InnoSME

Promoting Participation of Innovative SMEs through Regional Networking

SMEs Report

July 2007

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1. Introduction

The SMEs Report is based in the data obtained from two sources:

1. the information provided by SMEs when they are registered in the InnoSME database, and
2. the information provided by SMEs when they fill-in the self diagnosis questionnaire.

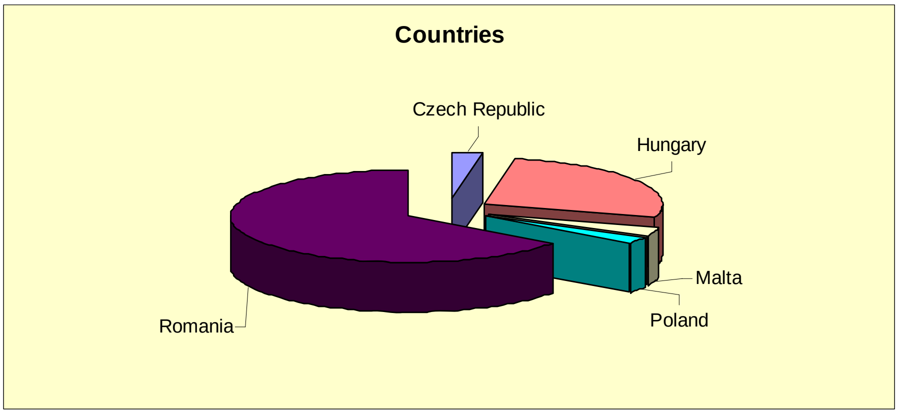
These two series of data allow the analysis of the whole innovation system and capabilities in the companies and, at the same time, produce some general characterisation of the companies regarding their location, activities and products and size.

This first Report contains limited information, due to the fact that the system and the database are open one month only. When the data were obtained, the number of companies in the database was 37.

InnoSME will produce an update of this report on a six monthly basis; the next one will be available on December 2007.

2. Characterisation of SMEs

The initial SMEs taking part in the project (registered in the Web database and filling in the questionnaire), come from the countries that have become stakeholders from the first stages of the project: Romania, Hungary, Czech Republic, Poland and Malta.

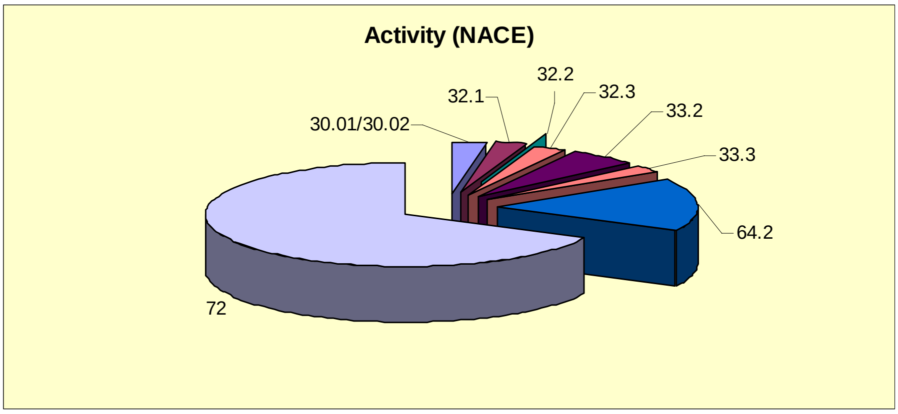


It is clear that the proactive work of the stakeholders is crucial for the involvement of the SMEs, as was detected in the studies previous to launching the project.

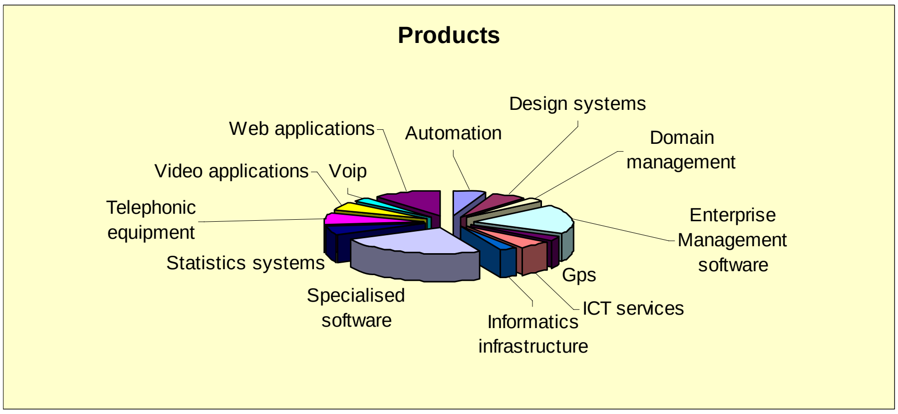
Regarding the activities of the companies, the following NACE codes are involved in the project:

