian culture. ■



Dr Peter Belker is a qualified economist and coach. He has worked at the Akademie International, the international unit of the Akademie für Führungskräfte der Wirtschaft GmbH, as a freelance trainer since 2015. His consultancy work focuses on the further development of experienced managers and executives working in an international environment.

## “Closely Linking the Economic Goal to the Training Aim”



Since the start of 2016, the Centre for European Economic Research (ZEW) in Mannheim has been one of the 13 training centres selected to provide training within the scope of the MP. Katrin Cerquera and Manuel Lauer answer our questions about the start-up phase.



Katrin Cerquera works as a project manager within the Department of Knowledge Transfer and Qualification Programmes, and specialises in communication, presentation and facilitation. She studied international business administration with a focus on the Far East at Furtwangen University and Northwest University in Xi'an (China).



Regional specialist Manuel Lauer works as a trainer and project manager in the field of International Qualification Programmes. He studied modern sinology and political science at Cologne University and Capital Normal University in Beijing.

*GIZ: In 2015, your training centre was awarded the tender to implement the MP. How did you first learn of the programme?*

**Katrin Cerquera:** We have been offering training programmes for the GIZ for many years now. Because a previous programme ended, we reviewed the ongoing tenders – and that is how we learned of the MP.

*What motivations and expectations influenced your decision at the time?*

**Cerquera:** Over the past few years, we have been involved in GIZ programmes to impart macroeconomic expertise. Within this, our role entails conceiving and supervising training programmes. Our colleagues at the institute deliver the seminars and training content. We were particularly drawn to the management and intercultural topics within the MP, as they would allow us to contribute our own expertise in these fields as tutors and trainers.

*Why does the programme fit well with your portfolio?*

**Manuel Lauer:** The ZEW has many years of experience in training specialists and



management staff from overseas. Imparting economics expertise to the most varied of participants is one of the ZEW's fundamental goals. The MP complements our portfolio of further training formats extremely well. We are able to draw on our own infrastructure and strengths in the transfer of knowledge. What's more, we have a very good network of companies in the region and are also able to establish further business relations.

*In what fields is your centre particularly strong? What can you offer our participants?*

**Lauer:** Beside the implementation of existing programmes, we continuously work to develop new training concepts. With our knowledge of what really matters in the transfer of expertise, our experience in training management and didactic methods allows us to offer participants extensive support. Katrin Cerquera and I are not only active within the project as tutors, but also as trainers. Allowing us to closely link the economic goal to the training aim. We make frequent reference to the content of individual training units during the one-to-one coaching sessions.

*You welcomed your first MP group in the summer of 2016. What can you tell us about the participants?*

**Cerquera:** The group from China was extremely heterogeneous. The seminar language was English and this proved to be problematic for some participants. Nevertheless, the group was very cordial and the participants supported one another extensively, allowing each to take the appropriate next steps for their personal development.

*What key experiences will remain with you from this time?*

**Lauer:** The extremely close interaction with participants during the training, company visits and one-to-one coaching sessions was a unique experience. It was really great to see how the group grew together but also bonded with our ZEW team. Although they were only in Germany for a very short time, we were able to discern progress in all the participants. At the end of the programme, the atmosphere was very relaxed and friendly. The

Chinese managers had an enriching time in Germany, and we in turn also learned a great deal from them.

*How did programme implementation go?*

**Cerquera:** After a relatively short conception phase for newcomers to the MP and an intensive search for companies to host our group visits, we were able to offer our guests a varied and interesting programme during the implementation phase. There was a change to one company speaker due to illness, fortunately, this was the only such case. However, we were informed of this in advance and a very good alternative speaker was offered by way of replacement. We were impressed by the warmth and personnel that many companies invested in their contribution to the MP.

*What would you do differently with the next group?*

**Lauer:** We have since also hosted a second group – this time from Vietnam. Our goal was to establish and arrange even more individual business contacts than we had the first time round – before the managers even arrived in Germany.

*Where do you see the programme's strengths and weaknesses? How did you address these?*

**Cerquera:** The MP's strengths undoubtedly lie in the fact that the programme can be tailored specifically to participants' needs if the group is not too heterogeneous. Experience has shown that the managers not only take a new network of German business partners home with them after their four-week stay, but are also well networked among themselves and take advantage of the opportunity to learn from and support one another.

Depending on the group composition, we see the greatest challenge in the varying levels of English language proficiency. We have responded to this with different formats, such as mentoring. Moreover, we have the advantage that Manuel Lauer speaks Chinese and is therefore able to



communicate the most important aspects to all participants.

*Does your training centre implement similar formats? What do you believe is the MP's unique selling point?*

**Lauer:** Before we were added to the pool of MP training centres, we already ran similar programmes – but for other target groups. In parallel, we primarily offer one to two-day seminars for German managers and academics. The MP's unique selling point is undoubtedly the extremely concrete business and cooperation ideas that many managers bring with them to Germany and wish to implement during their personal meetings with German companies. What's more, the programme's success can be measured after just a short time. This clearly sets the MP apart from other human resource development measures.

*Ms Cerquera, Mr Lauer, thank you for the interview! ■*

# Personnel Recruitment



The current skills shortage is a growing challenge for the employment market, and is increasingly forcing companies to rethink their active personnel recruitment and selection processes. Dr Sandra Wolf, industrial psychologist and owner of innsicht, a consulting firm in Dresden, led a workshop for MP participants from Turkmenistan that outlined personnel recruitment and development in Germany. During the seminar, she also encouraged participants to explore the similarities and differences between the two countries.

**Dresden.** There are a myriad of ways to successfully recruit personnel from interviews and aptitude tests, to assessment centres. Executives from Turkmenistan learned about some at a human resources seminar. Together participants also explored how techniques applied in Germany could be adapted to be effective in Turkmenistan, in general, and more specifically, in their individual firms, and also discussed country-specific similarities and differences in personnel recruitment and development needs.

## Personnel Selection in Germany

The seminar covered a range of topics that vividly reflected the personnel selection challenges companies face today. The skills shortage is forcing firms to increasingly shift their focus to attracting qualified applicants. This has led to approaches such as employer branding, which involves developing an enterprise's image as a good employer and offering employees a value proposition and mission statement. Selection errors and

judgement bias present further recruitment challenges. In today's market, it is more important than ever to target talent searches to find just the right candidate, which necessitates the use of valid and reliable tools. Specially designed aptitude testing can help reliably assess an applicant's motivations, skill sets, interests, level of development and behavioural patterns.

In addition to the age-old job advertisement in a newspaper or magazine still used on occasion, online job portals such as Monster.de and professional networks like Xing dominate the employment market, complemented by job exchanges. The latter are not as popular with the younger generation because of the effort involved, relative slowness of the process, and the lack of flexibility in time and space. Increasing numbers of enterprises employ headhunters to assist in the search for an ideal candidate. Aptitude testing is also an effective tool for identifying possible candidates and the best possible candidate-organisation/role fit.



*Personnel recruitment: the executives hold the reins*

The DIN norm 33430 sets out a quality assurance system for the individuals involved, the methods and processes for aptitude assessment and personnel diagnostics. Personnel decisions are not covered by the norm – these remain the responsibility of the enterprises themselves. The risks inherent in selecting a suitable candidate can be twofold: overlooking a suitable candidate in the available talent pool, or incorrectly assessing an incompatible candidate as suitable. In the first instance, the best candidate is ignored, while the wrong person is given the job in the second. Both scenarios are frustrating for all the parties involved. The best approach is therefore to combine a number of assessment methods and structure the selection process based on a detailed requirement profile that precisely defines the skills a candidate must have. This creates a solid foundation for successful personnel management.

The MP workshop also addressed leadership models, group dynamics and team processes, and their relevance for performance, productivity, and change management. Authority and rigid structures often came up in group discussions and team exercises. Participants quickly recognised that these were important issues for employees and executives alike, since we all like to feel in control and struggle with feedback and cooperation. ■



*Turkmen MP participants during the HR training*



Dr Sandra Wolf is a psychologist and coach. She owns innsicht – entdecken und entwickeln, a consulting firm in Dresden, and consults on leadership and human resource development, also running seminars for MP participants. For more information, please contact her at [www.innsicht.de](http://www.innsicht.de).



# Mexican Award for the Best Cooperation Project



**Berlin.** Hugo René González, Director of Tangible Nous, a family enterprise in Mexico, proudly accepts the first prize of the Mexican Government for his innovative MP cooperation project. The project concerns the development of a “sustainable foodstuff based on vegetarian proteins” – e.g. from rice, peas, oats, amaranth or wheat. A high protein content, a long shelf life and ease of transporting as no cooling is needed as well as low costs are some of the advantages. Following the MP in 2015, Tangible Nous now represents two German firms in Mexico and has already found a representative in Germany and Europe

for the future product – the company Seaport Industry Services in Bremen. The second prize was awarded to Jessica Madrid from the firm Laser Manufacturing for the innovative production of steel metal parts for the automotive and aerospace industries. José Rodríguez Calixto from MODEBO was awarded third prize for his project on new ways of achieving inexpensive energy efficiency in buildings. The presented cooperation projects with German business partners were assessed for innovation, growth potential, practicability and effectiveness, as already agreed in the bilateral MoU at the beginning of 2016 (see issue 8, p.4). State

Secretary at the BMWi, Uwe Beckmeyer, and Enrique Jacob, President of INADEM, honoured the successful alumni on 1 December 2016 in Berlin. ■



Hugo René González (centre), Jessica Madrid, José Rodríguez Calixto

## Fit for Business with China

### “A Window of Opportunity Opens for Germany in China”



In autumn of 2016, 14 executives from Germany stayed in China for two weeks to participate in a Training Programme. As part of their programme “Fit for Business with China”, they visited the economic centres Jieyang, Shenzhen and Chengdu.



**Jieyang / Shenzhen / Chengdu.** “There is hardly a more efficient way to get an idea of what the country is like and to discover new opportunities for your own business”, noted Peter Gröndahl. He is a participant of the fifth Manager training programme for German entrepreneurs interested in the Chinese market. The two-week programme that he and 13 other managers from Germany attended in China again featured a successful combination of information about German-Chinese cooperation with access to decision makers from the fields of politics and business, matchmaking, visits to Chinese and German companies, and trade fairs and con-

ferences. And interest on the part of the Chinese in acquiring contacts to the German economy and in cooperation with German companies remains high. Economic centres such as Jieyang, Shenzhen and Chengdu still have great potential for economic development and trade despite the dampened growth in China.

During their stay in Chengdu the participants visited the Sixteenth Western China International Fair (WCIF), whose theme for 2016 was “Western China, Opportunities for the World” and whose honorary guest country was Germany. This reflected the good economic relation-

ships that China and Germany have fostered for decades. The German-Chinese Business Conference, which was opened by German Federal Minister for Economic Affairs and Energy Sigmar Gabriel, was also very well received and where the participants were able to successfully partake in a matchmaking event. And here the primary focus was also on the modernisation of Chinese industry – reflected in particular by the topics SMEs and Industry 4.0.

The celebratory conclusion to the conference day was the “German Evening” held at the New Century Global Center in Chengdu. Over 600 guests accepted the invitation from the Consulate General. The event was opened by Consulate General Dr Klaus Schmidt, Governor of Sichuan Yin Li, State Secretary of the German Federal Ministry for Economic Affairs and Energy Matthias Machnig, and Transport Minister of North Rhine-Westphalia Michael Groschek. Here the MP participants had an opportunity to talk with Matthias Machnig about their experiences with China and the programme. This will also have had a lasting effect on their impressions of China.

Gröndahl is very impressed at any rate: “A trip to China’s megacities is now like a journey into the future,” is how he sums up his impressions of the country. “China is inviting innovative German businesses to realize their ideas very quickly in China and market them successfully on a global scale. A window of opportunity for Germany is opening right now in China – let’s make use of it.” ■

## Partner Country Belarus

### “Open for Cooperation”



Minsk

The BMWi Manager Training Programme with Belarus celebrated its tenth anniversary in 2016. The partner organisations – the Ministry of Economy of the Republic of Belarus and the Institute for Business and Management Technologies (IBMT) at the Belarusian State University – describe its development, the progress and the challenges. A successful and reliable cooperation has developed with both partners over the course of the past years. The Deputy Minister of Economy, Irina Kostevich, presents impressive results of the Belarusian alumni. These figures show that the MP with Belarus makes an important contribution to the development of bilateral economic relations and is a significant instrument for qualifying Belarusian executives.

*GIZ: Ms Kostevich, the MP with Belarus has been running since 2006. We would like to take this anniversary as an opportunity to review the past ten years together. How has the programme developed during this period, in your opinion?*

**Irina Kostevich:** Many of our executives are lacking in specialist knowledge today, especially regarding modern management techniques. The programme is an efficient instrument for resolving this problem. Roughly 400 managers from state and private enterprises have participated in the MP in the past ten years. Each of them established useful contacts abroad, expanded their professional know-how and improved their own management skills. The participants learnt a lot, particularly in human resources management, but also in quality management and innovation management, marketing, corporate management and the various aspects of foreign trade.



Irina Kostevich

In 2015 alone, contracts for over three million US\$ were concluded with German companies during training. Contracts worth 13.9 million US\$ are currently being planned. Within the scope of training measures in 2015, the participants concluded 26 cooperation agreements altogether; there were twelve specific cooperation offers; further meetings are planned with four contacts; five product tests and three pilot projects are in the preparatory stage. The contracts

with the highest volumes were concluded in the areas of freight forwarding as well as the supply of measuring and testing equipment and high-tech equipment. About 70 per cent of the alumni from the years 2011-2015 are still in contact with the German companies they got to know during their training. These facts prove the benefits to be gained from the programme and its high value for bilateral economic cooperation.

*What does the Belarusian government expect from the MP?*

The qualification of our specialist employees and executives is a key factor for the competitiveness of the Belarusian economy. The government of our country is therefore primarily interested in doing everything it can for their vocational and further training. The MP is an excellent platform for further training, as the past ten years have shown. Today we are seeing specific successes that are clearly reflected in figures, and we want to continue this efficient cooperation in the future as well. The alumni work is also very important for the sustainability of the programme.

*Germany is the most important trade partner for Belarus within the EU, and otherwise also in fourth place among the foreign trade partners – after Russia, China and Ukraine. Is there still potential for development here?*

There certainly is! If one takes a look at Germany’s economic potential and then at the challenges the Belarusian economy faces, it is clear that the possibilities for our cooperation, in trade and industry as well as investments, is still far from being exhausted.

In 2013, bilateral trade turnover reached the record figure of 4.8 billion US\$. Diverse global and regional influences led to a deterioration in the Belarusian balance of trade, in the aftermath of which bilateral trade flows also declined between 2014 and 2015. Nevertheless, Germany remained among the five most important foreign trade partners for our country in



2015. For this reason, German-Belarusian relations are still given high priority in Belarusian foreign policy. Hence, foreign trade relations, German investments, technical aid, our interaction within the framework of international organisations, and contacts within civil society play a significant role in developing our economy further.

*You referred to the significance of investment loans for bilateral economic relations.*

Traditionally, Germany is one of the most important creditors for the Belarusian economy. German enterprises are right at the forefront of direct investments in Belarus. At the beginning of 2016, there were 312 enterprises with German equity interests. German capital is mainly invested in industry, but also in transport businesses, agriculture, trade and the food industry.

In 2015, German investments amounting to 98 million US\$ flowed into the country; direct investments accounted for 75.9 million US\$ of that figure. Moreover, Belarusian firms are looking for their niche in the German market. Belarusian investments in the German economy amounted to 39.3 million US\$ in 2015. And here there is still considerable scope.

*For which industries is the German market currently particularly attractive?*

Most bilateral projects are in the chemical and petrochemical sectors, in mechanical engineering as well as the metalworking and woodworking industries. Intensive contacts are also developing in the agricultural sector and the food industry as well as in the fields of alternative energy sources and energy efficiency. In our country, Germany has always been the “number one supplier” for high-tech equipment,

particularly for the modernisation of Belarusian production plants.

*And what does the Belarusian market have to offer German enterprises?*

Here a highly interesting tendency is evident in bilateral relations, namely increases in turnover for services provided to Germany in the fields of transport, computers, telecommunications and IT.

*Belarusian executives from the renewable energy sector were in Germany in the summer of 2016. How important is this industry for the Belarusian economy?*

As is generally known, Belarus does not have significant fuel and energy resources of its own. Considering the fact that particularly traditional energy resources are decreasing worldwide and becoming more and more expensive, the pressure is

mounting to replace them with our own renewable energy. The development of alternative energy sources is therefore a key aspect in the further adjustment of our energy sector. The adoption of the law “On Renewable Energy Sources” and the National Program of Local and Renewable Energy Sources Development for the period 2011-2015, passed by resolution of the Council of Ministers of the Republic of Belarus in 2011, show how topical this subject is.

It is still too early to speak about tangible results from the training, but all 19 executives returned home with valuable information on the technical, economic and legal aspects of the subject. They informed themselves about the latest trends and technologies, visited a number of companies and also the top trade fair, Intersolar, in Munich. Here the world’s leading firms in solar energy were all represented in one

place. Our managers benefit largely from the German technical experience in this forward-looking field.

*Where do you see difficulties in the development of German-Belarusian economic relations?*

The potential for profitable bilateral cooperation is still far from being exhausted, and it is up to both sides. Belarus is open for further cooperation and a comprehensive dialogue with Germany. One thing is certain: the successful development of cooperation in business and education will be positive for both sides and forms a good basis, but can also be an incentive, for resolving any problems.

