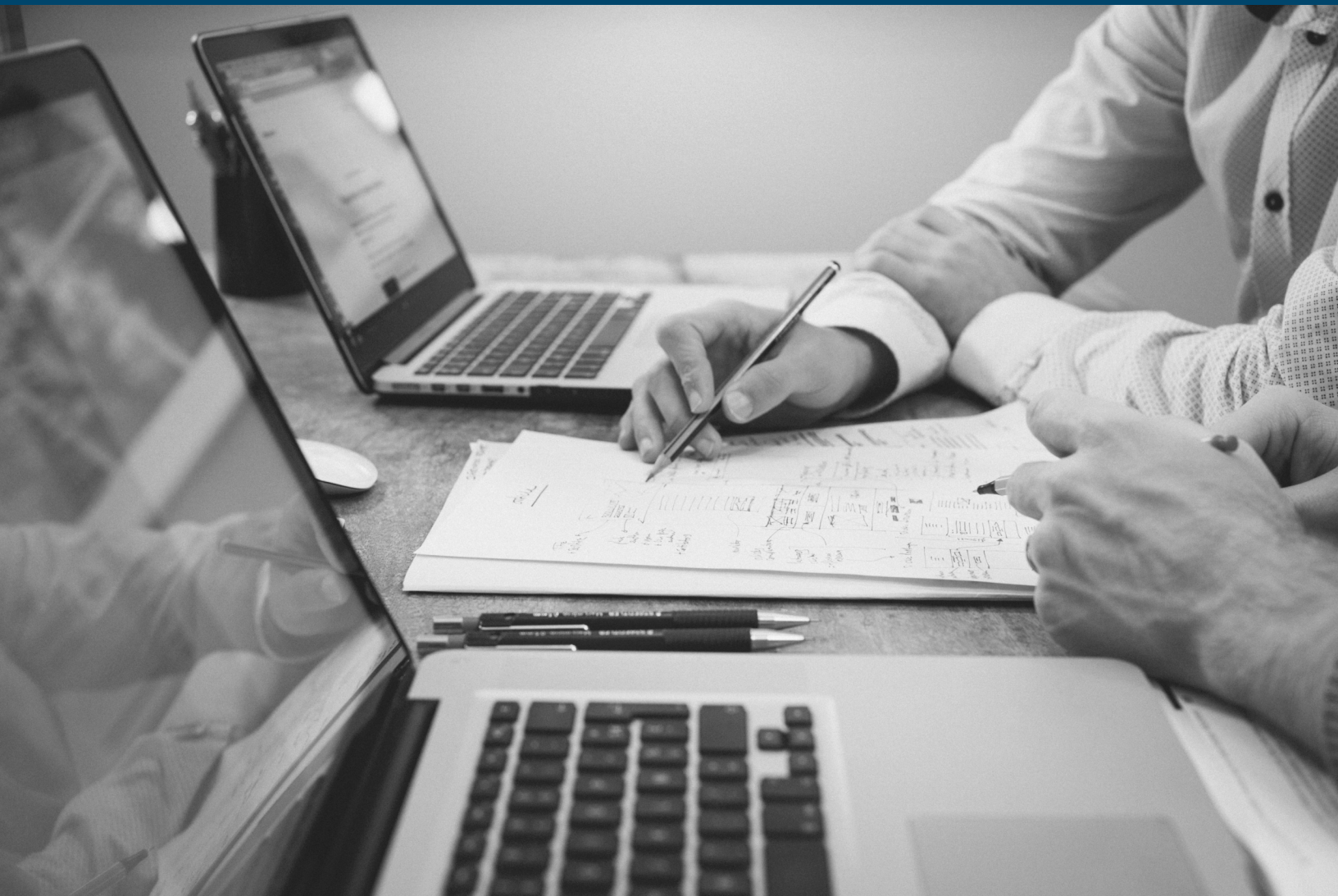


2016

A Practice Guide for Designing and Implementing smE-MPOWER-based Coaching Schemes



This Design Option Paper was prepared by the team of Peer-BIT project:

Jindřich Weiss, JIC

Arvydas Sutkus, LIC

Udo Gennari, BIZ-UP

Christoph Meier, platinn

Andreas Wolf, Shifthappens

Susanne Lüders, Saxony Anhalt

Aleš Boček, JIC

Pavel Csank, JIC

Adéla Hradilová, JIC

Pavla Matulová, JIC

Ondřej Petrášek, JIC

Tereza Tomíčková, JIC

Iva Walterová, JIC

Manfred Ruhmer, BIZ-UP

Stéphanie Pellet, platinn

TABLE OF CONTENTS

4	Introduction
5	Part 1: The smE-MPOWER coaching system
10	1. Methodological building blocks
10	1.1 Life Cycle Model
13	1.2 Business Innovation Model
18	1.3 Object-Subject Model
20	2. Key account manager (KAM)
22	3. Business innovation Coach
26	4. Knowledge library
28	5. WEB platforms
37	Part 2: Designing and Implementing smE-MPOWER-based Coaching Scheme
37	Why to invest into business innovation coaching of SMEs? Reasoning for policy makers
38	How to implement and run the regional coaching scheme? 11 key success-elements
40	Setting up the coaching scheme (building blocks)
40	Element 1: Regional commitment and stable financing
41	Element 2: Implementation agency with a leader
42	Element 3: Common understanding of business innovation approach
42	Element 4: Access to SMEs and understanding their needs
43	Element 5: Access to coaches
44	Element 6: Organizational design of collaborative network
45	Measuring, improving and maximizing the impact
45	Element 7: Active usage of coaching tools
45	Element 8: IT-based network management system
46	Element 9: QA system for coaches
47	Element 10: Advanced monitoring and evaluation system
51	Element 11: Involvement of coaches of other regions
52	Conclusion
53	Annex I: Example of a SME coached by smE-MPOWER methodology

INTRODUCTION

Small and medium-sized enterprises (SMEs) represent a crucial economic driver employing around 67 % of the EU working population¹. They are considered to be a key to ensuring economic growth, innovation, job creation, and social integration in the EU. Thus, policy makers seek efficient support tools and activities for accelerating growth of SMEs in their regions.

In the course of the last few years, a substantial shift from subsidy-driven schemes towards individualized demand-led programmes for SMEs can be observed. In this context, more and more regions recognize the value of coaching programmes, which nowadays become one of the most promising types of innovation support.

A public intervention through a SME coaching scheme can be justified by following three types of market failures:

- SMEs are very often locked in their “bubble” and especially founders are reluctant to easily accept external help with strategic decision-making.
- Some of the SMEs have already used advisory services offered by private consulting companies. However, the quality of advisors varies significantly and thus, SMEs sometimes spend time and money on services with no or even negative impact.
- In case an SME can recognize value of business coaching and is looking for a high-profile coach, SME realises that s/he is very often too expensive.

Thus, a coaching by an acknowledged/certified business coach subsidized by public sources can be extremely helpful and can be considered to be an adequate reply to above listed market failures.

A number of European regions² are considering the option of introducing efficient coaching scheme for SMEs or would like to improve their existing schemes. In several European regions as well as within the coaching service of the SME Instrument, the smE-MPOWER methodology (explained in Part 1) has been adopted and utilized. In this context, the main goal of the present Design Option Paper (DOP) is to increase the quality of coaching services provided to SMEs by exploring possibilities of effective implementation of smE-MPOWER throughout a number of regions. Keeping in mind that starting position among regions varies a lot, the implementation handbook targets the innovation agencies by exploring best practices and recommendations for setting up, implementation or improving coaching schemes in regions with different default framework conditions (explained in Part 2). Thus, it aims to help the agencies with designing and implementing a regional coaching scheme. It is a result of a project “Peer-BIT” and the joint effort of five European regions: South Moravia, Lithuania, Upper Austria, Western Switzerland and Saxony-Anhalt.

¹ http://ec.europa.eu/eurostat/statistics-explained/index.php/Statistics_on_small_and_medium-sized_enterprises

² The DOP can be applied to countries, as well.

PART 1: THE SME-MPOWER COACHING SYSTEM

smE-MPOWER stands for an effective business innovation coaching system. Initiated in 2005 as a European project with specific focus on research intensive SMEs (see box beside), nowadays, it targets the business innovation system of SMEs in general. This includes traditional companies as well as fast growing high tech firms from emerging sectors.

The coaching system is the result of a step-wise development process. In 2002, Western Switzerland decided to focus their Regional Innovation Strategy on the untapped innovation potentials of SMEs. There was evidence that almost half of the SMEs' innovation projects weren't implemented successfully due to notably internal shortfalls. In contrast to the traditionally supply minded innovation policy, the regional choice centred clearly on a need and demand driven approach. Almost in parallel, the EC launched discussions on how to improve the poor exploitation performance of R&D results by SMEs. They addressed this issue by the EC-Supportive Action programme, within which the smE-MPOWER project proposal got approved in 2005. Motivated by positive feedbacks from enthusiastic SMEs, the project team initiated the international smE-MPOWER community by the end of the project in 2008. The mission of this community was to further develop and to disseminate the proven coaching approach. Since then, smE-MPOWER progressed towards a transferrable and scalable system with implementations in plattin (Western Switzerland), JIC (Brno region of the Czech Republic) and by the SME Instrument (European Union).

smE-MPOWER provides "take-away" on two levels. The first one concerns the Coaching System and the second one the WEB Platforms.