30.01/30.02	Office, accounting and computing machinery
32.1	Electronic valves and tubes and other electronic components
32.2	Television and radio transmitters and apparatus for line telephony and line telegraphy
32.3	Television and radio receivers, sound or video recording or reproducing apparatus and associated goods
33.2	Instruments and appliances for measuring, checking, testing, navigating, and other purposes
33.3	Industrial process equipment
64.2	Telecommunications
72	Computer and related activities (including software development)

The major part of the companies present in the database has as main activity the ‘computer and related activities’, including software development. The second group is related to telecommunications.

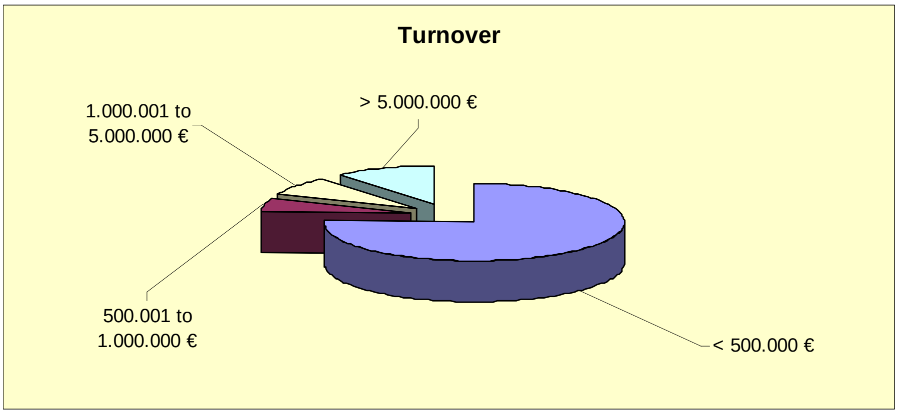


A more detailed view can be obtained from the declaration about the products and services that the companies offer in the market.



The specialised software and the enterprise management software make up near the forty per cent of the total. Other significant items are Web applications and telephonic equipment. Less important are automation, design systems, ICT services, statistics systems and video applications.

Regarding the size, taking into account the annual turnover, the first impression is that a majority of the companies are small, under 500.000 € of yearly turnover.