*Thank you very much for the interview!* ■



BELARUS

Area: 207,600 sq. km

Population: 9.5 million (2015)

Natural resources: Grain, potatoes, milk, wood, lime, marl, dolomitic limestone, granite, small amounts of petroleum and natural gas, peat.

GDP: 45.9 billion US\$ (2016)

GDP per head: 4,855.2 US\$ (2016)

Origins of GDP: Manufacturing industry 22.4%; trade 12.5%; building industry 8.3%; transport, communication 7.7%; agriculture, forestry and hunting 6.7%; electricity, gas, water 3.3%; mining 0.7%; other 38.4%

Most important trade partners: Russia, Ukraine, China, Germany

Imports from Germany: Machinery, chemical products, motor vehicles, electrical technology, measuring technology

Exports to Germany: Petroleum, iron and steel, raw materials, chemical products, textiles/clothing

Market Potential for Foreign Companies in 2016

Mechanical engineering	➔
Motor vehicles	➔
Chemicals	↗
Building	⬇
Electrical	➔
Information and communications technology	➔
Environmental technology	➔
Medical technology	➔
Agriculture	➔

Source: gtai

# “Fully-Fledged Cooperation”

This success would not have been imaginable without the smooth implementation of the MP at the operative level. The IBMT, with its professional logistical support and effective recruitment of suitable MP candidates from its numerous MBA programmes and further qualification measures for Belarusian managers, is an ideal programme partner. We spoke with Professor Vladimir Apanassovich, the institute’s director.



*GIZ: IBMT has been coordinating the MP with Belarus since 2006. Have the participants’ interests and requirements changed during this period? What are the top subjects for training in Germany?*

**Vladimir Apanassovich:** The entire programme plays a significant role for

the training of Belarusian managers, their further professional qualification and, what is particularly important, the Belarusian economy. Our executives have been able to gain international know-how for organising work procedures on the basis of best practices in other countries.

Germany has been one of the most important economic partners of the Republic of Belarus for a long time now. For Belarusian entrepreneurs, German companies are first and foremost reliable suppliers of high-tech equipment, especially for light and food industries, equipment construction, the building industry and medicine. The training for the 19 Belarusian executives in Germany in 2016 on the topic of renewable energy was important. Initially, we weren’t sure that we would be able to establish a group for this topic because alternative energy

sources are not yet widespread in Belarus. But then quite significant competition for participation in the training actually developed.

At the same time, more and more Belarusian business people are entertaining the idea of entering the German market, followed by other European markets, with their products and services, some of which are very innovative.

*Just lately, a large number of business transactions have been concluded between German and Belarusian enterprises within the framework of the MP. Which of them do you find particularly worthy of mentioning?*

There are a lot of projects worth mentioning that lead to fully-fledged, long-term cooperation. An investment project for the production of juice for children is a good example. Or a sales manager from a Belarusian company that produces and distributes polyamide and polyester fibres as well as composite materials. Thanks to the MP, she was able to contribute significantly to her company’s entry into the German market. One MP alumni from 2016 is planning to establish a waste processing plant in Belarus. She wants to buy waste incineration plants from a German manufacturer for this purpose and was able



ИНСТИТУТ БИЗНЕСА  
И МЕНЕДЖМЕНТА  
ТЕХНОЛОГИЙ БГУ

to conclude a corresponding agreement during her training.

The establishment of a production site of the German company Landis+Gyr GmbH in Belarus is also certainly worthy of being mentioned.

*Groups comprising Eastern European executives from different countries are particularly popular – Belarusians complete their training together with Ukrainians and Moldovans. And there are also numerous events such as alumni conferences or follow-up meetings following their stay in Germany. Where do you see the added value of such events for the Belarusian managers?*

The Ukrainian and Moldovan colleagues are of interest to the MP alumni from Belarus as suppliers and contractors, distribution partners and, of course, also as project partners for joint projects. That is why the follow-up seminars are not only discussion forums for post-processing training output, but also a platform for exchanging opinions and generating new ideas. An MP alumnus once said that he had got to know at least ten sound busi-

ness people in his group, with whom he would not hesitate to do business.

*How do you work with the Belarusian alumni association and what plans do you have for future alumni activities?*

The programme is only partly about training. Establishing and developing a business community in Belarus and the implementation of joint projects for education, research and consultation remain important strategic components. The cooperation with the alumni association is definitely varied. We involve the association in the selection of programme participants, cooperate at informational events on international practices and recruit lecturers for training events from among its members. We have jointly applied for various sponsored development projects for the development of enterprise in Belarus. We will shortly be establishing a start-up school with a business accelerator and expect that the association’s representatives will support us actively as experts, mentors and consultants for founders of new businesses.

*Thank you very much for the interview!* ■





## Representative Office of the German Economy in Minsk

# First Point of Contact for German Firms in Belarus



Germany and Belarus are connected through close economic and investment relations. Germany has been among the top 5 trade partners of the Eastern European republic for years now. It maintains its significance as the leading supplier of capital goods and innovation and high-technology products and is one of the important foreign partners of the Republic of Belarus for investments and lending.

**Minsk.** The Representative Office of the German Economy (RDW) began its work as the contact office of the Federal State of North Rhine-Westphalia, i.e. the Representation of the Bonn/Rhine-Sieg Chamber of Commerce and Industry, in 1995 and was converted to the Representative Office of the German Economy in Belarus in 2000 through a decision of the Federal Ministry for Economic Affairs and Energy (BMWi) and the Association of German Chambers of Industry and Commerce (DIHK); the official opening was in 2001. Since then, the Representative Office has been part of the worldwide

network of German Chambers of Commerce Abroad (AHK).

Effectively developing and promoting economic and trade relations between German and Belarusian companies is the primary objective of the RDW. AHK provide professional support for the successful establishment and expansion of business activities in foreign markets within the framework of the service concept of DEInternational – with a globally harmonised range of high-quality services tailored to the respective locations. The Information Centre of the German Econ-

omy has been the contact partner for DEInternational in Belarus since 2009.

### The End of Sanctions and an Anniversary

2016 was a special year for the Representative Office of the German Economy in Belarus – in several respects. EU sanctions against Belarus were lifted at the end of February 2016; a decision that was certainly important for the country. An increase in the EU's and Germany's relations at all levels with Belarus has already become reality. We hope that this development will provide new positive and constructive impetus for bilateral economic cooperation. The RDW is prepared to participate actively in these processes in the context of the global vision of its umbrella organisation, the Association of German Chambers of Industry and Commerce, of promoting foreign trade: "think globally, act locally".

2016 was a special year for us because the RDW celebrated its 15th anniversary. As a member of the worldwide AHK network, the Representative Office is taking this occasion to strengthen and expand its activities to represent the interests of the German economy in Belarus and promote bilateral German-Belarusian economic relations. However, the best gift is the positive feedback regarding its projects and events such as, for example, the already traditional Day of the Belarusian Economy in Germany and the Day of the German Economy in Belarus or the Summer Festival of German Economy and the market reconnaissance trip by German

companies to Belarus, events which took place for the first time in 2016, under the BMWi's market development programme in the field of industrial cooperation.

### Performance Profile of the RDW

The main emphasis of the activities of the four bilateral work groups at the RDW is on the topics of "industrial cooperation and innovation", "transport, logistics, customs", "vocational education" and "law, taxes, finances". The objective of the working groups' activities is to represent interests, provide information on current amendments to the laws of the Republic of Belarus and draw up recommendations for the creation of favourable framework conditions for business for passing on to the responsible administrative bodies in Germany and Belarus. The working groups have more than 100 participants including representatives of German companies located in Belarus as well as Belarusian firms and institutions and due to the working groups' open format, they provide a very suitable platform for the exchange of opinions and experiences.

Collaboration in the field of energy efficiency and the utilisation of renewable energy is still right at the top of the RDW's agenda. The 5th German-Belarusian Energy Forum took place on 10 October 2016 in cooperation with the German Energy Agency (dena). In the second half of the year, a target market analysis was carried out on bioenergy parks, wind power plants and solar parks in Belarus and presented

at the "Green Economy in Belarus" information event in Berlin at the beginning of November 2016.

Since 2012, RDW's activities have also included conducting the annual "Business Climate in Belarus" economic survey, which serves as a local trend indicator for the German economy. Based on the survey results and requests from German companies, RDW draws up suggestions for improving the framework conditions and supports German companies in solving problems that arise. An AHK newsletter is published regularly and the Belarus market profile updated in order to provide current business-related information. Within the scope of the trade fair activities, Belarusian exhibitors and trade visitors receive support when attending trade exhibitions at the Messe Berlin, Koelnmesse and Messe München trade fairs.

The Representative Office of the German Economy in Belarus maintains close contact with the German Embassy in Minsk, numerous partner organisations and associations in Germany, such as Germany Trade & Invest, the German Energy Agency, Osteuropaverein der deutschen Wirtschaft e.V. and the Committee on Eastern European Economic Relations of the German Economy, as well as with the German-Belarusian Economic Club in Belarus. It collaborates successfully with the Belarusian Chamber of Industry and Commerce, trade associations and official authorities. The dialogue with the Belarusian government takes place within the framework of the FIAC – Foreign Investment Advisory Council at the Council of Ministers of the Republic of Belarus. The RDW has been an FIAC member since it was founded in 2001 and is a member of the Standing Committee of the Advisory Council and three working groups; since the beginning of 2016, the RDW has led the working group for improving the provision of specialist employees as co-chair together with the Deputy Minister of Education.

### Potential of the Cooperation

There is remarkable potential in many areas for the further development of German-Belarusian cooperation. However, its realisation depends not least of all on the extent to which Belarus develops as an interesting economic partner and attractive location for investment. In doing so, Ger-

many's experience, the high quality of its location and its international competitiveness stand to be of interest.

Germany's economic strength is based to a large extent on the promotion of innovations (1st place worldwide in exports of technological products), research & development, energy transition and practical training (including the vocational training system). The "locomotive of the European economy" can and is willing to share its technologies and know-how in order to expand export possibilities for German companies throughout the world. Belarus is no exception here. This transfer takes place with the aid of diverse instruments, including the worldwide AHK network.

The Manager Training Programme of the Federal Ministry for Economic Affairs and Energy is also an important element of foreign trade promotion. The programme with Belarus has existed since 2006 and celebrated its tenth anniversary in 2016. During these ten years, almost 400 specialist employees and executives have successfully completed the training programme in Germany and thus gained insights into German corporate practice and established contact to German firms. As instruments of German foreign trade promotion, the Representative Office of the German Economy in Belarus and the Manager Training Programme share a common philosophy: cooperation should not be a one-way street; it can only function well if it works in both directions. With this in mind, the RDW congratulates the MP in Belarus on its anniversary and wishes it every success for its mission in the future! ■

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## Follow-Up in Uzbekistan

# Strategic Management



At a follow-up-seminar in Tashkent in September 2016 more than 30 participants learned about business plan development and discussed the importance of strategic management. These topics are currently very significant in light of the difficult conditions that companies from Uzbekistan face in international competition, and the high level of interest amongst the executives from Uzbekistan reflected this.

**Tashkent.** The first step towards attaining sustainable success for an enterprise is to develop a business model. It should be developed and optimised prior to the creation of a business plan. The business plan is useless without an innovative business model to back it up.

A combination of the “Business Model Canvas” developed by Osterwalder and Pigneur and the “Blue Ocean Strategy” created by Kim and Mauborgne is especially helpful in setting up a business model. The Business Model Canvas can be used to structure and visualise the fundamental aspects of a business and its interdependencies, such as key partners and resources, cost structure and customer relationships (see Journal Issue 7, page 58). The Blue Ocean Strategy shows how innovative and difficult to imitate business models can create a highly profitable and unrivalled market. This involves identifying and developing key factors that do not yet exist in the current market.

### Creating a Business Plan

The management team should create the business plan themselves. This promotes motivation amongst the managers and encourages them to identify with it. It is also a way to have those, for whom the business plan is intended, understand and develop a feeling for the unique corporate culture and the enthusiasm of management. This

is especially important when reorganising and restructuring businesses. In general, the business plan should be brief and specific, and generate curiosity on the part of



the reader to delve further into the analysis (due diligence) of the company. The “Executive Summary”, which summarizes all of the sections, is especially important. Its primary purpose is to spark an interest in the reader to learn more about the business and read the business plan all the way through. Statistics show that about 80 per cent of the financial industry professionals whose job includes reading business plans set them aside after finishing the executive summary. Aside from its significance as a document for people outside of the company, the business plan also serves as a guideline for management in the company.

### Developing Corporate Strategies

When developing corporate strategies, small and medium-sized enterprises benefit most from a symbiosis of two business

approaches: the “market-based view” (Porter’s Five Forces etc.) and a “resource-based view” (Hamel, Prahalad, Barney etc.). These two approaches effectively bundle the different strategy-creating advantages. While under a “market-based view” the strategy is driven primarily by the market, proponents of the “resource-based view” look to develop the strategy based on internal resources and core competencies. Once formulated, strategies are not set in stone but continuously adapted to allow for the political and economic transitions in the respective country.

### The Tools of Successful Managers

Management methods such as the SWOT analysis, the BCG Matrix developed by the Boston Consulting Group (BCG), Management by Objectives, and the Balanced Score Card are some of the most important tools used by successful managers. But they also need to give “soft facts” such as staff motivation, employee inclusion in change processes or the development of productive teamwork more attention than the “hard facts” (capital, machinery and equipment, etc.). The theory of “emotional intelligence” derived from the theories of motivation developed by Maslow

and Herzberg supports this view. Advocates of this theory point out that 80 per cent of business success is due to emotional intelligence. Unlike our inherent rational intelligence, it can be learned. In their view, executives should learn to understand their emotions and direct them, so that they can motivate themselves. Then they will be in a position to use empathy to motivate and develop others. ■



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



Gennady Chizhikov, President of the Chamber of Commerce of Ukraine



Intensive discussions



In the Future Workshop

## “Fit for Partnership with Germany” in Ukraine

# Celebrating 15 Years of the Manager Training Programme!

In the 15 years that the MP has been operating in Ukraine more than 1,100 executives have completed a training programme. Nearly every one of them has gone on to contribute to the country’s economic development.

**Kiev.** Over 160 programme alumni and guests of honour gathered at the reception halls of the Verkhovna Rada in Kiev on 21 October 2016 to celebrate 15 years of the MP in Ukraine. There were abundant reasons for such an event: More than 60 per cent of the MP alumni have realised projects with an international investment and signed the respective agreements, 28 per cent export their own products to Europe, more than ten per cent have created new jobs, half of them could expand their production, distribution markets and business fields and over 40 per cent of the alumni run their own start-ups. A “Hall of Fame” in the building’s foyer presented 80 outstanding alumni projects, showing only a small number of the various success stories.

Ute Leupold, in charge of the MP with Ukraine at the BMWi, honoured the concrete results of the programme, the resulting German-Ukrainian business contacts, the longstanding relations between the two countries and the career paths of the MP graduates. Especially at present, in an environment shaped by the reforms pursued by the Ukrainian government, the MP is especially important for the country, explained Denis Gutenko, Head of the Division for the Development of Entrepreneurship and Regulatory Policy at the Ministry of Economic Development and Trade of Ukraine.

The delegate of the German Economy in Ukraine, Alexander Markus, highlighted a critical date – the recent opening of the German-Ukrainian Chamber of Foreign

Trade in Kiev as well as a B2B forum that MP alumni helped to organise and design. “The German-Ukrainian business contacts are vital. To achieve successful cooperation, the economic players in both countries need to understand each other. This is the goal of the work done by the German-Ukrainian AHK and the MP,” Markus emphasised.

“This programme is a driving force and makes a reversal of the economic development that has occurred in our country impossible,” explained the president of the Ukrainian IHK, Gennadi Tschishikov. He was especially impressed by the programme’s orientation toward gender equality. “Nearly half of those present here are

women. It is mostly they who shoulder the problems that this country’s economy is dealing with. We are living in an era in which each of us can build something and realise our full potential. The key is to have confidence that as the elite of the Ukrainian economy you can achieve anything. Our two per cent increase in GDP is especially thanks to you, the MP programme graduates. I wish you and your German partners continued success!”

During the conference, partnership agreements were signed between the MP and the regional networks in Kiev, Lviv, Sumy, Donetsk, Tschernigov, Nikolayev, Lutsk

and Zaporizhia, representing the first step to a long-term and profitable collaboration. Other regions have also expressed interest in becoming partners with GIZ. The network of MP partners continues to flourish.

It is a time-honoured tradition to plan something new and unconventional for the conference guests. They were able to analyse the impact of Industry 4.0 in a “future-workshop” and worked together in finding answers to the questions it presents: What will businesses look like

**“The experiment of looking ahead into the future gave us an opportunity to place ourselves in the future now, in a manner of speaking.”**

Natalya Yegorova, MP-Alumna

in the year 2025? What professions will have been made redundant? Which divisions will we have to, or choose to shut down? And how should each of us prepare ourselves and our businesses for this

future so that is not only possible to survive in our national and international markets, but also to grow? Life is changing from second to second: Industry 4.0 has already started and new technologies have already become absolute necessities. But the workshop of the future offered a chance to consider a new type of relationship between employers and employees.

The dinner provided a casual setting to talk about achievements or to simply meet up with old friends again. Each attendee also received a present: two cakes and flowers from the project partners in Sumy and the business partners in Kiev. ■



# Tradition and Innovation in Central Asia



Sticking with the tried and tested, but still trying out new things – this is one typical combination in the MP. The follow-up workshops held in 2016 in Kyrgyzstan and Kazakhstan also followed this principle in uniting traditional presentations of results, group assessment talks and training seminars with a new type of corporate analysis.