Coaching System

The Coaching System comprises the two critical job profiles and two groups of knowledge.

Methodological building blocks: A collaborative network of actors needs a shared language and a common understanding of business innovation dynamics in SMEs. smE-MPOWER provides three methodological building blocks:

- I. The life cycle model
- II. The business innovation system
- III. The subject-object interaction.

Key Account Manager (KAM): The KAM has a generalist and integrator function which requires a geographical proximity to SMEs. The key tasks are:

- I. to help the SME identify coaching priorities;
- II. to help the SME identify and source coaches that are right for the company;
- III. to link the SME to additional support services available regionally or nationally;
- IV. to navigate the SME successfully through the business innovation stages.

"The matchmaking was perfect for us. Eventhough, we already had a draft version of business models etc., he brought in new perspectives that we are currently considering and that will change not only the business model but the way we will package the product and take it to market."

Mirco company, IT

Business innovation Coach: The business innovation coaching mission is to empower SMEs in their efforts and challenges towards successful implementation of their business innovation. smE-MPOWER prescribes the coaching philosophy and provides four reference coaching profiles regrouping recurrent need areas of SMEs:

- I. Business development (market)
- II. Organisational and resource development (performance)
- III. Cooperation (partnerships)
- IV. Finance (investment).

Knowledge library: A need and demand driven coaching service postulate a high responsiveness with regards to the SME's situation. A comprehensive library of methods and tools covering the most critical SME requests serves to backup coaches. The tools are specifically designed for SMEs use. In particular,

- I. they are highly interactive;
- II. they provide visual interfaces;
- III. they are focusing on the essence by applying the 20/80 Pareto rule.

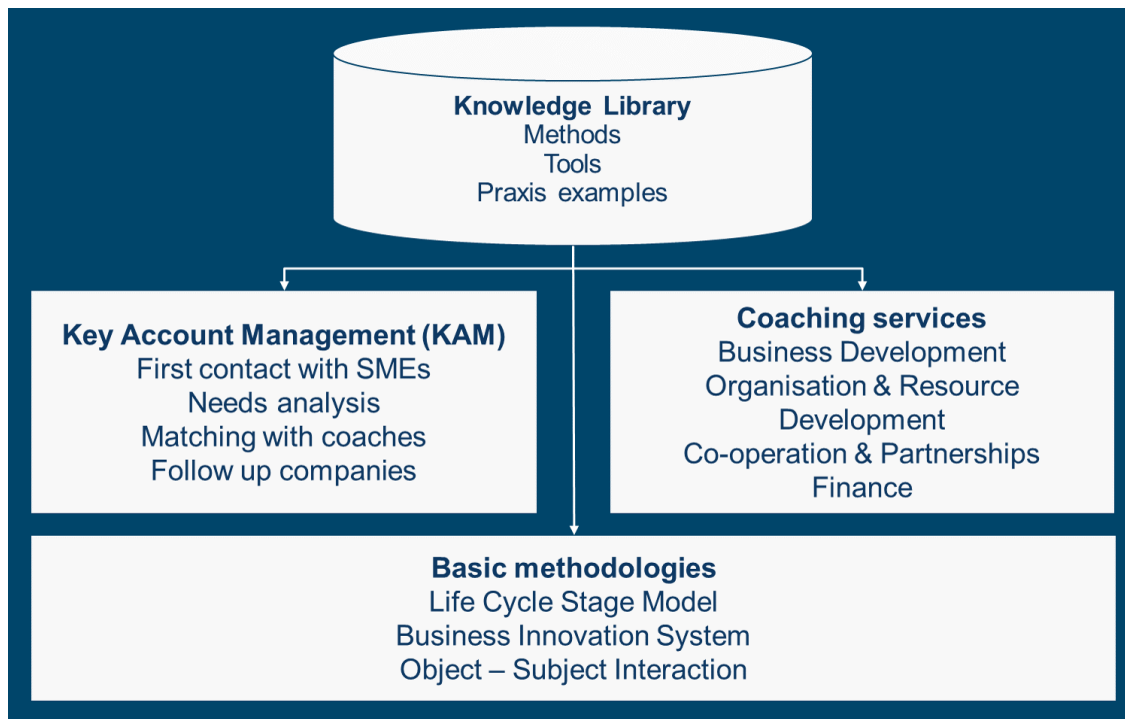


Figure 1: smE-MPOWER coaching system

WEB Platforms

Any demand and need led coaching system presumes a complex network organisation incorporating different stakeholders and claiming specific management tasks for horizontal and vertical co-ordination. This complexity is further increased by the critical mass of actors, generally required for achieving a high responsiveness to the diversity of SME needs.