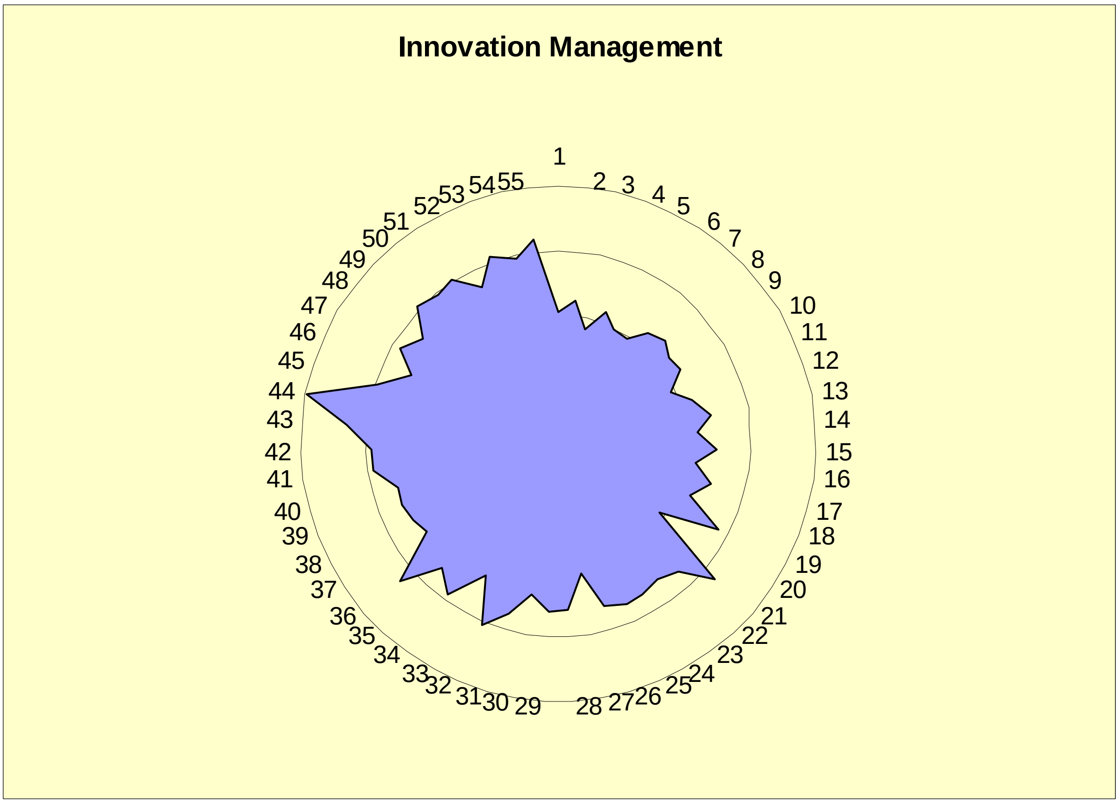


On the other side, around ten percent have a turnover over five million Euro.

In any case, these are preliminary data that will be corrected in the future with the incorporation of new SMEs to the project.

3. Self-diagnosis Results

The average value for the companies filling in the self diagnosis questionnaire is 2.58 (from 0 to 4). This value confirms that the SMEs are innovative, but are far off the excellence for the moment.



As we can see in the graph, the values are distributed in a non-uniform way. For this reason, it is necessary to go in-depth, analysing the values in the different criteria.

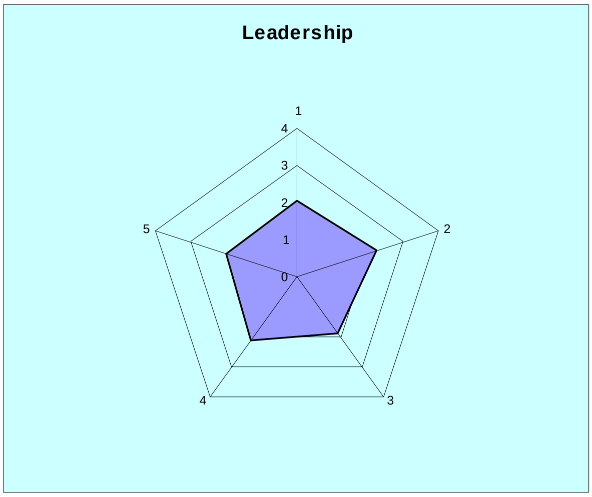
3.1. Leadership

The average value for the Leadership criterion is 2.05; significantly under the global average.

The value has no big differences for the different questions.

The general position is that the companies carry some innovative activities in this criterion, but without a defined system.

The weakest point is the management's commitment towards innovation; innovation seems to be more an attitude that an organised system.

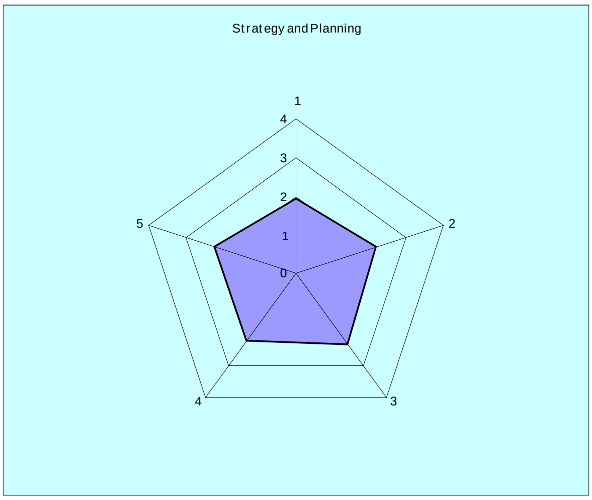


This aspect will appear in other criteria.

3.2. Strategy and Planning

The average value for the Strategy and Planning criterion is 2.17; under the global average.

The value has no differences in the different questions.