**Astana / Bishkek.** Ivan Ardamin from Bishkek opens the doors to his company Ardamina and greets his guests. Much has changed since he returned from Germany – that is apparent to all of the follow-up participants Ardamin met in Germany. He now chooses staff according to concrete professional criteria and delegates more. This has resulted in much less fluctuation at his company. Ardamin now pays much more attention to his customers' special tastes than he used to when putting together the range of clothing that he produces. Because his goods are not only sold in his own shop, the cut and colours of his designs vary according to whether the coats and jackets are meant for Kyrgyz, Russian, Kazakh or Uzbek women. While some of them prefer to wear a lot of colour, others prefer a more reserved style. He also has a new website. To keep up with the current trend of changing the collections rapidly, Ardamin has employed a designer. The designer creates the new designs and an IT specialist transfers them to software programs that run the sewing machines.

This increase in flexibility has helped to increase demand. Ardamin plans to invest the revenue in new German sewing machines and to build a large new production hall. These additional facilities should also help his company to export to Europe in the future. Ardamin continues to further develop his skills in order to keep up to speed. This is one more reason why he is a role model in the eyes of the other Kyrgyz follow-up participants – someone they look up to.

A company visit to one of the MP graduates during a follow-up seminar is not a novelty, however. The host can then show what changes have occurred at the company since their stay in Germany. The new addition this time was that there were small group activities before and after the company visit so that the groups could give feedback to the host. The follow-up participants were to closely examine specific areas of management. Having evaluated these areas they were to report back on what was especially successful at the host company, where they see

potential for improvement, and where they might also be able to transfer some of their fellow participant's ideas to their own company.

The company Spetsselektra in Astana produces control cabinets and transformers. The idea of offering company tours for external guests had already been discussed there. The visit paid by the Kazakh follow-up participants to the company of their fellow MP participant, Alexej Kutscher, was the first step towards the realisation of this idea. Kutscher offered two tours each based on a different topic: one focusing on quality management and one on change and innovation management. During the tour the programme graduates asked questions they had prepared in advance. The CEO, Sergej Malychin, made a personal appearance for the feedback discussions following the company visit – a clear sign that Spetsselektra is not only outwardly modern.

The follow-up participants acknowledged Spetsselektra's well-functioning quality assurance relating to its products. Their ISO certification, the triple quality checks in the production process, and the use of the latest technologies and high-quality materials also attests to this. Spetsselektra has also achieved a lot in the area of change and innovation management. The company has successfully positioned itself on the Kazakh market with its competitive products and modern services, for example concerning

**The company has successfully positioned itself on the Kazakh market with its competitive products and modern services.**



Rolf Mafael, German ambassador to Kazakhstan



Alumni conference in Astana



Members of the alumni conference in Kazakhstan

delivering products to customers. Their cooperation with a subsidiary that manages assembly and maintains close contact with the customers is also worthy of note. Criticism and returns, as well as suggestions and requests, are taken down by the assembly firm in writing, and then evaluated by a panel that meets on a regular basis. Dealing with this information in a professional manner results in higher quality, and sometimes even to the introduction of new products on the Kazakh market. Process management was optimised in terms of workplace structure and ergonomic design.

The company introduced Kanban cards for quality control and which help make employees accountable for the work process steps performed – i.e. for their quality, efficiency and productivity. This is tied to a flexible salary policy that has fixed and performance-based elements. Employees receive further training, nationally and internationally, to stay abreast of developments. This promotes the introduction of the latest innovative technologies and processes.

But there were also suggestions for improvement. The alumni presented an idea for re-designing the Kanban cards to their hosts. The cards currently only record the name of the employee who hands the product over to their successor for the next stage of production. The visitors thought it would be useful to also record the name of the successor. As the recipient of the item they would attest

to the quality with their signature. The executives at Spetsselektra were grateful for the suggestion.

## Alumni Conference in Kazakhstan

The annual alumni conference organised by GIZ and its Kazakh partners was held on 11 November 2016. These events are now able to attract many attendees.

Over 120 MP alumni, including guests from Azerbaijan and ten graduates of the Bolashak programme for engineering executives from larger Kazakh companies, accepted the invitation to the conference. "The MP participants are Kazakhstan's hope", explained the new German ambassador, Rolf Mafael. It is their task to lead their country into the group of the 30 leading economies, which is what the development plan for Kazakhstan expects. At his previous post in South Korea, Mafael observed how important the further development of specialists and executives is for economic progress. Based on this notion, the MP is exactly the right path for realising Kazakhstan's state strategy for 2050.

A broad range of different training courses offered new knowledge concerning modern management practices. The main idea behind the training seminar "Benchmarking for Excellence" was the realisation that when faced with fiercely competitive conditions, the Kazakh companies must follow in the footsteps

of the best in order to survive. Adapting and adjusting best practices from other companies as necessary as a strategic element for increasing competitiveness was a new and very valuable impulse for many of the alumni. More than 40 per cent of them have taken the benchmarking training seminar as a starting point for change and innovation projects in their own companies. The reading seminar "Opportunities in Crisis – Paths and Instruments for Achieving Successful Crisis Management" was based on the idea of learning from crisis, i.e. thinking of the crisis as an opportunity. The learning effect included identifying crisis situations in time by using a checklist containing early warning indicators. Under these conditions, management can start to take countermeasures early enough. By cross-selling and rebranding, crisis-shaken companies can regain a broader footing. There was lively debate amongst the MP alumni about the possibility of introducing reduced working hours, as has been successfully practiced in Germany during times of crisis. The training course "Human Resources" focussing on select principles of talent management was also particularly successful due to its high degree of practicability. A talent pool is used for recruitment, not just responding when a vacancy needs to be filled, but by already having a pool of potential candidates available. One of the participants during the evaluation session pointed out that it is a bit like football: "Each football club has reserve players and a youth football programme so that new players are ready, before a position becomes vacant." ■



# In Focus: Competition



“Competition is good for business” is a well-known saying. Indeed: competition spurs the economy and prevents stagnation. Without competition, companies would not have an incentive to develop further and improve their performance. They would not need to develop new technologies in order to maintain their lead in the market. Nor would they need to improve working conditions in their enterprises in order to attract and bind excellent specialists. The increasing quality of goods and services, continuous innovations and growing cost efficiency are all the result of well-functioning competition. Markets with diverse products in all price categories are created in this way, and hence consumers and producers benefit equally.

Competition is the most important shaping element in a market economy. Unlike in a planned economy, competition ceaselessly forces companies to increase and optimise their performance in all areas if they want to survive in the market. However, that is exactly what makes competition a sensitive instrument and endangers its ability to function in many places. Safeguarding its functioning – e.g. by preventing cartels and monopolies – is the responsibility of independent judicial and political bodies. In Germany and many of our MP partner countries, appropriate competition legislation exists, compliance with which is reviewed by cartel authorities, the monopolies commission or the courts. It is also important to enable young entrepreneurs to enter the

market as it shakes established suppliers out of their complacency.

Staying one step ahead of competitors is a principle every company should adopt if it wants to survive and be successful in the market. For entrepreneurs from MP partner countries, this often means not only opting for high-quality equipment, but also reconsidering obsolete management methods and implementing well thought-out HR strategies. They can gain access to both areas via the MP, for example.

# Current Competition Policy in Germany



The role of competition policy is to ensure unrestricted competition, as far as possible, and safeguard it in the future in the interests of consumers and all enterprises, irrespective of their size or legal form. Effective competition policy is an essential precondition for growth and employment in the German national economy. Competition promotes innovations, an ideal allocation of resources, consumer sovereignty and a fair distribution of financial means, at the same time limiting economic power.

**Berlin.** Competition policy as a core element of German economic policy is meant to safeguard fair competition in the markets and ensure a free and social market economy, in the interests of enterprises and consumers alike. According to a basic German principle, good competition policy also secures good investment policy. Competition forces enterprises to be innovative and to invest if they want to be successful in the market. If it functions properly, it also guarantees growth, innovation and investments, in the interests of the entire economy and to the benefit of consumers. Corresponding policies must therefore create suitable framework conditions under which competition can function, i.e. conditions that protect it from disruptive effects caused by the market participants themselves. Furthermore, in a social market economy, the conditions of competition must not be exploited to the disadvantage of individual participants.

Particularly the German Act against Restraints of Competition (Gesetz gegen Wettbewerbsbeschränkungen – GWB) serves to prevent this. It addresses relevant

tel authorities, in particular the German Federal Cartel Office, are also responsible for their enforcement, with the exception of EU merger control.

## Risk Factor Digital Change

The so-called fourth industrial revolution with its rapid technological developments is one of the major changes of recent years. It poses great challenges especially for small and medium-sized enterprises (SMEs). This applies, for instance, to changes as a result of increased online distribution, their participation in the Internet of Things or in Industry 4.0, terms and conditions of use and access to platforms or matters concerning the creation of their own SME networks. In this respect, the digital age also poses challenges for competition policy. Effective merger control and effective protection against the abuse of a dominant position in the market must







be ensured in the dynamically developing internet markets. At the same time, innovation incentives and the openness of internet markets must be maintained so that businesses and consumers can continue to benefit from the opportunities the growing internet economy offers. The 9th amendment to the GWB, which will come into force in spring 2017, provides the appropriate regulatory framework for competition. In the alignment of interests, German competition policy takes the particular significance of SMEs for the German economy and also the necessity to do justice to their special concerns into consideration so that they can maintain and expand their international competitiveness.

Investment should not be prevented and markets must be kept open, this is particularly in the interests of SMEs. If powerful companies can strengthen their dominant positions or expand them into new markets through the uncontrolled acquisition of small businesses, this reduces incentives and opportunities for SMEs to gain a footing in markets that hold promise for the future. The development towards concentration, which has already progressed considerably (for instance the trend towards large companies as a result of big data), could still increase. There would be incentives for newly created dominant enterprises to demand exorbitant prices or to discriminate against others. Again, SMEs would be more exposed to such threats.

Competitive pressure placed on the German economy by international companies will increase in the future. From the perspective of SMEs, mergers could also seem to be a sensible step towards safeguarding their market position or establishing their own platform business models (see p. 36). The promotion of start-ups and the development

of a dynamic start-up market remain high priorities in German economic policy making.

#### Protection Against the Abuse of Market Power

Complaints from medium-sized businesses, among others, about certain practices of large companies, e.g. Google, Apple, Amazon or Facebook, were a reason for the analysis and identification of a need for legislative action regarding competition policy. With their innovative data and internet-based business models, these companies have achieved great success and

a very high level of market penetration in some areas. Several characteristics distinguish them from traditional markets. The network effects that promote concentration is one of

them. Large numbers of users of their services, which are supplied via platforms (e.g. search engines; online marketplaces or social networks; comparison portals, some of them enabling direct booking), increase the attractiveness for other user

groups (for instance, advertisers, manufacturers, dealers) and vice versa. Companies must evaluate the benefits of these network effects for their economic success; possibly, they need to have a certain size in order to achieve necessary economies of scale as well as the capacity to process user data to provide the customers with the information and solutions they requested. Often there is no direct charge to users for the use of the services, e.g. of a search engine. However, registering and therefore providing user data, consenting to this data being used for other purposes or consenting to receive tailored advertising is often required in exchange. Specific allegations are examined in cartel proceedings, e.g. those of the European Commission and the German Federal Cartel Office, some of which have not yet been concluded.

The general discussion regarding necessary measures included far-reaching demands for the overall regulation of internet platforms with new calls for prohibitions and even the breakup of international digital groups. The existing prohibition of abusive practices set out in the GWB and in the competition rules of the EU for market-dominating enterprises ensure a free and social market economy, even in the age of digitalisation, and set the necessary framework conditions under which SMEs can also participate successfully in value creation.

However, the principle remains that achieving a market-dominating position with legitimate means, not including mergers, is not prohibited by cartel law. The goal of becoming a market leader is an incentive for innovative entrepreneurial activity; reaching this position is the deserved reward. SMEs also pursue this

goal. Only market-dominating enterprises are subject to the prohibition of abusive practices. They are not allowed to unfairly hinder or discriminate against other enterprises. Extending these prohibitions to non-dominant enterprises or introducing new obligations, for instance regarding access to their own networks or resources, does not seem to be appropriate in the sense of competition policy, also in view of the potential consequences for SMEs.

The potential effects on SMEs must also be taken into account when giving further consideration to how possible problems, that may arise from the new digital business models, may be solved. For example, this concerns obligations regarding transparency, data protection or regulations that possibly only apply to certain branches of the economy, such as passenger transport (e.g. Uber), the automotive industry and vehicle data, the tourism industry or the creative industry.

#### International Competition Policy

German competition policy is not detached from the considerations of regulatory policy and work on the establishment of a functioning Digital Single Market in Europe. The Federal Government continues to work closely with its European partners and the European Commission. European rules are often more appropriate than national regulations with regards to the worldwide web and globally active companies.

Where markets expand, competition authorities must duly take this into consideration when examining mergers. But monopolies and oligopolies must also be prevented in global markets. Here stronger collaboration at an international level

must lead to the convergence of review standards.

Against this backdrop, international cooperation between competition authorities is becoming increasingly important. The Federal Ministry for Economic Affairs and Energy (BMWi) works closely with the Federal Cartel Office in the respective competition committees in international organisations such as WTO, OECD and UNCTAD. At an international level, it is not about simplifying competition law, but about minimum standards which should be agreed by the community of states.

In addition, discussions take place within the framework of the International Competition Network (ICN), which is seen as a forum for opinion forming in competition policy. ICN is a network among competition authorities that was created in 2000, also at the instigation of the Federal Cartel Office. Roughly 130 national and multinational competition authorities are members of ICN.

Annual conferences provide an opportunity for the heads of the competition authorities to exchange information, improve collaboration between the cartel authorities and make recommendations. Work is organised in a number of technical working groups. The inclusion of the developing countries is particularly pleasing. The ICN has successfully established itself as a further important forum for competition advocacy. ■