Related organisational issues became a second major concern of the smE-MPOWER community. In 2014, when the EC decided to scale-up their coaching scheme for the SME Instrument by propping on smE-MPOWER practices, the development of a professional WEB based support system came on the top of the agenda. Since then, a substantial development and validation process has been realized, so that smE-MPOWER community can offer its three modular platforms to regional and other support organisations.

CaseTracker: The CaseTracker platform is the information backbone of the collaborative coaching system and it assures high level reporting to the political stakeholders. Its functionalities cover the following three main processes:

- I. Operational process, which includes in particular the daily tasks of the programme management, of the Key Account Managers (KAMs) and the coaches. The online CaseTracker system is a single platform used by all these actors to process the SME's business innovation case and to manage and record KAM and coaching activities within a SME support programme.
- II. Strategic process, which includes tasks such as business innovation intelligence, Key Performance Indicators (KPIs) and on-line reporting.
- III Resource management platform, which includes the interfaces to the coach database (CoachMatch) and to the knowledge library (KnowledgePortal).

The CaseTracker contains information on customer SMEs, on their needs, on coaching and on impact indicators. It is recommended to host the CaseTracker on a dedicated server under the responsibility of the programme scope.

CoachMatch: A prerequisite for effective coaching is the match between a SME's need profile and the Coach's competence profile. The CoachMatch WEB platform aims this fit. It offers the following functionalities:

- I. Coaches can login and define their competence profile. The classification system is identical to that of the needs analysis in the CaseTracker. They can apply for becoming part of a coaching programme.
- II. The programme manager or resource manager gets alerted of new coach applicants and decides on accreditation.
- III KAMs who are searching coaches for specific SME's needs can match them with the coach profiles and establish a short list for the SME concerned. Finally, the SME can decide about her/his coach.

There is one central CoachMatch server, currently with over 1000 coach profiles. For each coaching programme a specific host account will be opened. This allows synergies between the coaching pool of different programmes and permits low access costs (SaaS, Software as a Service).

KnowledgePortal: SMEs are generally managed by people who prefer making their own decisions, based on rational arguments and a clear logic. A distinctive characteristic of the coaching philosophy is its claim to empower SMEs: SMEs will have to acquire relevant knowledge for solving their challenges! Thus, the professional experience of a coach shall be combined with transferrable knowledge in form of methods, tools, good/bad practice etc. This knowledge content is rich and dynamic. The KnowledgePortal offers access to this library of proven support material. It has several functions:

1. The newest versions of the smE-MPOWER toolbox is uploaded on the KnowledgePortal.
2. Users can submit knowledge material for evaluation and for alpha use.
3. A team of smE-MPOWER evaluators assesses the knowledge material, initiates improvements with the autor(s), contextualizes the material in the knowledge classification system, and finally labels them.
4. Users can search specific knowledge material throughout four search modi: a) by search criteria; b) by Business Innovation areas; c) by life cycle stages, and d) by coaching services.

The KnowledgePortal is provided throughout a central server and accessible as a SaaS (Software as a Service).