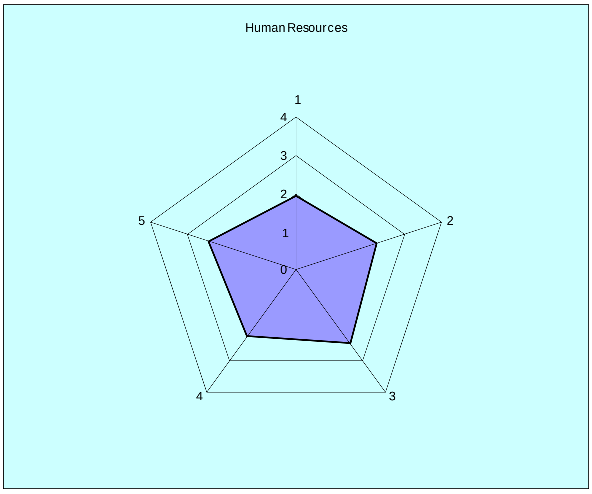
The weakest point is that the formulation of strategies and plans is not based on relevant and thorough information, confirming the situation of the previous criterion.

3.3. Human Resources

The average value for Human Resources is 2.23; under the global average.

The value has no big differences in the different questions.

The weakest point is the Staff selection policies, that are not well defined, and the criteria for selection and hiring, none based in a sound functional job description.



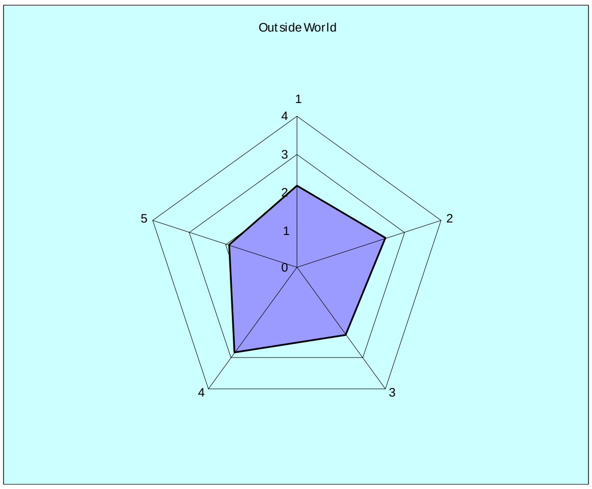
The strongest point is the allocation of the human resources in the projects, based on the specific workload and the priorities of the companies.

3.4. The Outside World

The average value for the Outside World criterion is 2.30; under the global average.

The value has significant differences in the different questions.

The weakest point is that there is no regular cooperation with technological institutions for information exchange, training and research activities.



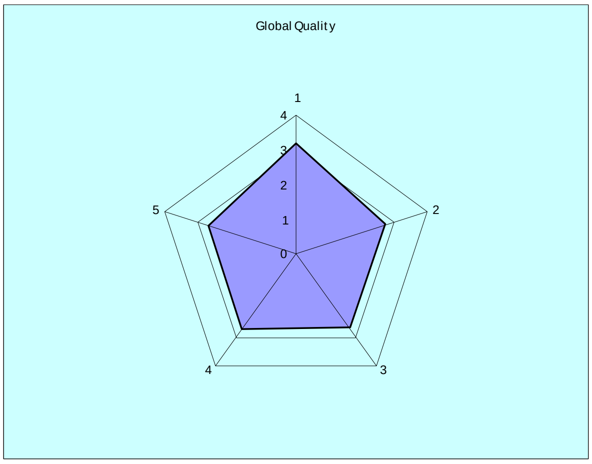
The strongest point is that the companies sistematically collect and store technological information from several sources.

3.5. Global Quality

The average value for Global Quality is 2.78; over the global average.

The value has differences in the different questions.

There are no weak points in this criterion.

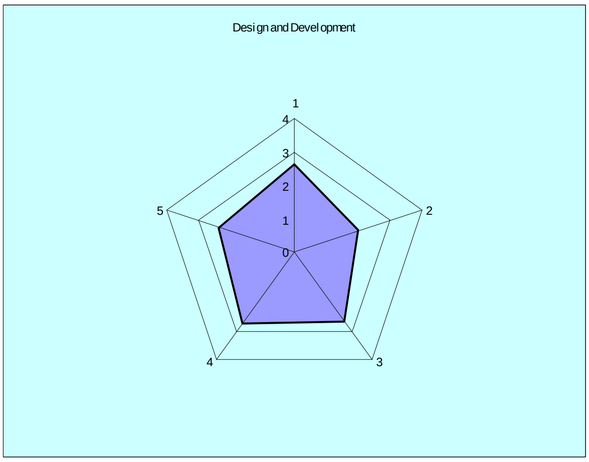


The strongest point is that the knowledge of customers needs and opinions is considered a key factor, and there is a sistematic collection and analysis of this information by specific company staff.