*By Dr Silvia Leipelt  
Federal Ministry for Economic Affairs and Energy*

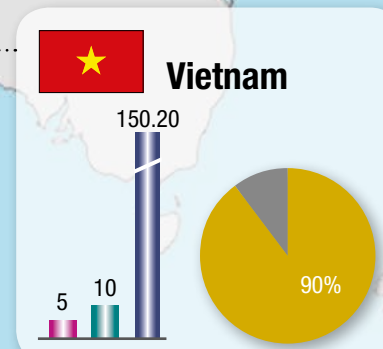
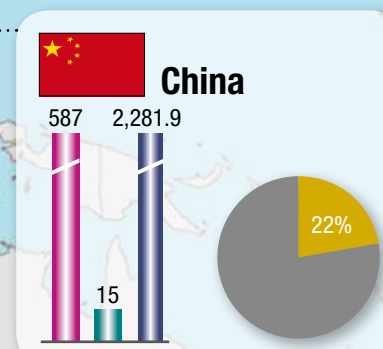
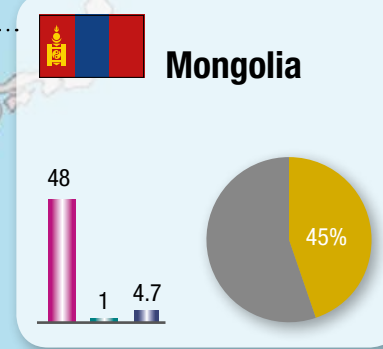
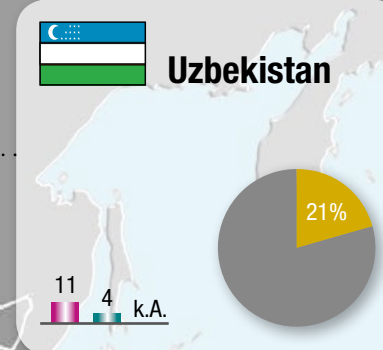
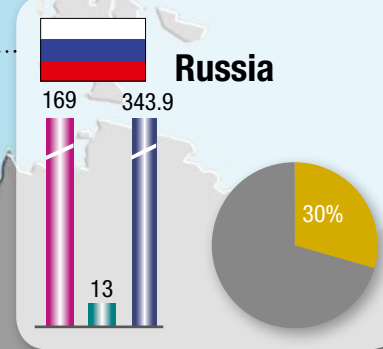
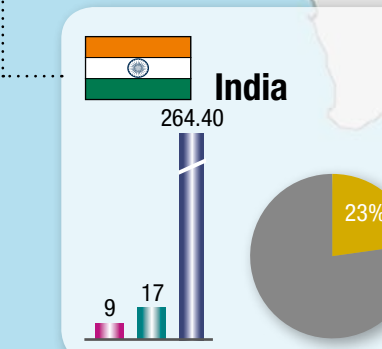
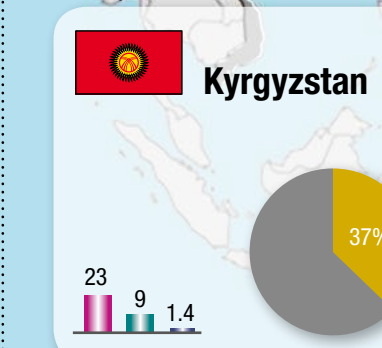
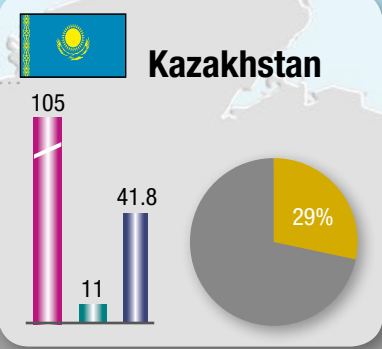
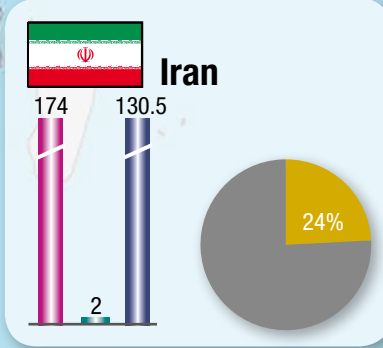
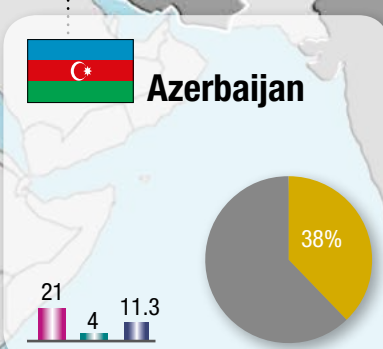
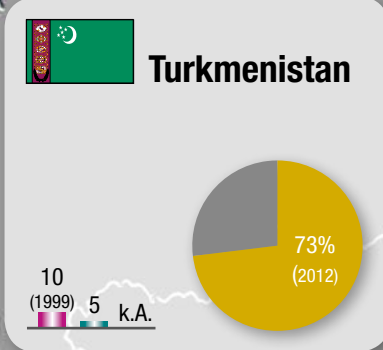
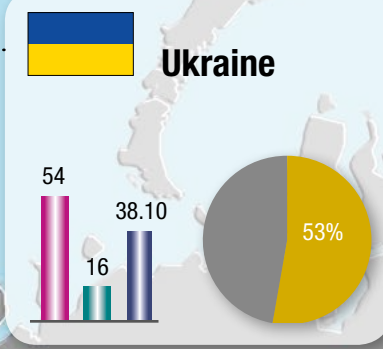
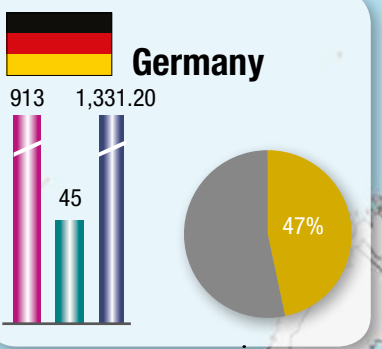
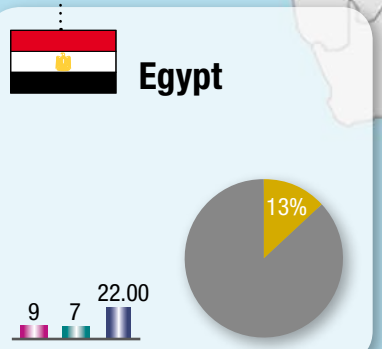
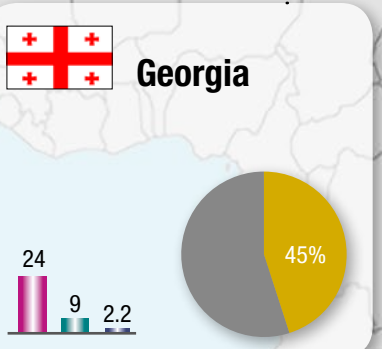
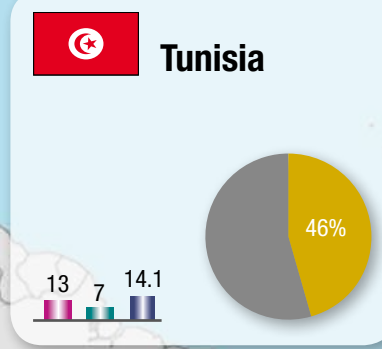
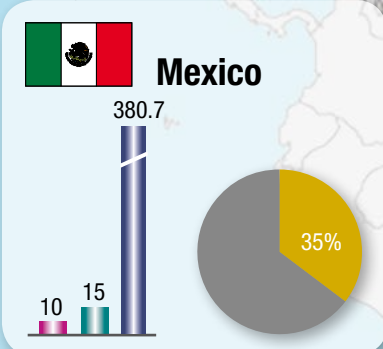
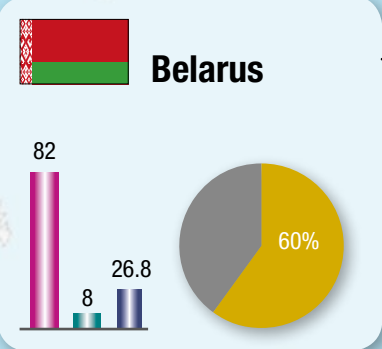
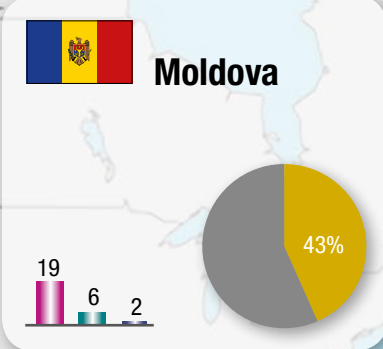




Innovations and Foreign Trade  
in the MP Partner Countries

Source: German Federal Statistical Office / World Trade Organisation (WTO)

- Domestic patent applications in 2014
- Total trade agreements in 2016
- Exports (US\$ billion) in 2015
- Exports (% of BIP) in 2015





## Cooperation:

# The Trump Card for Competition

Competing with large companies is not easy for small and medium-sized enterprises. However, they can improve their market position considerably through strategic partnerships. The potential they offer and how businesses should proceed.

Due to their size, industrial giants naturally have significant advantages regarding purchasing, production and distribution. This has significant effects on many SMEs. They are finding it increasingly difficult to achieve economic success in competition with large companies. Particularly firms operating regionally and those specialising in certain products fall behind in many industries. Large companies take over the market and make life difficult for them.

Strategic partnerships are a contemporary strategy in competition with industrial giants. They help SMEs to work more ef-

ficiently, complement their services, grasp new market opportunities and last but not least, to share the burden of costs and risks. But so far, only a fraction of small and medium-sized enterprises fully exploit the potential available. Firms should think more about inter-company cooperation in the face of increasingly competitive markets.

### Cooperation as an Opportunity

Many companies already maintain a network of partner firms with which they cooperate on a rather "loose" basis; genuine

partnerships go much further. The partners conclude a contract and collaborate closely in internal or external processes. They pool their resources, agree on the services each partner will be responsible for and develop a uniform market image, if necessary. A partnership unfolds considerable potential (see Info Box), depending on its form and substance. At the same time, the partners remain legally independent.

Not only companies with complementary products or services are suitable as prospective collaboration partners. Especially alliances with specialist businesses in the same or a related line are often very promising. Opportunities for cooperation arise along the entire value chain. If partners stop simply regarding each other as competitors, they can unlock numerous synergies and growth potential. Partner enterprises may be in the same region, in another federal state or even abroad, depending on the objective of the strategic partnership.

Where strategic partners supply a special product in a large overall market, there is particularly strong potential. Together, niche suppliers can develop their market significance and expand their niche considerably. A prerequisite is that business activities are closely dovetailed. Besides joint marketing activities, it often makes sense to pool training programmes, which some partners can hardly shoulder alone, both from a financial and a logistics perspective.

### No Need to Shy Away from Cartels

Cartels can balance out structural competitive disadvantages of smaller players and improve services to the advantage of the customers. German and European antitrust law prohibits all activities that prevent, restrict or distort fair competition. However, small and medium-sized enterprises, which are characteristic of the German economy, are the ones that battle with considerable structural disadvantages in comparison with large companies. German cartel legislation takes this into consideration. In this country, cartels of small and medium-sized enterprises are exempted from the ban on cartels if they improve the competitiveness of the participating firms. A more streamlined purchasing and distribution organisation, shorter delivery

### Benefiting from Strategic Partnerships

Be it purchasing, production, marketing, distribution, administration or research, there are numerous fields for strategic partnerships. With combined efforts, small enterprises can reduce their costs, increase their turnover and improve the quality of their products and services.

**1. Reducing costs:** Small businesses often battle with high costs. Joint purchasing ensures that small players receive favourable conditions similar to those for large companies. Existing capacities are better utilised and production costs reduced through production partnerships. Joint advertising, distribution activities or office organisation also cut the firms' expenses.

**2. Increasing turnover:** More and more customers expect full service from a single source. Together, partners can expand their range of services. They qualify themselves for larger contracts and compete with big companies. Sales and distribution partnerships make it possible to gain access to new sales markets and new customers. Setting up a national distribution structure is not necessary as the partners represent each other.

**3. Improving quality:** In many cases specialist knowledge is required. A close exchange of experience promotes the development of innovative products and services. Joint customer services increase service quality and improve brand image. It is also easier to manage new projects together, for instance in the field of energy efficiency and environmental protection.

Source: InnovaPart MDL GmbH, [www.innovapart.de](http://www.innovapart.de)

periods or better product quality are examples of legitimate collaboration goals.

### The Right Way to Proceed

There are numerous fascinating ideas for partnerships. However: the partners are responsible for fulfilling the legal requirements. Carrying out an initial market study taking the special needs of the strategic partnership into account, with the assistance of a lawyer specialising in competition law, provides protection against nasty surprises.

If there are no insurmountable legal barriers, the search for suitable partners can begin. Interesting candidates with whom a relationship of trust already exists can often be found in an established network. Moreover, web-based collaboration portals, national trade fairs or regional business days are good contact points. Scouting to find suitable partners with the assistance of consultants who know the market is also a good method.

Collaboration partners should not only be suited professionally; partners sometimes have very different interests and conflicts can arise quickly and endanger the success of the partnership. Establishing fair collaboration is easier if the chemistry is right. The short-term business interests of the individual firms must come second place to the long-term joint goals. Achieving far greater success than would be possible alone is an incentive to do so.

Once the founding team is complete, the partners should draw up the framework for collaboration including the allocation of costs and tasks. First of all, they should prepare a detailed market analysis for the partnership. Then they should develop a market description with the support of a lawyer, highlighting the advantages of the partnership for the overall market. A key consideration is often as follows: a large number of small market participants are squeezed out of the market by large competitors. In this case, it is an advantage for the overall market if smaller players up to a certain size join forces.

The opportunities and risks should flow into a cost-benefit analysis. The intended rationalisation and turnover effects are compared with the costs incurred and the additional burden for the collaborating firms. The partners should develop a sustainable business model for the partnership on the basis of these figures.

### Allowing for Possible Sources of Conflict

It is not practicable to set out every imaginable instance in a thick volume of rules and regulations. It is possible to react more quickly and flexibly to market developments in a strategic partnership based on trust. Nevertheless, the partners should conclude a written partnership agreement. Besides points such as collaboration objectives, rights and obligations

of the partners as well as commencement, term and termination of the agreement, aspects that often lead to disputes should not be excluded. Arrangements regarding bans on competition, conflict resolution and the expulsion of a partner are also important.

Now the collaboration can begin. Firstly, a joint organisation is set up and all involved employees are trained. There is the risk of an imbalance of information if the office is at one of the partner companies; external offices are more practicable for specialist service providers. The systematic use of web-based software tools to ensure the quick and uncomplicated exchange of data is advantageous. The partners should draw an initial conclusion roughly three months after the start of the partnership and then make any necessary improvements.

### Collaboration Requires Leadership

Conflicts can easily bubble up between collaboration partners, especially if they are competitors in the market. Where a partnership is planned for the long term, the partners should hire an independent partnership manager to avoid this. This partnership manager can mediate between the different interests and help to stop partners from acting independently. Transparent planning and systematic monitoring calm the mind and prevent arguments over budgets and cost allocation. Particular attention must also continuously be paid to the market environment. A neutral partnership manager keeps an eye on the observance of all provisions of competition law in coordination with a specialist lawyer.

The more successful the partnership becomes, the more responsibility the participating firms will have to hand over in any case. If the partnership is successful, it is only the preliminary stage of an even more binding organisational form, for instance that of a joint sales and distribution company with its own executive board. ■



Dr Ralf Mühlbauer is the owner and managing director of InnovaPart, a management consulting firm in Asbach. Mixed project teams with consultants and in-house employees ensure practice-oriented solutions. Market positioning, result improvement and securing the future are areas of particular expertise. Further information is available at [www.innovapart.de](http://www.innovapart.de)



# Competition Strategies for the Retail Market



Competition is getting tougher in retail. Globalisation and manufacturers' increasing inroads into direct sales are putting tremendous pressure on traditional retail companies. Consultant Ulrich Eggert outlines 20 possible steps retailers can take to respond to these trends, prevent losses, and retain a competitive edge.

In the coming years, serious cutthroat competition will shape the retail industry. It is no longer a battle between retailer A and retailer B; the struggle has shifted to a matchup between system group A and system group B, chain store system A and franchising system B. Inter-industry competition is also growing, since a consumer who chooses to purchase an automobile is, for example, less likely to buy furniture. Consumers who invest in a holiday will put off renovating their living spaces. And while on holiday abroad, consumers

will also make purchases there, perhaps because the clothing is more interesting or less expensive. And on top of all this there is e-commerce to deal with.

Intra-industry competition adds to the pressure of inter-industry competition, while national competition compounds international competition. Through direct sales, industry is increasing the pressure on retail in its drive for forward vertical integration. Companies like Gerry Weber used to sell 100 per cent of their products

exclusively through retailers. That percentage has dropped to just fifty today and ten years from now, might have fallen to just 10 per cent. To survive this cutthroat climate, retailers will have to stand out, strive for a unique brand reputation, and introduce innovation (see figure 1).

All the signs indicate that Germany will not enjoy a retail boom in the coming ten years. Consumer demand is dropping, mostly because real take-home pay has not increased, Germany's population is shrinking, and its economy is growing increasingly service based. The ongoing flood of refugees entering the country is only a temporary stopgap measure. Still, there are some methods, success factors and strategies that individual firms can employ to get ahead. With good planning and innovation, individual companies can come out on top and create their own booms.

The following methods offer retailers a real chance to buck the trend of falling sales and profit:

## 1. Use innovation to reflect individuality

To be successful, a business has to stand out from its competitors. This requires proactive steps; simply responding to the competition is not enough. Companies have to focus on creativity and develop innovations that move it forward (see fig. 2). Performance innovation that the customer can clearly see is key, although process innovations that increase efficiency and lead to more effective work output are also important. Social innovation that increases employee loyalty and motivation complement the first two.

## 2. Customer orientation

Keeping existing customers happy and driving up sales is more effective than attracting new customers. So being customer-oriented has to permeate a business to its very core to increase customer loyalty and win over new customers. Some modern tools here include issuing customer cards, accepting credit cards, publishing newsletters and blogs, and offering personalized services.

## 3. Consumer demand

Focusing on customers' needs is the best way to become a customer-oriented business. A retailer has to offer what the customer wants, and not just what it happens to have in stock for whatever reason. Purchasing only drives sales if the items purchased appeal to consumers.

## 4. Services and solutions

In Germany, 54 per cent of consumer spending is on services. By limiting its product range to goods alone, a retailer cannot meet even 30 per cent of consumer demand, a figure that is likely to drop to, at most, 25 per cent by 2020. Customers want solutions, which means: goods + service + assistance + information + after-sales services.

## 5. Goods + services

Expanding a product range by adding services allows a business to address those customers looking for more than just the bare minimum. This customer base has created a "new middle" jockeying for position by squeezing cheaper but also more expensive products out of the market. Examples of this phenomenon include Karl Lagerfeld's collections featured at H&M, the lines of gourmet foods offered by large discounters, and the VW Touareg – a luxury product from a mass-producer.

## 6. Optimising product range

The product range needs to be optimally geared towards the customer, and there are two main approaches that can prove effective. One is category migration, whereby a retailer moves into other categories by expanding its product range to cover more peripheral areas. IKEA, Tchibo, DIY stores and discounters are all good examples of category migration. The second piece of the puzzle is streamlining a product range by removing those items the business has no control over, those that customers do not want, that damage the corporate image, or that simply clutter up the shop.

## 7. Joint ventures and strategic alliances

In the near future, retail companies will have to team up to succeed. They will need to work together in purchasing, advertis-

ing and, most importantly, in sales. Joint purchasing helps prepare a solid foundation for such strategic alliances.

## 8. System sales

Joint sales can morph into system sales whereby businesses unite, all agreeing to follow a shared strategic direction. This is a bit like a chain store system in which all retail locations present a unified image that can be communicated nationally in advertising and on the internet. Firms that work alone lose market share, while those that work together grow. System retailers number among the fastest growing players in the market, including chain stores and franchising systems, and businesses that focus on vertical integration

## 9. Vertical integration

It makes sense for retail businesses to ensure the loyalty of manufacturers through contracts. This is known as backward integration, where businesses secure the exclusive sales rights to products and brands, and this has an effect on pricing and advertising. Many industrial businesses practice such integration, securing the loyalty of retail businesses through shop-in-shop and retail space agreements, concessions, brand stores and franchising.

## 10. Retail brand

Successful retailers become a brand in their own right and the most important

products they sell are marketed under this brand. Successful examples of retail brands include H&M, Esprit and IKEA. These companies invest all their energy in their own brand rather than promoting the brands of third-party manufacturers.