3.6. Design and Development

The average value for Design and Development is 2.45; lightly under the global average.

The value has no big differences in the different questions.



The weakest point is the lack of self-sufficient design teams with enough resources to cope with the design activities, which are not fully planned in advance.

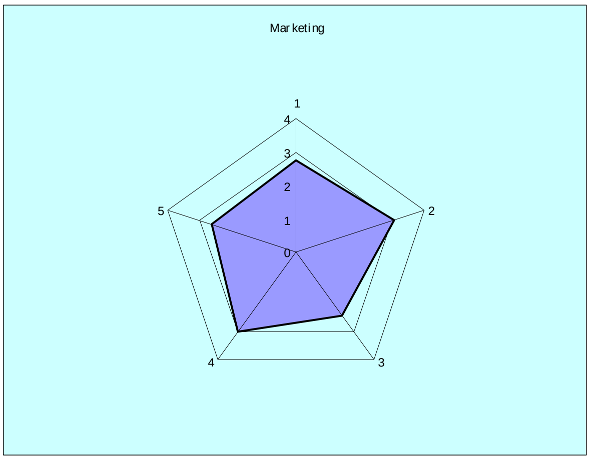
The strongest point is that the production planning is systematically used, and resources and costs are controlled during production.

3.7. Marketing

The average value for Marketing is 2.70; over the global average.

The value has differences in the different questions.

There are no weak points in this criterion.

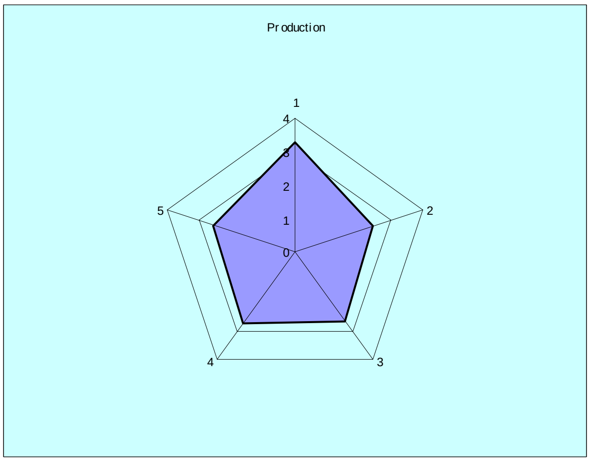


The strongest point is that the companies seek actively, but randomly, collaboration with other companies in the sector looking especially to innovation and development synergies.

3.8. Production

The average value for the Production criterion is 2.69; over the global average.

The value has differences in the different questions.



There are no weak points in this criterion.

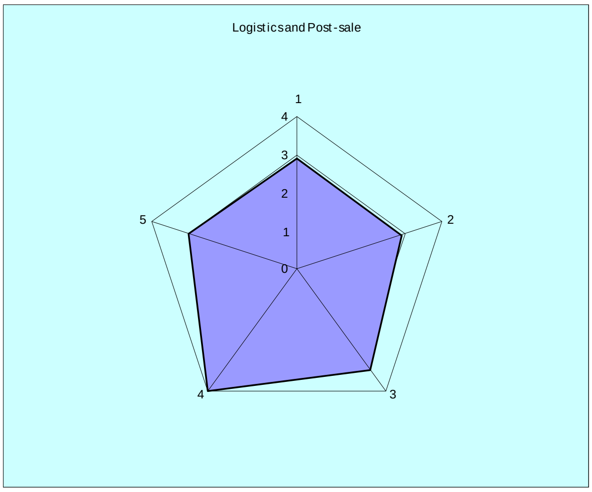
The strongest point is that there is a complete set of specifications before production on a new product is started, including instructions to meet quality standards. Specifications are changed in some cases during the product life.

3.9. Logistic and Post-sale services

The average value for Logistics and Post-sale services is 3.21; clearly over the global average.

The value has significant differences in the different questions.

There are no weak points in this criterion.



One point is near the excellence: the post-sales policy of the companis covers the whole life cycle of the product and includes maintenance and problem solving.

Other strong point is that there is an established procedure to collect customer feedback until a certain period after delivery and installation of the product. This information is used to review design and production processes.