## 11. Multi-channel retailing

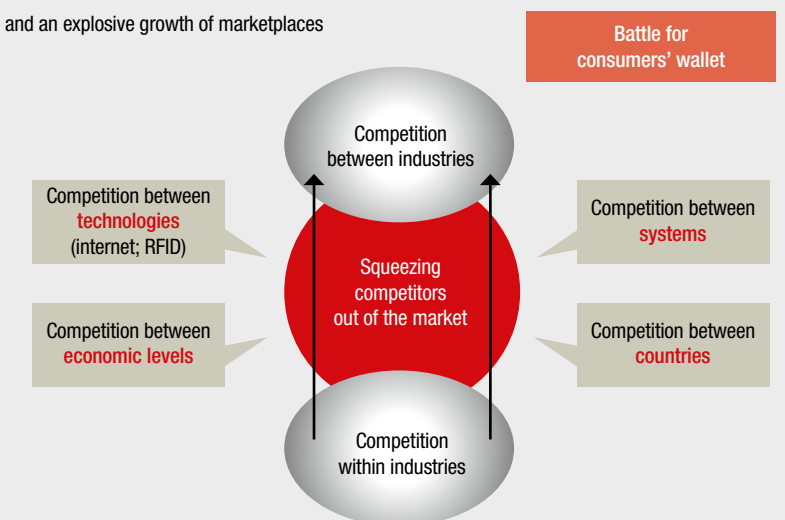
The internet's influence on the market will continue to increase. Retailers who only sell their wares in brick-and-mortar stores will find themselves depending on niches and find it hard to grow. By taking an offensive approach, companies can attract consumers and sell their products through all channels: physical shops, catalogues, the internet, newsletters, and affiliate and content marketing.

## 12. Outsourcing

In addition to joint purchasing, subcontracting to third parties offers some competitive benefits. Given the multi-channel nature of retail, outsourcing handling, shipping and everything associated with them, like controlling, advertising, property and vehicle fleet management, can be very effective. There is, however, an inverse relationship between how much a business outsources and its profit margin. Retailers should therefore carefully consider what processes they would prefer to keep in-house and where their core expertise lies.

### The new dimensions of competition ...

... and an explosive growth of marketplaces



*He who spends money to buy a new car has no money to buy new furniture!*

Figure 1



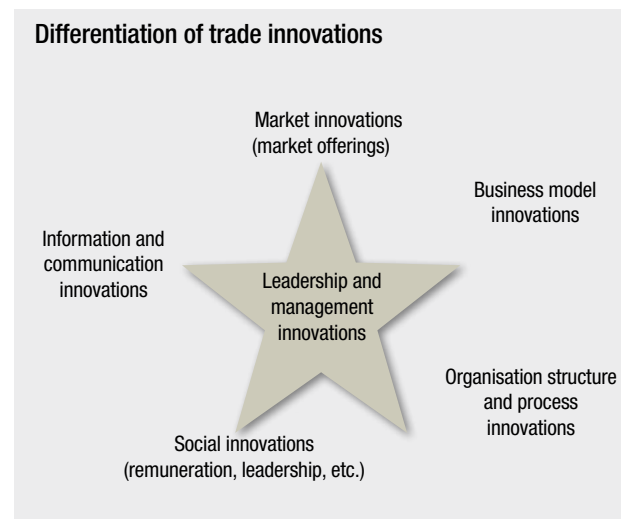


Figure 2

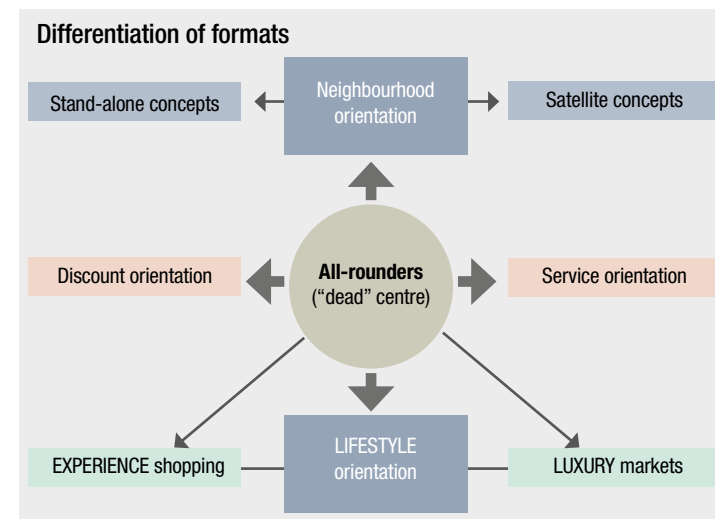


Figure 3

### 13. Internationalisation

Entering new markets abroad can be a wise step when a home market becomes too competitive. This has become easier in the EU, as companies like Fressnapf and Douglas have clearly demonstrated.

### 14. New formats

Retail companies need to continually develop new product and retail formats. Formats here are defined simply as a new way of combining the marketing elements price, communication, product range, and distribution policy (see fig. 3).

### 15. Multi-channel strategy

As chain stores spread over a larger area or as a business commands a growing share of a regional market, it makes sense not to just take one idea and run with it on a national level. It is more effective to split a concept up into parts and develop it via two or even three channels. In concrete terms, this could mean different store sizes for large, medium and smaller cities, suburbs and secondary locations. For pricing, it makes sense to establish specialist and/or discount shops to complement the firm's core business. A business might also choose to adopt a branch-specific franchising concept to attract other customer groups.

### 16. Mechanisation using RFID

Non-contact Radio-Frequency Identification (RFID) is growing in importance for retailers, especially when it comes to mass

marketing. RFID technology and the use of transponders enable the streamlining of the entire logistics chain. In the future it may become possible to base an entire business concept on these chips by using RFID at the "front end", the consumer, as well as for automated check-out and payment, or automatic anti-theft protection, for example.

### 17. Virtual business management

There are companies that do not produce or sell anything, yet still earn a great deal of money. These companies have products developed and manufactured, then sold, all entirely by third parties, like franchising partners. These administrative companies encourage consumers to buy the products from franchising partners, who in turn order the products directly from the manufacturer, so they do not need a warehouse and all risk is borne entirely by third parties.

### 18. Contracts

Effective contract design is exceptionally important for virtual business management in particular, but also for vertical integration and system formation. Contract design is especially interesting when setting up a franchising system or considering licensing.

### 19. Employee orientation

Retaining employees, ensuring they are satisfied with the working climate, and motivating them to give their best possible performance can only be achieved if man-

agement buys into these goals. A business that "loves" its employees stands a good chance of being "loved" by customers.

### 20. Controlling and corporate planning

Corporate governance without corporate planning is doomed to failure in today's business climate. But even the best plan is not very effective if it is not monitored in order that corrective steps can be taken when necessary. The larger the business, the more extensive planning and controlling becomes. Not every firm has to jump straight to an ERP programme (enterprise resource planning), but merchandise management systems and short-term profit and loss statements that clarify where a business' profits are coming from are absolutely essential. ■



Ulrich Eggert is a corporate consultant, market and trend researcher and futurologist. Before going freelance, he worked for the BBE consulting firm, where he served as CEO. Ulrich Eggert has been active in consulting and research for over 30 years for retail, marketing and the consumer goods industry.  
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## E-Procurement – a Competitive Solution

Companies at home and abroad have to digitalize if they want to maintain a competitive edge. The process of digitalization is complicated and requires some professional management. In the digital age, companies need to change their approach to procurement and the internet has opened up a range of new options. In the past, digital procurement solutions were out of reach for most SMEs. But internet-based, self-financing options are available today. This is known as e-procurement, an operational procurement process integrated into a merchandise management system.

Procurement is essential to a business' bottom line. To increase efficiency, successful firms employ an electronic multi-supplier procurement platform to buy C items. C items are roughly defined as those items that do not go directly into products – everything from basic factory supplies and work clothes to office supplies. The advantages are clear: Once a year, the purchasing department negotiates pricing for the generally small and inexpensive C items for the firm. Then corporate consumers can automatically purchase the items they need as they need them via the platform. The business profits from more purchasing freedom and time-savings that can be invested in selecting and negotiating prices for the more expensive products and services.

Schreiber + Weinert, a large technical retailer headquartered in Hannover, offers e-procurement solutions worldwide. The medium-sized enterprise regularly invites MP participants to information sessions and Managing Director Ingo F. Schreiber has also held presentations on e-procurement in Mongolia. "The advantage of working with us is that it doesn't take months to install the platform. As soon as a business decides which procurement platform to use, it can start realising significant savings. A business might be interested in access to an electronic catalogue if it is already using an electronic procurement platform, for example. Another firm might decide in favour of an e-procurement platform that does not incur any operating costs." It is important,

Schreiber adds, to ensure that purchasing can continue to work with its regular suppliers via the platform.

Supplyo in Hannover offers a range of e-procurement platform solutions. "What makes Supplyo interesting as a platform is that it can respond individually to customer needs, which is the key to successful e-procurement," Supplyo Managing Director Dr Perry Schlottmann says. "Every business' organisational structure is different, so they need a tailored platform. We offer one-stop, modular solutions that take all the key factors into account." Supplyo unites years of technical know-how with Schreiber + Weinert's marketing expertise, a winning combination that provides customers with all the technical and commercial knowledge they need from just one source.

While electronic platforms aim to provide the full range of C items, after implementing an e-procurement platform many businesses discover that some things they need are not included in the catalogue. Such items can be ordered via "free text", and businesses offer solutions here as well. One is the BIN (bundling industrial needs) concept, where service providers deliver items not found on the e-procurement platform as a bundle. This saves the business the expense of identifying suppliers and maintaining supplier data.

It is high time that businesses of any size switch to e-procurement to improve their competitiveness. Firms can increase their savings potential in just a day with solutions that are easy and quick to install and which pay for themselves. ■



Dipl.-Betriebswirt Ingo F. Schreiber, MBA, Managing Director SCHREIBER + WEINERT GmbH, Hannover



Dr. rer. oec. Perry Schlottmann, Managing Director Supplyo GmbH, Hannover



## Innovation as a Competitive Advantage

# Less Management, More Action!

Hardly any other discipline is changing as rapidly as that of innovation management. Businesses that want to have a competitive edge in innovation are increasingly abandoning the idea that novelties are primarily developed through processes. There is growing criticism of established concepts. In many businesses, innovation is successful not because of but despite classical innovation management. Really driving innovation forward takes more than simply establishing processes and appointing someone to be responsible for them; the entire business must become capable of innovation.

In the early stages of innovation management, everything seemed so simple: one defined a clear process, from the choice of an idea up to its implementation, and it was divided into various development phases and decision points. At the idea-gathering stage, brainwaves were developed, the best ones were selected with the aid of elaborate prioritisation and analysis techniques and developed into concepts, a business plan was drawn up and reviewed, the risk carefully weighed up, and only then came the expensive and risky implementation.

This approach provided some certainty and a coordinated implementation. And even so, these very innovation processes turned out to be hindrances to innovation in numerous industries. The British scientist Tudor Rickards wrote back in 1996 that businesses would increasingly have to give up the idea that innovation followed a well-defined path.

### Innovation Concerns the Entire Business

Businesses that want to generate competitive advantages through innovation

need more than innovation processes and business plans. Innovation must permeate the entire business. With process innovations, the development of new distribution means and channels, the implementation of innovative personnel, marketing and recruiting measures, through innovations regarding products, services and business models or through completely newly designed digital business models. Even accountants can be creative – by making processes less bureaucratic or developing new indicator systems that promote innovation. A business that is not innovative in all areas will find it difficult to generate competitive advantages through successful innovations.

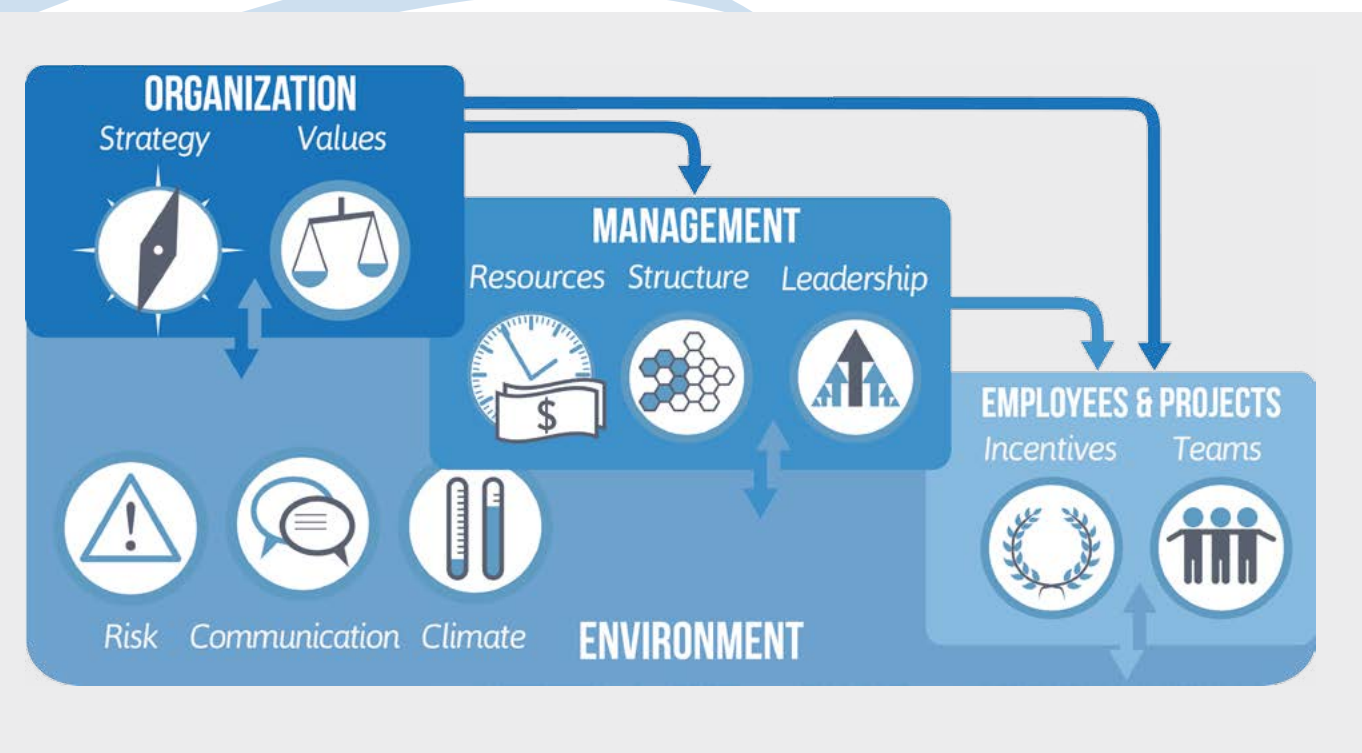
- How can an innovative product be successful if the incentive scheme for the sales department is not revised at the same time? It can hardly be expected of sales staff to “sacrifice” their valuable time at customers for innovations if the major part of their income consists of commission, which can most easily be earned by selling well-known products already accepted in the market. Innovative products require explanation – and are therefore naturally more difficult to sell.
- How should the market success of innovative products be evaluated if they are compared with products and services that have gone through

1. **Corporate strategy:** To what extent does the business emphasise innovations in its strategy? How strong is the example the top management sets regarding innovation? How well is the strategy embedded in the employees' minds?
2. **System of values:** To what extent does the business' system of values promote creative, entrepreneurial thinking and action? How well are creative new ideas accepted? How high is the degree of willingness to embrace change?
3. **Structures:** To what extent do processes support more day-to-day operations or the creation of new ideas? To what extent are instruments (classical innovation processes, internal incubators, mentor systems, etc.) in place which are specifically aimed at promoting a certain degree of innovation?
4. **Management styles:** To what extent is the promotion of new ideas a core responsibility of executives? What new inspirations and food for thought do executives contribute to day-to-day work?
5. **Resources:** How much time and which resources does the business make available for innovation? To what extent are a business' internal synergies utilised to drive projects forward? How strongly does the business invest in training its employees with regard to innovation?
6. **Team composition:** How are innovation teams put together? How high is the degree of diversity of expertise within the teams? How constructive are conflicts? Particularly the latter is important: in many teams, too much harmony kills the spirit of innovation.
7. **Incentives:** To what extent is the number and quality of an employee's ideas part of performance assessments? Do employees believe that new ideas and successful innovation projects are career accelerators?
8. **Communication:** What forms of communication are there in a business? Is the communication only within the various departments or across departments and business units? How well-developed are the informal, internal networks? How strong is the business' external network (with customers, other innovative companies, research institutions, etc.)?
9. **Risk culture:** How do employees judge the business' risk culture, i.e. its willingness or unwillingness to take risks? How are unsuccessful initiatives and projects dealt with in the business? And how proactive are managers and employees in starting their own innovation projects?
10. **Climate:** What is the employees' perception of their working environment? Perhaps as highly motivating and dynamic, or as frustrating and with a degree of stagnancy?

The new holistic, i.e. comprehensive, way of thinking in innovation management includes all the factors that are important for the success of innovation projects.

### Innovation Management is Becoming Noticeably More Complex

Classical innovation management, which is currently characterised by process-oriented approaches, will continue to exist. However, it will play a much less important role in the future. It is possible that classical innovation processes will become a part of project management in the future. Where projects have an innovative character, they will be managed with the aid of the stage-gate process (process model for innovation and product development). It will be normal that different innovation degrees within the same business are managed with different methods and approaches: the incremental further development of existing technologies with the aid of innovation processes, the development of customer-oriented services with the aid of co-creation approaches (development of new solutions together with customers), the development of new technology combinations with the aid of Open Innovation and the development of radical market innovations with the aid of internal incubators. Understanding when which method is the right one for a business and how this method can be successfully introduced and managed will be among the major challenges for future innovation management. ■



twenty years of efficiency optimisation? Businesses that do not develop innovative indicator systems may evaluate initial market successes negatively.

- How can breakthrough innovations be developed if there is a culture of protection within the business? Breakthrough innovations – so-called “radical innovations” – are naturally much riskier than incremental developments to existing products or services.
- How can a business develop new markets if it applies classical methods of market research? Market research can only be carried out in markets that already exist.

The degree of complexity of successful innovations is therefore very high. Innovation processes can sometimes be helpful here; they are, however, only a small part of the overall picture.

### Businesses' Ability to Innovate

Research on businesses' ability to innovate began in the mid-1990s at Harvard University in the USA. This research has been extended by hundreds of studies since then. In the process, it has become clear that businesses must tackle ten key areas and, based on these, a range of questions (see table).



Dr. Jens-Uwe Meyer is Managing Director of Innolytics GmbH. His firm develops software for future market research. He is the author of 10 books on the topic of innovation and digitalisation. Further information is available at [www.innolytics.de](http://www.innolytics.de)





Natalya Tomashko

## Inspired for Innovation



Natalya Tomashko's warehouse makes children's hearts jump for joy. The shelves bulge with experiment kits, magic sets, board games, handicraft items and numerous other toys and educational items. With a range of 1,500 articles and an annual turnover of more than three million euros, the entrepreneur has become one of the top Ukrainian toy manufacturers in just over a decade. In 2014 she participated in the MP in order to expand her market position in Germany.

**Kharkiv.** "German firms are highly automated and that impressed me", says Natalya Tomashko. When she visited a beverage filler with her MP group – a visit she did not really believe would benefit her business – she had the idea of using the filling machinery in the production of watercolour paints. "At the time, our paints were filled manually. The process was time-consuming, cost-intensive and prone to errors", she says.

Natalya Tomashko searched for suitable machinery and found it in Germany. In 2015 she bought machinery to the value of 100,000 euros, which has been in operation since 2016. "The investment will pay for itself within two to three years. By the way, with no loan at all", continues the financial expert and economist, who invested the profits from the seasonal trade. The new technology has increased productivity tenfold. While in the past 200 items were produced in one shift, the figure now is 2,000. Automation has helped to improve quality and precision in filling and to reduce rental costs because the machine takes up twenty times less space.

Her product range is sold under the "Ranok Kreativ" brand name. And An Gro Plus is now the only enterprise in Ukraine that produces watercolour paints on a production line. The businesswoman thinks it is hardly likely that her

competitors will upgrade their production in the near future. "To do so, they will have to first have the experiences I did in Germany", she says.

The tense economic and political situation in Ukraine does not affect her business. "People cut down on everything else before doing without items for the children. Domestic sales haven't declined at all, and they make up three quarters of our business", the MP alumni adds. She is one of the few entrepreneurs in the country who can say that. Tomashko has a twelve-year-old son herself. "Alexander was born in the same year in which we started the firm. Everything was very turbulent. The first samples of children's posters were brought to me in the maternity unit", she remembers. Her personal history is therefore closely linked with the firm's history.

International trade is also stable, with deliveries to Germany, Poland, Greece, Spain, Lithuania and the Czech Republic. Although Tomashko was not able to realise her plan of finding new customers in Germany. She was in negotiation with a large German food discounter for over a year. However, the parties have not yet been able to reach an agreement on the terms and conditions. Nevertheless, she has not given up on her goal. On the contrary: the entrepreneur plans to open a representative branch in Germany. "The Germans spent three billion euros on toys in 2015. That makes Germany the most attractive market, besides France, for the toy industry in Europe", she explains. Negotiations are currently ongoing, and the opening of a branch in Berlin is planned for 2018.



Tomashko still always likes to take new games home for her twelve-year-old. "When we celebrate my son's birthday, we also always celebrate our firm's birthday", says the Ukrainian businesswoman. ■

## Mexican Alumni as Guests in Hamburg



Alumni work in Mexico is increasingly making headway. The EMAAC alumni association brought delegates from Mexican businesses to Hamburg and Berlin for the first time in October 2016 within the framework of the Mexico-Germany Dual Year. Mexican alumni want to expand their business with Germany and Europe.

**Hamburg.** "Hamburg – all in the same boat": an intensive week with a programme including political and economic topics awaited 14 executives from Mexico, who travelled to Germany in October 2016 – organised by the Mexican EMAAC alumni association and its cooperation partners. It was no coincidence that the first German EMAAC event took place in Hamburg. The Hanseatic city does not only have traditional economic relations with Mexico – the first German merchant vessel to be moored in Veracruz 220 years ago came from Hamburg – today roughly 300 Hamburg-based firms have business contacts with Mexico. On the other hand, Hamburg plays a pivotal role for all Mexican products headed for the German and European markets. As a logistics centre, the city is the ideal starting point for numerous companies. The Mexicans therefore toured the Hamburg harbour, the fruit and refrigeration centre there and the Alternwerder container terminal.

A bilateral business conference attended by German and above all Hamburg-based businesses was one highlight of the week. Besides talks on investment opportunities, both in Hamburg and in Mexi-

co, there was a panel discussion on topics such as internationalisation of businesses, foreign direct investment (FDI), financing and legal framework conditions. Cooperation between German and Mexican start-ups, a B2B contact exchange and speed funding (a bit like speed dating) organised by the firm AngelsNest, which provides an opportunity for entrepreneurs to meet with several potential investors and present their projects, were further focal points.

### Creating the Greatest Possible Synergies

Hamburg institutions such as HWF, the local business development corporation, as well as EZLA (European Centre for Latin America) provide customised support for those wanting to expand their business in Hamburg. The German Business Association for Latin America (Lateinamerikaveroin - LAV), which is headquartered here, had its 100th anniversary in 2016 and celebrated the Latin America Day and the Business Day Mexico in the city.

"The Hamburg week provides exciting contacts for everyone and is therefore of interest to people from all industries. The 'Hamburg – all in the same boat' slogan can therefore be taken literally", says Luis Pedraza, President of EMAAC. "We want to bring together all of the players in German-Mexican economic relations and maximise synergies. We can only move things forward if we all pull in the same direction". And association manager Carola Muxchke adds: "EMAAC sees itself as the mouthpiece of Mexican SMEs seeking to internationalise their business in Germany. We will establish a long-term, reliable cooperation with Hamburg that creates trust on both sides of the Atlantic. Mexican products, ideas and investments are no longer a niche, but a trend. We will also bring business delegations to Germany in 2017".

**"The Hamburg week provides exciting contacts for everyone and is therefore of interest to people from all industries."**

Luis Pedraza, EMAAC

The Mexican guests also visited the capital city Berlin and were welcomed by representatives of the Federal Ministry for Economic Affairs and Energy (BMWi) and the Mexican Embassy. Topics were, among others, cooperation opportunities in the health and medical technology sectors, TTIP and the current negotiations regarding the free trade agreement between the EU and Mexico from a German perspective. ■



Luis Pedraza T. is founding partner and President of EMAAC. As a qualified attorney and a transactional and finance advisor, he is an active multiplier, consistent in the formation of business ecosystems amongst groups of companies, investment funds and international projects. A solid angel investment and Latin-American funding platform was co-founded by Luis, aiming to provide funding to SMEs, thereby supporting their internationalisation endeavors.



Mexican entrepreneurs in Hamburg



# “Important Bridges for Germany”



The MP alumni in Kyrgyzstan are aware of the fact that networking is indispensable for long-lasting economic contacts and that it strengthens the connection to Germany. And they have strong German helpers in the neighbourhood: Anders Lundgren, Permanent Representative of the German Embassy in Bishkek, participates actively in MP events in the country and also offers networking events. In an interview, he describes such an evening and explains why the alumni are important for Germany.



Anders Lundgren

*GIZ: Mr Lundgren, how and when did you first hear about the MP?*

**Anders Lundgren:** That was just after I arrived in Bishkek in 2013. I was asked if I could give a lecture on German economic policy within the scope of the preparatory seminar for MP participants – at that time at the president’s Academy of Public Administration. I was glad to do so and through that I got to know the participants personally.

*The programme seems to be very important to you because you often attend the events and even regularly invite our alumni to your home. Why is that?*

I really enjoyed giving the lectures, and the discussions and contacts were also very helpful for my work at the embassy.

when it is cold; then we set up fire barrels. I have the impression that the fresh air motivates everyone to move around more and speak with different people and those they don’t yet know. We usually gather for half an hour. Then we take turns to briefly introduce ourselves. Well, actually, ‘briefly’ can take quite a while if there are 50 participants – but the alumni really do keep the introduction short because everyone wants to spend time together informally.

*What did you have in mind when you held this event for the first time? Did you associate it with specific hopes or goals?*

Yes, I did. I wanted to make the interest that we as the Federal Government, as Germany as a whole, have in the alumni clear. I wanted to communicate: “You were in Germany and it is important to us to stay in contact with you. You are important bridges for us. And if you do trade with Germany and thus indirectly secure jobs there and create new ones here – we will be even more pleased”.

*In the meantime, the word has spread about the meetings. At the end of September 2016, not only our alumni attended, but also representatives of various governmental and social organisations.*

That’s right. I didn’t want to monopolise this group any longer; I wanted to share it with other representatives of German and Kyrgyz institutions such as KfW, GIZ, the Kyrgyz Ministry of Economy and the Chamber of Industry and Commerce. The representative of the local Senior Expert Service (SES) had actually asked me if he could present his

programme. And GIZ and KfW have so many economically relevant projects regarding which we, as the embassy, have an intensive exchange of ideas and information with them, so that they belong to the “family” anyway.

*What was your impression of this evening, having extended it?*

It was great. The information on SES also fell on fertile ground. One alumni even mentioned during the introduction round that he was looking for a business

partner and by the end of the evening we had made a “match” – a juice manufacturer and the owner of a supermarket had found each other.

*Could you imagine developing events like this one further or holding them more often?*

I think that the frequency of twice a year is a good basis, considering the fact that people in charge of the programme in Germany also attend. Events held by the alumni association are certainly a good

addition. It is possible that they could be extended to include specifically selected alumni who have been to Germany, e.g. from academic fields.

*How do you picture the future of the Manager Training Programme in Kyrgyzstan?*

Positively. The group of alumni is growing and, with that, will make this already very attractive programme even more exciting. ■

## Projection into the Future:

# Alumni Activities in 2017



Discussions in Voronezh: what does 2017 hold?

**Voronezh.** “Times are changing – begin with yourself.” This was the motto of the Third Eitingon Entrepreneur Platform, to which the Regional Resource Centre of Voronezh invited alumni on

23 September 2016. It developed into an important occasion of Russian alumni-work, even stretching beyond the boundaries of the Voronezh district.

More than 300 alumni, programme applicants, representatives of various institutions from 14 Russian regions and foreign partners discussed the challenges that lie ahead of them in 2017. These challenges are in the areas of management, innovation, personnel, marketing, big data and project management. The questions of increasing efficiency and effectiveness in order to get businesses fit for the future in difficult economic situations were always at the centre of the discussions.

GIZ provided conceptual support for the organisation committee within the scope of its alumni work. A workshop was held in spring 2016 for the organisers of the event. At this workshop, the participants worked out a conceptual approach for the entrepreneur platform, which can also be applied to future events of this type and could become a brand. The result spoke for itself: the alumni put on a conference with strong content and it was given high political regard, demonstrated by the vice governor’s attendance. ■



**The experience in Germany was so impressive! It’s like I have re-installed my operating software. It was a bit painful, but it was necessary as I have seen and learnt so much.**

Almazbek Muzabayev, Firm: Bereke Welcome, Kyrgyzstan



**I am very glad that we have enabled so many meetings and conferences through the alumni association.**

Ibarat Kurbanova, Alumni Association Kyrgyzstan



Participants in the Third Eitingon Entrepreneurship Platform in Voronezh





## Egyptian Engineer Brings German Solar Technology to Dubai

# A Passion for a Green Future



Walid Elrawy worked in the textile industry for twenty years. He earned his living selling workwear for the medical, gastronomy and trade industries. However, for many years now, his real passion has actually been solar energy. In 2014, the engineer specialising in mechatronics, participated in the MP. The concept of “exploring new horizons” applies to him in many ways.

**Dubai, November 2015.** Engineer Walid Elrawy is pleased. It is 14 November 2015 and the first SunCat 21 solar boat has just arrived in the Port of Jebel Ali. It took one month to transport it the almost 6,500 nautical miles from the Port of Hamburg by container ship. The solar-powered catamaran will take to the water from December 2015 and noiselessly and safely transport passengers through the city along Dubai Creek. The same model is also used in Germany to show tourists Berlin's top sights. It was built in Berlin by SolarWaterWorld AG, Elrawy's business partner in Germany.

### *The backstory ...*

**Cairo/Egypt, April 2014.** Elrawy established SolarTech Egypt setting a new course for his life. He first began working in the textile industry twenty years ago. In the years that followed, there were no major changes in his professional life, aside from a number of promotions – all the way up to Head of Marketing at one of the leading Egyptian textile companies for workwear.

**Berlin/Germany, June 2014.** Participation in the MP with a focus on renewable energies represented a huge opportunity for Elrawy. As a young entrepreneur and newcomer to the solar industry, he hoped to use the programme to gain valuable contacts and business know-how. At a business meeting in Hamburg, he met SolarWaterWorld AG, a Berlin-based company specialising in solar-powered boats. Elrawy saw good opportunities for importing this technology to his sunny home country and was able to get the Germans on board for his project. “We have not only become partners but also friends,” he says, looking back today. However, there were difficulties at the beginning: due to the political unrest, the economic situation and overall circumstances in Egypt were not favourable for his innovative project. The father of two did not want to give up so easily though. “I was inspired by the entrepreneurial spirit in Germany and motivated to fight to achieve my goal”, says the engineer. And this did not necessarily have to be in Egypt. Thus, Elrawy established a second company, FitSolarTech Boats Trading LLC, based in Dubai.

**Dubai, 2015/16.** Elrawy initially travelled between the two countries and built up contacts. In January 2015, he became a resident of the desert state. For Dubai has very liberal economic policies. “In the 2016 Ease of Doing Business Report, which ranks countries according to their competitiveness and quality of the location, the United Arab Emirates were ranked 31st. Egypt, on the other hand, only made it to position 131 – out of 189”, says the company manager in justification of his decision. That this was the right step is clear today, two and a half years after the MP and two years after his move. He has just sold another solar boat in the Sultanate of Oman. And launched a very promising project. With the help of SolarWaterWorld AG, he has converted an Abra. Abras are small, diesel-powered wooden boats, which are used in Dubai as public transport. The around 150 Abras are used to ferry passengers across Dubai Creek, an estuary of 14 kilometres in length on the Persian Gulf that divides the city in two. The River Transport Authority (RTA) has been attempting to convert its public transport to more environmentally-friendly technology for some time now. A great many options have been tested in recent years – particularly with the Abras, including electric motors. However, nothing has stood out until now.

**At the start of 2016** the test phase for Elrawy's boat began. Following an evaluation, the authorities were able to give the go-ahead to convert further Abras to the emissions-free technology. In an interview with the Gulf News on 8 February 2016, Abdullah Yousuf Al Ali, CEO of RTA's Public Transport Agency, said of the use of solar boat: “It is the first time that 100 per cent solar boat technology is being used in our region. This will encourage more companies to trust in this technology and start using it”.

This would make Elrawy a trailblazer for the export of German solar technology to the MENA region. Full order books would then also allow the 42-year-old to soon make his personal dream a reality: to bring his family, who are still living in Egypt, to join him in Dubai. ■

# Working as a Self-Employed Business Consultant



Anh Nguy was 27 when she participated in the Manager Training Programme. The MBA graduate was working as a project manager at a German business consultancy based in Ho Chi Minh City, a metropolis with eight million inhabitants situated in the south of Vietnam. She established her own business in her early 30s. The MP helped her to make this jump, Anh Nguy says today.



**Ho Chi Minh City.** With her company Sanet Vietnam Co. Ltd. Anh Nguy represents her clients within the countries of the Association of Southeast Asian Nations (ASEAN). She thus enables access to an internal market of ten countries with an increasingly consumption-oriented population of 620 million. The entrepreneur works well with German business partners; indeed, 80 per cent of her clients are actually from Germany. “While this is partly due to the fact that I have spent almost five years working with Germans, the MP also had a major impact”, she says. She particularly highlighted the intercultural business expertise training. “I was able to participate in training – among others, in Berlin, Dresden and Stuttgart. This really helped me to gain an understanding of German culture and business behaviour,” the entrepreneur explains. She also learned a great deal about project management. Her company is part of the German Sanet Group, though she mostly operates independently. “I use the name and good contacts, but am responsible for my own business activities,” says Anh Nguy. Liability, capital, orders – she remains responsible for them all.

The MP participant now employs three people and was able to generate 150,000 euros in her first year of offering business consultancy services. She recently took advantage of her business experience gained with German partners to support Siemens, identifying reliable business partners for the global German player, in

Vietnam, Singapore, Indonesia, Malaysia, the Philippines and Thailand. She has also supported other German clients from the cosmetics, automotive and chemical industries in their business activities, and worked with partners in Turkey and France.

Currently, her largest client is a German investor from the automotive industry who wishes to set up a production facility in Vietnam. If all goes to plan, he will soon join around 300 other German companies which are already active in Vietnam. The mood among the German companies is positive. According to a survey conducted by AHK Vietnam in March 2016, two thirds of the companies surveyed rated the business climate as good. Anh Nguy believes that particularly German foreign direct investments (FDI) in the high-tech, automotive and renewable energies sectors have very good chances of success in the coming years.