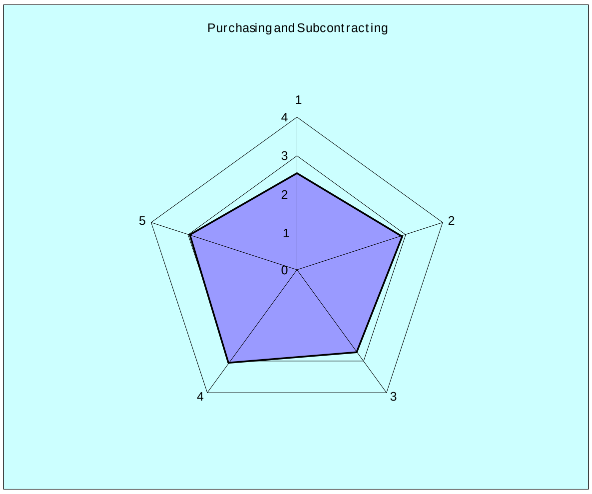
3.10. Purchasing and Subcontracting

The average value for Purchasing and Subcontracting is 2.82; over the global average.

The value has differences in the different questions.

There are no weak points in this criterion.

The strongest point is that the companies outsource activities based on a defined policy that takes into account quality, delivery service, costs, available resources and management of the company knowledge.



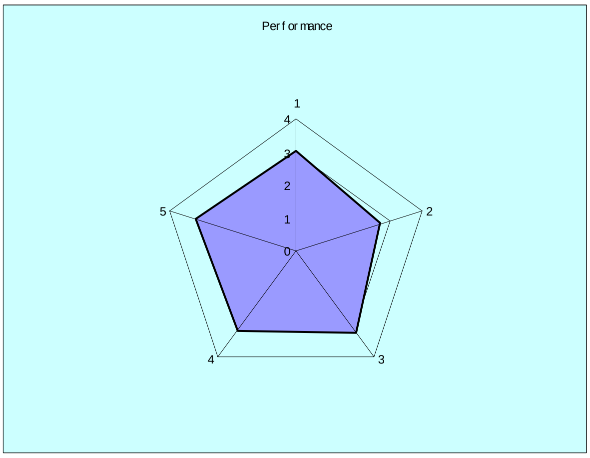
Another strong point is that there is providers' traceability for the major part of the final products and customers.

3.11. Performance

The average value for the Performance criterion is 3.00; clearly over the global average.

The value has differences in the different questions.

There are no weak points in this criterion.



The strongest point is that all the staffs of the companies are concerned about the image of the company and its perception by customers. Information is widely distributed and suggestions and initiatives are accepted from all the areas.

Other strong points are that the management tries to benchmark their financial results and indicators with other companies in the sector and that all the companies' staffs are involved and committed to the customer satisfaction objectives, and there is a policy about distribution of information concerning this topic also.

4. SWOT Analysis

Applying the SWOT analysis methodology defined in the project, and used with the companies, to the global results of the companies, we obtain the following results.

Regarding the strong and weak points:

	Strong Points	Weak points
Level 1	Logistics and Post-sale Performance Purchasing and Subcontracting Global Quality Marketing Production	---
Level 2	Post-sale Service Customer feedback Product Specifications - Instructions Company Image Customer's needs Financial Indicators External Collaboration Outsourcing Customer satisfaction New versions Innovation Indicators Provider traceability Inventory and Delivery Control State of the Art Marketing Tools Production Traceability Purchase Monitoring and Control Technological Information Market needs Knowledge Quality Staff Involvement Customer service Indicators Continuous Improvement Quality Certification Reception Innovation in Sales Production Planning and Control Quality System Sources of Ideas Production process Quality Prototype Development Production process Improvement Production Management Providers Selection	Innovation Vision Technological Cooperation Selection Policies Strategies Formulation Innovation Promotion

Regarding the priorities where to act:

Improvement Plans	
Priority 1	---
Priority 2	Innovation Vision Technological Cooperation Selection Policies Strategies Formulation Innovation Promotion
Priority 3	Organisation Structure Design Planning Management's Commitment Human resources Policies Environmental Concern Strategies Evaluation Staff Participation Innovation Incentives Networking Innovation Strategy Communication Strategies Promotion Innovation in Products and Processes State of the Art Design Tools Staff Training Production Planning Human resources Objectives Competitors Knowledge