The young entrepreneur values the exchange with other MP graduates and regularly participates in alumni events. “I attended my first event back in 2011. My superior at the time was invited to an MP alumni conference in Tuy Hòa, here in Vietnam. I accompanied her and was very impressed with the outcomes,” says Anh Nguy. One year later, she participated in the programme herself. And in the following year, she was able to pass on her own experiences as a multiplier – as a speaker at an MP alumni conference.

In her free time, the committed company founder, who speaks fluent English as well as some Chinese and Japanese, also learns German. Meaning that business exchanges and networking will be even more of a success in the future. ■

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# 6,800 Kilometres from Bochum to Pune



Manisha Sanghavi is the managing director of one of the leading orthopaedic clinics in Asia. She rapidly got down to business during her time in Germany. Just two months after returning to her home country, the Indian implemented her cooperation aims and established an exchange programme for physiotherapy and hospital management students. This was possible thanks to her outstanding personal commitment on the one hand but also the positive response and significant willingness present in Germany.



Luna Thomas and colleagues at Sancheti Hospital in Pune

**Pune / Bochum.** “My biggest worry was that she would struggle with the different culture, climate and our food,” says Manisha Sanghavi, Managing Director of the renowned Sancheti Hospital in Pune, a metropolis with three million inhabitants situated in the west of India. She has just

bid farewell to Luna Thomas. Thomas is 27 years old and studying physiotherapy at the Hochschule für Gesundheit (HSG) university of applied sciences in Bochum, and has just completed an eight-week training programme at Sanghavi’s hospital.

Sanghavi’s concerns proved to be unfounded. Thomas rapidly settled in and felt at home. This was not least because of the individually-tailored training plan. “My stay was very inspiring and important to me. I always had a contact person,” Thomas says. It is important to Sanghavi for her employees and students to feel at ease. She manages her business,

which includes the Sancheti Healthcare Academy at which Thomas is studying in addition to the orthopaedic clinic, like a family. An extended family with 640 members that generates turnover totalling 141 million euros per year. Sanghavi trains 100 students here every year. They are able to choose between a bachelor’s or master’s degree in physiotherapy or a qualification in healthcare management. Thomas appreciates the proximity of theory and practice that she experienced in Pune. “As a physiotherapist, it was important for me to see the surgeries. I can now imagine what a patient must go through and what is important for their rehabilitation”, she says. With regard to the techniques, she was unable to discern any major differences between India and Germany.

Thomas’ visit marks the start of a long-term cooperation between the Sancheti Group and the HSG in Bochum. “We will now send our students to Bochum to gain qualifications. The official formalities are currently being clarified for this”, Sanghavi announces. ■

## “No Compromises on Quality”

Manisha Sanghavi on the advantages of offering training in Germany and her plans for the future.

**GIZ:** *Your students speak fluent English, which is also the language of instruction. Are English-speaking countries not better suited to an exchange? Why have you chosen to focus on Germany?*

**Manisha Sanghavi:** Germany has an outstanding education system and one of the best medical care systems in the world. In 2014, Germany spent 328 billion euros on healthcare – so more than 4,000 euros per inhabitant. In India, the healthcare sector is not yet as advanced, though it has developed at lightning speed in recent years. We anticipate annual turnover totalling 143 billion euros and an-

nual growth of 23 per cent by 2017. India is the preferred destination for healthcare among the developing countries. Thus, the Indian healthcare industry has the potential to achieve exponential growth – similar to the software industry here over the past decade.

We want to prepare our students for the demands of this growing market and to offer them the best possible training available internationally. And this is available in Germany, not in England or America. I saw it time and time again during my Manager Training Programme in 2016: the Germans do not compromise when it comes to quality. I like that.

What’s more, English is actually used as a language of instruction at some universities – as is also the case at the Accadis University of Applied Sciences in Bad Homburg. Incidentally, this educational establishment has such a good reputation that many British nationals also choose

to study there. Such institutions are of course predestined for a cooperation.

**How do you envisage the future cooperation with Germany?**

First of all, we want to turn the pilot programme into a standard exchange programme and to also send students to Bochum. We are also seeking German providers interested in a long-term cooperation. We can imagine setting up a joint training programme during which parts of the programme are completed in India and parts are completed in Germany. We are able to help German institutions to offer physiotherapy courses in India, organise examinations there, and award qualifications (also as online courses).

*Thank you very much for the interview. We wish you every success with your projects!* ■

# Mexican Honey for Germany



Elisabeth Rosado is not your typical entrepreneur. At the age of 17, she decided that she wanted to study anthropology. She never imagined that she would one day take over the family business and that the work would even fascinate her. Today she is 32 and knows pretty much every beekeeper on the Mexican Yucatan peninsula in person. The fact that honey from Yucatan sweetens the breakfasts of many Germans is thanks to her and her family’s commitment.



Elisabeth Rosado

**Mérida.** “My grandfather was a doctor and kept bees as a hobby. He took my father along from a young age. When grandpa gave up his hobby, my father took over the colony. Over 15 years ago, the family hobby then became a family business called Tropical Honey,” explains Rosado. The honey that the company sells today comes from their own colonies as well as from honey purchased from beekeepers in the region. Beside honey in its natural form, the company also produces honey products such as

sweets, soap and shampoo. Over half of the honey is exported, with around 60 per cent reaching Germany via wholesalers. In 2014, the small business shipped 544,000 euros’ worth of honey to Germany. It is sold by retailers under various brand names.

Rosado wishes to develop her own label in the future. She therefore met with a number of wholesalers during her time in Germany, including Fürsten-Reform from Lower Saxony. “My aim was to find at least one new retailer and to build long-term, efficient business relations with them – as we have had for ten years now with Hamburg-based NOREVO GmbH,” reveals Rosado. She is currently working on obtaining the certification needed for direct exports, and wants to resume negotiations as soon as she receives authorisation. To date, Tropical Honey has always been exported via NOREVO’s Mexican subsidiary. This allowed the honey retailer to outsource the elaborate certification process.

Rosado relies on the support of German technology in the production of her honey. Several years ago, she purchased a machine for the manufacturing of honeycomb from natural materials. This has helped to increase honey production.



Tropical Honey uses the honeycomb itself and also sells it to local beekeepers. In Germany, the entrepreneur met with Bernhard Rietsche GmbH, the manufacturer of this machine, and has since purchased a second artificial honeycomb machine for 52,000 euros.

Over the past ten years, Rosado has invested a great deal of time in developing her entrepreneurial skills to fill any gaps in her knowledge and to remain up to date with the industry. This includes various training courses in management and business administration and, most recently, the MP in Germany in 2013. “It is important for me to always be up to date with the latest developments and to continue furthering myself. I want to lead my company with the best strategies,” she says. She likes to prove that she can also do this, too. Since participating in the MP, she has doubled the number of employees to a total of 20 and increased her turnover by 30 per cent. Impressed by the systematic German approach, she has had new software developed to enhance company procedures and to be able to better plan and manage purchasing and sales, for example. “The MP inspired me to become better organised. The software is just one example of this,” says the young company manager. ■

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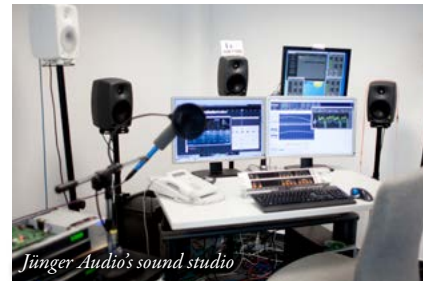
# “Additional Doors are Opened”



The Berlin-based audio processor specialist, Jünger Audio manufactures equipment and software for digital sound editing. Jünger had been active on the Russian market through a cooperation with the system supplier OKNO TV for three years when an OKNO manager from Siberia contacted Jünger about visiting the company as part of the MP. Further OKNO orders directly from Siberia followed – and Jünger Audio is now doing more business in Russia than ever before. Managing Director Peter Pörs explains to journalist David Selbach how it all came about.



Professional sound technology made in Germany



Jünger Audio's sound studio

Strygina actually worked for OKNO TV in Siberia. I did not know her in person which is why I invited her here. Such encounters always open up new business opportunities.

## And how did it all go?

We arranged an appointment – Strygina had sent us a few questions about the company. Then, while she was here, we showed her round our production facility and presented a number of our products.

## Did you receive any additional orders from Russia as a consequence?

Yes, we did. Since Strygina was here, we have completed two major projects in Siberia through OKNO and have since generated several hundred thousand euros in turnover through orders from Russia. Russia is a very interesting market for us as there are several time zones and therefore countless regional studios and local private broadcasters.

## Would you recommend the MP?

Yes, definitely. There are still countless blind spots on the map for us and the example of Strygina shows us that even when someone comes from an area in which we are already represented, it does not actually mean that additional doors will not be opened as a consequence. ■



David Selbach is a freelance economics journalist based in Cologne. His main focus is on medium-sized companies.

*David Selbach: Mr Pörs, I'm no expert but I'd actually expect most audio processors and measuring devices to come from Asia these days. How are you able to compete although you manufacture exclusively in Germany?*

**Peter Pörs:** We work in a very niche market. Particularly when it comes to digital radio and television, there are very few providers of high-quality professional sound technology. We use particularly powerful algorithms in our products that no one else is able to offer. It is very high-quality equipment – indeed, it can cost well over 200,000 euros for one single studio. In some areas, we are actually the regional market leader.



Peter Pörs

*You ship a lot of your equipment overseas. Where are your most important markets and how are your sales activities organised?*

Outside of Europe (and this includes Russia), we are mainly active in Asia. We work with local sales partners in each country. The sales business is partly

## Jünger Audio GmbH, Berlin

At Jünger Audio, it is all about achieving the perfect sound. The Berlin-based company specialises in sound technology for radio and television broadcasters. The experts at Jünger Audio develop tailored audio sound technology for their customers at the company technology centre in Adlershof. The algorithms that are used in Jünger Audio devices as well as at some of the leading licensees on the global market are manufactured in the German capital. The export quota lies at more than 70 per cent. Six of the almost 40 employees work in global sales. The turnover recently totalled around five million euros per year – and this is continuing to rise.

managed from our Berlin office, but also partly by our sales reps – from our sales offices in Singapore or Ireland, for example. We also have our own small office in Beijing.

## Is business already going well in Russia?

Yes, we have been working there with OKNO TV for three years now. OKNO is a system supplier of devices and equipment for TV broadcasters, though it also builds complete studios.

## In 2013, you invited an employee from OKNO to Jünger Audio as part of the BMW's Manager Training Programme. Why was this?

This was in fact an interesting coincidence. The GIZ asked us whether we would be prepared to take on a participant from Siberia and show her our business. She had named Jünger Audio as her company of choice. When I looked into the matter, I realised that Marina

# Biomass Beats Coal



Hans Sanzenbacher took the Chinese proverb “Those who ask, win” to heart when he visited Metal Eco City in Jieyang in October 2015. The industrial park in Guangdong province in southern China was one of the places that the engineer visited within the framework of the “Fit for Business with China” MP. Sanzenbacher, Managing Director of Polytechnik Deutschland GmbH, was there to open up the Chinese market for Polytechnik Luft- und Feuertechnik GmbH. His product: environment-friendly energy technology that can facilitate the shift away from coal in China.



**Auenwald / Jieyang.** Polytechnik supplies combustion plants that produce energy from wood waste. In Europe, the sustainable biomass plants are already used by a large number of municipalities, e.g. the municipal utilities in Bielefeld and Oberhausen, for generating local or district heat, as well as by well-known companies for generating process heat. In China, coal is still the main source of energy. New laws are meant to reduce its use and to encourage the use of renewable energy, but the reality is still lagging behind. “The implementation of the plans is difficult. And there is not yet enough awareness of the subject. They have relied on cheap coal for years. It takes a lot of convincing to change people's views”, says Sanzenbacher. And that is something he is really good at.

“When the energy concept was presented to us in Jieyang, I thought: “This just can't be true.” They call themselves “Eco City” but get their energy from coal-fired plants”, he reports. The process engineer sensed his opportunity and presented an alternative concept based on wood waste to a subsidiary of Zhong De Metal Group,

the initiator and main financier of Metal Eco City. “I was first told that no biomass was available for such a plant. But when I probed further, I learnt that several tons



Joint venture partners  
Hans Sanzenbacher and  
Gao Huiming

**“In Europe, we look back on decades of experience with renewable energy.”**

are produced every year just from the trees etc. that are pruned along the streets. They were simply thrown away”, Sanzenbacher says. In the course of many discussions and negotiations that followed, the engineer was able to convince his dialogue partners with his concept for retrofitting with a bioenergy plant from Polytechnik, which is intended to cover a substantial proportion of heat-demand in Metal Eco City. The heat-demand is currently being determined, and then the permit documentation will be submitted. The plant should be brought into operation in 2018.

The contact developed so successfully that Polytechnik has already started another project with the new partners: the establishment of a production site for the manufacture of plant components. The joint venture was signed at the beginning of October 2016, and the start of production in Metal Eco City is planned for August 2017. Biomass instead of coal could soon become reality in further Chinese regions, thanks to the joint venture. Sanzenbacher set off on a road trip through the Chinese provinces to provide information and raise awareness. He says that the combustion behaviour of coal, which the country is accustomed to, is entirely different from that of biomass. In many places, he has to explain how alternative combustion plants function and to build trust. “In Europe, we look back on decades of experience with renewable energy; Polytechnik celebrated its 50th anniversary in 2015”, says Sanzenbacher.

Now, he is often in China. Polytechnik has just opened a distribution company in Xuzhou, which he manages with a further managing director. There is a lot for him to do in the near future, also regarding personnel. Roughly 100 employees are to be recruited for the distribution company, who will be responsible for marketing the products throughout China. He expects that at least 300 people will be employed in the new factory once the production is running.

“China is not a market for beginners”, the process engineer says. “One needs strong human and financial resources to tap into the market. And the coordination process is also much

longer. In Germany, after establishing contact, specific talks are held immediately if the parties are interested, then a plan is drawn up and the project follows. In China it means talks, talks and more talks. The project comes right at the end”. Nevertheless, Sanzenbacher has managed to initiate several plans and projects. He says that the MP helped him a lot as it conveyed a realistic impression of the target market as well as valuable contacts. ■



# New Drinks for Mongolia



What do Mongolian mint vodka, lemon beer and wild berry sparkling water have in common? All the flavours used are made by WILD Berlin, Germany's oldest essence manufacturer. And all these innovative drinks were introduced by Mongolia's leading beverage enterprise, APU, after employee Gerel Ganchimeg returned from the MP in Germany in 2015.

**Ulaanbaatar.** For over twenty years, mixed beer beverages have been a fixture of any supermarket or beverage store's regular product range. They account for a significant share of beer sales, and new flavours spring up all the time in hopes of beguiling the bored palettes of spoiled customers. Since August 2016, Mongolians have also been enjoying new made-in-Mongolia beer blends. Trend-setting consumers in Ulaanbaatar, Erdenet and Darkhan can now wet their whistles with "Bliss", beer mixed with lemon and lime, grapefruit and pineapple, or mango and peach. "Our beer and fruit mixes are absolutely novel here," Gerel Ganchimeg says. She is Head of Quality and Innovation Management at APU and was directly involved in developing the special beverage line. As part of the MP, she had the opportunity to try out 18 different flavours at WILD Berlin and brought her six favourites back home. Some now give Bliss its unique taste.

The jury is still out on whether Bliss truly appeals to Mongolian taste buds. But, as Ganchimeg learned on a tour of ArcelorMittal, even if it is a flop, introducing innovative new products is an excellent and

essential first step. ArcelorMittal opened its doors to MP participants at its company headquarters in Eisenhüttenstadt in Brandenburg, where the visiting executives gained insight into both the company's steel plant and its corporate innovation model. "It takes a huge number of ideas to generate just a few hits. I'd never realised that before," Ganchimeg says. She immediately adapted the innovation model for APU. Today every production unit has an innovation box for employees to submit their ideas. Every month the three best suggestions are selected, and all the ideas gathered are presented to the management board every six months. The board then decides which suggestions show the most potential and are worth pursuing. At Ganchimeg's initiative, APU is also trying out flavoured sparkling water. The new beverage is marketed as Orgiluun and customers can choose

between wild berry, watermelon and grapefruit. For something higher octane, the enterprise has also come up with a new line of vodkas. Taiga vodka flavours include lemon and cucumber and chili and honey. All the aromas used are also from the Berlin flavour specialists.

APU has a history of working with German firms that predates the MP. It produces Kaltenberg, a wheat-beer, under license for König Ludwig International. It is brewed in Mongolia in accordance with the German purity law and APU benefits from the fact that many of its brewers completed their training in Germany. Some of APU's long-standing German partners were willing to offer MP participants an in-depth look into various departments and share

their managerial experience. During a visit to Jägermeister, Ganchimeg learned a lot about quality management. "We were using around 80 raw materials in production, but we didn't have any kind of register or rules in place," she says. The 45-year-old food scientist set up a raw materials catalogue

based on the Jägermeister model, which is now in use at APU. Ganchimeg's overall assessment of the impact of the MP is positive: "During the programme, I realised that German SMEs can serve as good blueprints for Mongolian companies. A lot of their best practices transfer well, especially within a particular industry". ■



MP participants from Mongolia at the Hannover Messe



Gerel Ganchimeg



## "Companies Must Not Stagnate"



Myrzabek Orumbajew is the "toy boss" of Kyrgyzstan, but he does not have anything to do with toys. In his business, everything revolves around polony sausage, although he was originally a computer engineer. In an interview, the 33-year-old describes how he started off selling sandwiches and the path that led him to become the leading polony sausage manufacturer in Kyrgyzstan.

**GIZ:** Mr Orumbajew, what does the expression "toy boss" actually mean? To us it sounds English.

**Myrzabek Orumbajew:** (laughing) Well, with "boss" you're quite right; the English definition of the word is what is meant. "Toy" is Kyrgyz and means "feast". Together it means more or less "someone who loves good food". We thought up the name within my family circle after we had brought our first polony sausage onto the market. It has been our brand name ever since and is already very well-known locally. We are very active in social media and on the radio and have our own commercials.

**You have a degree in computer engineering. How did you become a sausage manufacturer?**

After I completed my studies, I worked in computer engineering for a while but soon realised that sitting at a computer all day wasn't what I really wanted to do. I was always impressed by people who are self-employed and fulfil their dream. So I decided to launch a venture of my own and began selling sandwiches in Bishkek with my two brothers. Business went well, but we were not satisfied with the quality of the polony sausage. When we couldn't find a supplier who made better polony, we said to ourselves: then we'll make our own! We gradually learnt the ropes of the



business, produced the first polony and developed further. In the meantime, we have split the business; my younger brother makes sandwiches, and the other two of us produce the meat products. We are a real family business.

**You participated in the MP in April 2016. What fascinates you about Germany?**

A lot of traditional German businesses have been owned by families for generations and have a high standard. That impresses me and I wanted to learn something from them for my own firm. To me, success means becoming even better, continuing to develop further and undergoing training. Companies must not stagnate. That is why we are currently investing in a new factory – in which we will, incidentally, be using German machinery that I bought during the MP. When I arrived in Germany, I knew exactly what I needed because I had already met with a dealer in Moscow. However, the prices for German technology were very high and I was just

about to fall back on less expensive Polish and Turkish machinery. Through the MP, I was able to establish personal contacts to the manufacturers and buy the machinery directly from Germany – for half the price. The machines are still roughly 20 per cent more expensive than those of the competitors, but are within my budget. To me, the quality is worth it.

**What exactly did you buy?**

I bought a universal cooking and smoking installation from Bayha & Strackbein, a cutter for chopping and grinding meat products, a sausage filler from Handtmann and a clip closure installation from Poly-clip. Altogether, I invested about 400,000 euros. The factory opening is planned for March 2017. With the new machinery, we can produce five times as much as we have been producing so far and increase our turnover up to 15 million euros. Today we produce three to four tonnes of meat products a day; as from 2017, roughly 20 tonnes will roll off the production line. With that, we can also increase our export business.

**What are your export goals?**

Up to now, we have sold our products to neighbouring Central Asian countries. That is done via middlemen who buy from us and take care of the necessary export documents and everything else. About 20 per cent of our production is exported this way. In the future, we want to include exporting in our corporate strategy and establish an export department. We plan to increase the export share to 70 per cent. For a start, we want to supply the countries in the Eurasian Customs Union, then China and Europe. By the way, Germany is also one of our target markets. The new factory will lay the foundation: with it, we will not only increase our capacity, but also the quality of our goods.

**Thank you very much for the interview!** ■



Cross Culture or Intercultural Bridge Building

East and West



In recent decades, interest in research into business culture in different countries and the use of these results for management practice has increased enormously. On the basis of specially developed questionnaires, 22 Azerbaijani executives, who completed their MP training in autumn 2016 in Tübingen, provided an insight into the cultural differences between business culture in Azerbaijan and Germany.

In the course of globalisation and extensive immigration flows, studies on intercultural communication are becoming increasingly important. Where the business cultures of individual countries meet, there is always also interaction between different systems of values. International economic relations take place at the interfaces of different cultural areas. The more cultural areas that meet, the more difficult it becomes to build well-functioning economic relations. Often the reasons for problems in cross-border business dealings do not lie in the wrong economic decisions but in intercultural inconsistencies.

Azerbaijan sees itself as a cultural nation at the crossroads between the Western and Eastern civilisations. Several different religions have converged here – from Zoroastrianism to Christianity and Islam. The resulting exceptional tolerance led to the creation of an open cultural area. It formed the foundations for the accept-

ance of new ideas and doctrines and the development of strong communication skills that are typical of Azerbaijanis.

The analysis of the interviews revealed the following cultural differences between both countries:

- Business culture in Germany is linear-active and primarily aligned to business. There is a clear division between business and private spheres. Economy of time, solution orientation and strict adherence to plans are the most important values.
- Business culture in Azerbaijan is multi-active. The representatives of this culture are more emotional, communicative and accustomed to doing several things at once. The human factor is at the centre of task-solving, and the process does not run according to a plan but depends more on how interesting or significant a

work stage appears to be at a particular time.

The representatives of the multi-active culture type place interpersonal relations at the centre, take family relationships into consideration and have a more informal manner. They include events and business perspectives in an overall context of personal talks and meetings.

Representatives of multi-active cultures do not meticulously observe times fixed for business appointments. Being slightly late is considered normal and certainly not as disrespectful to the dialogue partner. As a rule, meetings begin with small talk, e.g. also about the family and gradually move on to the actual subject at hand. However, religious or political topics are an absolute taboo.

During negotiations, Azerbaijani dialogue partners sometimes pay a lot of attention to “secondary” topics, which can make the negotiation process lengthy. When making business appointments, we should therefore take into account that representatives of multi-active cultures have their own “perception of time” and that negotiations can therefore take a very long time. Negotiation partners who are not prepared to accept this should rather not sit down at a negotiation table in the first place.

Regarding time management, both approaches have their advantages and disadvantages. Germans often criticise Azerbaijanis as lacking a sense of duty; Azerbaijanis consider Germans to be inflexible and have a fixation about time. Both points of view are legitimate when seen from the perspective of the own culture – problems only arise through the interaction of the systems. Germans working in Azerbaijan have to adjust to constantly changing attitudes of the Azerbaijani partners regarding schedules, and Azerbaijanis have to learn to respect the typical German adherence to schedules. Germans are annoyed if appointments/deadlines are not kept. On the other hand, Azerbaijanis find it annoying if their partners keep looking at the clock.

In Germany, everything is planned in good time and well in advance. Business meetings are formal and the agenda and time frame are strictly observed. The

course of negotiations appears to be relatively inflexible, but they are thorough, detailed and include intensive discussions. Emotions are not important in negotiations, and if partners seem to be unprofessional, they are immediately replaced by more competent ones.

In the Azerbaijani business culture, personal relationships play an important role. Successful business relations with an Azerbaijani partner are only possible if a trusting, close and friendly relationship has been established.

The dominant business and corporate culture in Azerbaijan is based on the family structure. Here the “eldest”, i.e. the boss, determines the procedure. The boss is the authority and their instructions are followed without further discussion. That is why delegating authority in Azerbaijani companies is a difficult process. Subordinates’ personal competencies are often not clear to outsiders because the responsibility for all consequences of action taken in the company lies with the “eldest”, i.e. the company’s management.

Social status plays a large role in Azerbaijani society and saving face is extremely important to Azerbaijanis. A subordinate will never draw attention to mistakes made by a superior because, in this culture, that would cast doubt on the superior’s actions and hence also on his personal skills and capabilities.

In Germany a collegial, democratic management style is common under which the employees take part in decision-making,



Cologne, Germany

the individual’s own initiative is welcomed and responsibility delegated, whereas the management style in Azerbaijan is rather authoritarian and patriarchal. Here the manager is not only at the top of the hierarchy but, in a way, also plays a father role. The manager does not only give instructions but also looks after their employees in all situations. Superiors can reprimand employees at any time, but subordinates are not allowed to even slightly criticise superiors.

During the discussion within the group, the following question kept arising: Are things really so different in Germany from those in our country? Naturally, no one likes being criticised, but in Germany criticism is seen as an opportunity to avoid repeating mistakes. A relevant discussion between employees and their superior is entirely normal; employees are not appreciated for servility but for their initiative. Here criticism is, so to speak, an inherent

component of communication. It is not necessarily taken personally; it is understood that it is not the person who is being criticised but their actions. In Azerbaijan, on the other hand, criticism is normally taken as a personal insult.

Particularly here the difference in cultural standards becomes clear. The distinctive feature of communication according to German style is its directness. Why hedge around a subject if you can save time by coming straight to the point? Azerbaijanis, on the other hand, are accustomed to using hints. They assume that their dialogue partner will understand what they mean. They communicate through the unspoken and ulterior motives.

In order to be successful in negotiations, you need to know these differences in mentality, must not take them personally and should consider them when making decisions. It is only possible to develop a strategy that is fair to both parties if you know exactly who you are dealing with. Most of all, the negotiation process should be understood as cooperation and not confrontation.

Societies are described as being open or closed, emotional or reserved. However, affinity can only develop through respect for the other person’s culture. Finding common ground and building intercultural bridges are all it takes. ■



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



Baku, Azerbaijan



# Presenting Your Enterprise in a Compelling Way

The successful presentation of your enterprise is one of the many steps to business success. MP participants learn this no later than when they come to Germany and must interact with their potential business partners. But what is the best way to captivate German business partners? Particularly when it comes to presenting your business, there are as many preferences as there are different cultures. Because it is not about one's own personal aesthetic perception but rather that of the business partner from another cultural context, it is extremely important to observe a few fundamental rules. Advisor Jutta Portner shares some useful tips and tricks.

Pragmatism tends to prevail in the German business world: efficient meetings, clear presentations and rather emotionless communication. After making it over the first hurdle of arranging a preliminary meeting, the next challenge for foreign managers involves winning potential clients over with a compelling business presentation. Five key questions in this are: how do I prepare effectively for a business presentation in Germany? How do I overcome my nervousness before my first presentation? How do I achieve the most persuasive body language? How do I create the optimal slides for German business partners? How do I react confidently to unexpected situations?

1. How do I prepare effectively for a business presentation in Germany?

In Germany, business partners appreciate brevity and concise communication. A good presentation impresses with clarity and a meaningful structure. As a rule, set aside two thirds of the allotted time for an open, group discussion. Your business presentation should never last longer than 20 minutes. Sort and filter information, as appropriate. Always ask yourself “What information is really interesting for my clients?”. Most clients do not want to be shown a tiresome organisational chart. Pictures of your offices are also boring – as impressive as they may be. Instead your potential client will want a solution for their problem. They want to understand that you are exactly the person to be able to offer this. The



MP participants from Eastern Europe during training

tried-and-tested “persuasive selling format” can help in this:

Persuasive selling format

- 1. Describe the customer's need
- 2. Present your business/service/product
- 3. Explain how a solution could be implemented
- 4. Reinforce the key benefits and advantages
- 5. Suggest the first simple steps to take

2. How can I overcome my nervousness before my first presentation?

Take the same approach as Apple's former CEO and gifted product presenter, Steve Jobs: practice, practice, practice. While the presentations that Jobs delivered always seemed entirely effortless, they

required a great deal of training. Always recall successes and use these promising moments to radiate both inside and out. The 4-S rule will help you to remain calm and focussed in the first few minutes of your presentation.

4-S rule

The first ‘S’ stands for “STAND!” and thus for the right stance and posture. Try to minimise the distance between you and your discussion partners. Do not hide behind flip charts and tables. Adopt a stable stance and ground yourself on both legs, as if you were a tree taking root.

The second ‘S’ stands for “SEE!”: make eye contact with your German business partners. Enjoy the silence and allow a few seconds to pass to build tension.

The third ‘S’ stands for “SOOTHE!”: take another deep breath before you start talking to soothe your nerves. When people are agitated, their breathing is often too shallow and they appear short of breath. With enough air in your lungs, your voice will be loud and have the necessary volume.

The fourth ‘S’ stands for “SPEAK!”: it is acceptable to learn the first and last sentences of your presentation off by heart. “Buckle up for the take-off and landing,” is the motto here. For these are also the most critical phases in aviation when the most accidents occur.

3. How can I achieve the most persuasive body language?

Did you know that us humans have “mirror neurons” in our brains? These help us to sense how other people are feeling. Put simply, this means that meeting someone friendly will trigger a friendly response in us. An unfriendly business partner will trigger negative feelings. The most important tool at your disposal to trigger a positive response in your business partner is your body. In body language, we differentiate between signs of high and low status (see table). Confident individuals assume a high status to express their dominance. People assume a low status to express their willingness to accept a subordinate role/position. Different effects are achieved depending on whether we assume high power or low power poses. If a dominant business partner enters the room, they generate attention and acceptance with their natural authority.



Discussions during the seminar

However, too high a status can also be perceived as aggressive. A business partner wishing to convince others of their suggestions will struggle to do so with low status poses. Consciously learn high and low power poses before the presentation to influence the impact you have on your business partner. This works in both directions. Dominant negotiators wishing to cooperate are able to consciously assume less dominant stances. Negotiators wishing to demonstrate resistance and to assert themselves are able to consciously assume high power poses.

4. How do I create the optimal slides for German business partners?

Modern presentations work like advertising and contain lots of images and

just small amounts of text. The idea is that information shown as images is stored deeper in the brain and more permanently. In this day and age, modern media mean that we are used to rapid changes in image sequences. Do not use full sentences on your slides – explain your bullet points instead. Use just a few bullet points and always remember that less is more. Ideally, you will have two presentations: one being your actual presentation and one containing all the details that you can send later or distribute as a handout. Charismatic presenters use storytelling to captivate their audience with anecdotes. Always remain objective though and do not exaggerate. Do not forget that in the business world, a professional appearance is important for credibility. For graphical presentations,

	High Status	Low Status
Eye contact	Intense eye contact and confrontational body language	Fleeting, nervous eye contact
	Blinks as little as possible, waits until the other person looks away	Breaks off eye contact, then rapidly looks back again
	Eye contact of approx. 3 seconds is considered agreeable	Looks down with head turned to side
Use of space and gestures	Spreads out documents on conference table, takes up the most space	Makes themselves smaller, does not want to take up any space
	Large, elaborate gestures	Small, erratic gestures
Stance and foot positioning	Wide stance, shoulder rather than hip width	Narrow stance
	Solid grounding, weight evenly distributed on both legs	Alternating standing leg
		Feet tend to be turned in
Chest and shoulders	Chest extended forwards	Chest pinned back
	Shoulders pressed down and back	Collapsed shoulders
Head position and movement	Head straight	Head tilted to one side
	Chin extended forward	Head movements fidgety and nervous
	Slow head movements	Chin supported while speaking
Facial expressions and smile	Small/no smile underlines the seriousness of the situation	Big smiles, often combined with frequent nodding
	Poker face so as to not reveal any emotions	

this means not using too much colour – no more than four. Ensure you always remain consistent. Your enterprise's logo should appear on every slide/page. It should be possible to rapidly find your references and contact information.

5. How do I react confidently to unexpected situations?

Everything was going well – and then it happened! Unexpected disruptions unsettle presenters. They become uncertain – or worse still, suffer a complete blackout. Take the following preventive measures to avoid this: consider beforehand what could happen and how you would deal with these situations.

Four classic stumbling blocks and the best practical tips to deal with these

1. Unexpected questions come up. Tip: never give ‘fake’ answers! No one is perfect – simply promise to obtain an answer to the question and inform the inquirer at a later date.

2. Help, the technology has failed! Tip: take your own personal equipment with you. Ideally, also take your presentation with you on a USB stick as backup. In case of an emergency, ask a technician for help.

3. Yawn! Your audience appears disinterested or tired. Tip: remain brief and attempt to enter into a dialogue as soon as possible rather than continuing your monologue.

4. “What’s the word again?” Tip: if you find yourself struggling to find a word in English, remember that most business partners do not speak perfect English either and will be understanding if you struggle to find a word from time to time. Describe the term instead or do not be afraid to even ask your listeners.

Germans are generally pluralistic and tolerant. They love diversity and are liberal-minded. If you heed these tips and tricks, you will be able to get your presentation off to a good start – and therefore also your negotiations with potential business partners. ■



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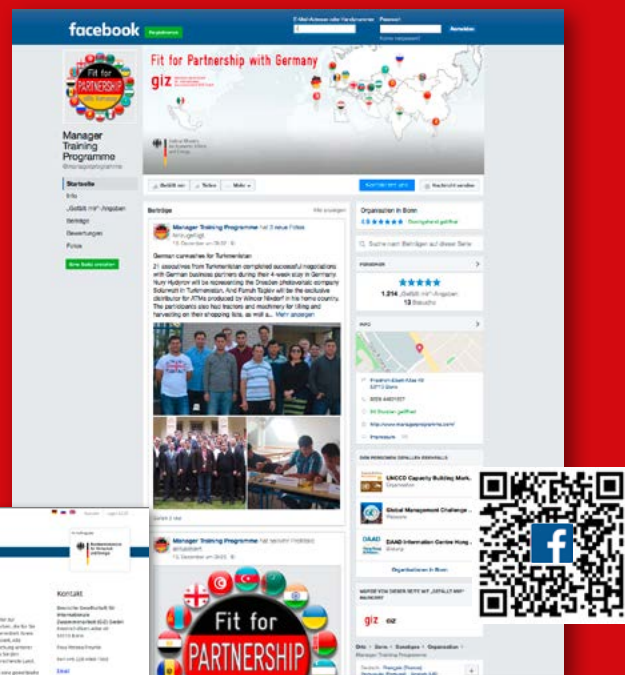
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