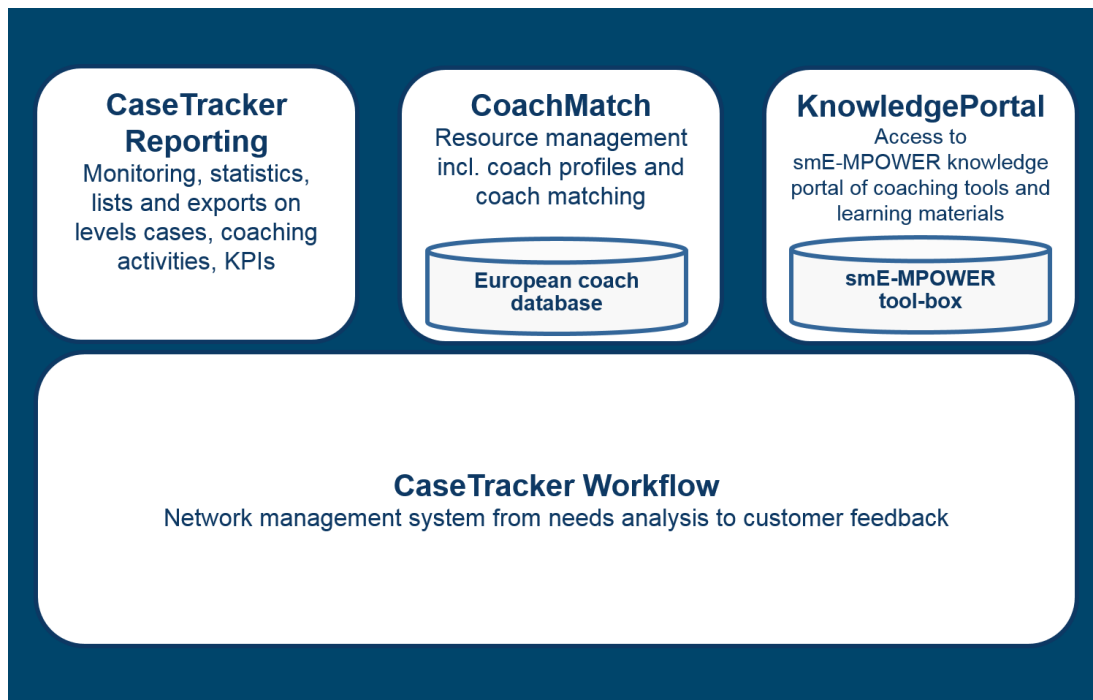


Figure 2: smE-MPOWER WEB platforms

The smE-MPOWER portfolio, which includes the coaching system and the professional WEB platforms, offers a proven and transferrable approach for those regions and programmes, which intend to support business innovation of SMEs on a need basis, and thus aiming growth, jobs and competitiveness.

Origin and history of smE-MPOWER

The roots of smE-MPOWER go back to the European project named „Empowering SMEs for long-term research interest and increased participation in EU RTD activities“ (ETI-CT-2005). Its vision was to “empower SMEs for long-term research interest and strategic participation in EU RTD activities. A community of practice of SME intermediaries and innovation coaches was at the heart of this approach.

smE-MPOWER has been developed strictly as a response to the company needs and coaching challenges recurrently encountered in the practice of coaching thousands of SME business innovation cases. Its origin and reference realization lies in the innovation network of **Western Switzerland platinn**³, which spans the francophone Swiss cantons and is based in Fribourg. Since 1998 platinn has collaborated with international partners in a series of European Union funded innovation projects (HARMONY, SYMPHONY, smE-MPOWER, SM-Bio-Power, RAPPORT among others) to validate and further develop its approach to business innovation coaching to what is being made available under the label “smE-MPOWER – Collaborating into the future” since 2005. Through its successful participation in these EU programmes for SME innovation as well as the work in the DG RTD’s SME Advisory Group some of the key principles (such as “SMEs in the driver seat” or “business innovation coaching”) of **smE-MPOWER helped to inspire the SME Instrument (SMEI)** programme within the framework of Horizon 2020⁴. In 2014, the smE-MPOWER system has been adopted by the Commission and its Executive agency for SMEs (EASME) for the design of its business coaching services offered to SMEI beneficiaries.

The smE-MPOWER based programme platinn.ch has been **successfully adopted by the South Moravian Innovation Centre (JIC)**⁵, where it has been adjusted to specific regional circumstances and shaped into a subsidized programme. Since 2014, over 100 SMEs had the opportunity to improve their innovation performance and competitiveness using this innovative approach in South Moravian region. **Lithuanian Innovation Centre (LIC)**⁶ was a member of the original smE-MPOWER project consortium (under FP6), which refined the methodology and built an international coaching community around it and has since used the methodology for its own clients across Lithuania⁷.

Over the last years, interest has grown from many European as well as non-European regions looking for novel and proven approaches to quality coaching services for established SMEs⁸.

³ www.platinn.ch

⁴ <http://ec.europa.eu/programmes/horizon2020/en/h2020-section/sme-instrument>

⁵ www.jic.cz

⁶ www.lic.lt

⁷ Western Switzerland, South Moravia and Lithuania are Peer-BIT project partners, who brought in their experience with smE-MPOWER.

⁸ Upper Austria and Saxony Anhalt represent regions with expressed interest in exploitation of the potential of smE-MPOWER for their SMEs.

1. Methodological building blocks

A mutual understanding of SMEs' business innovation dynamics is a prerequisite for collaboration and sharing between stakeholders such as SMEs, KAMs and Coaches. For this reason, smE-MPOWER promotes the three following methodological building blocks:

- I. Life Cycle model
- II. Business Innovation model
- III. Subject-Object model.

Each one of them sees business innovation from a different angle. The Life Cycle model focuses on dynamics, the Business Innovation model on holistics, and the Subject-Object model on innovation process issues.

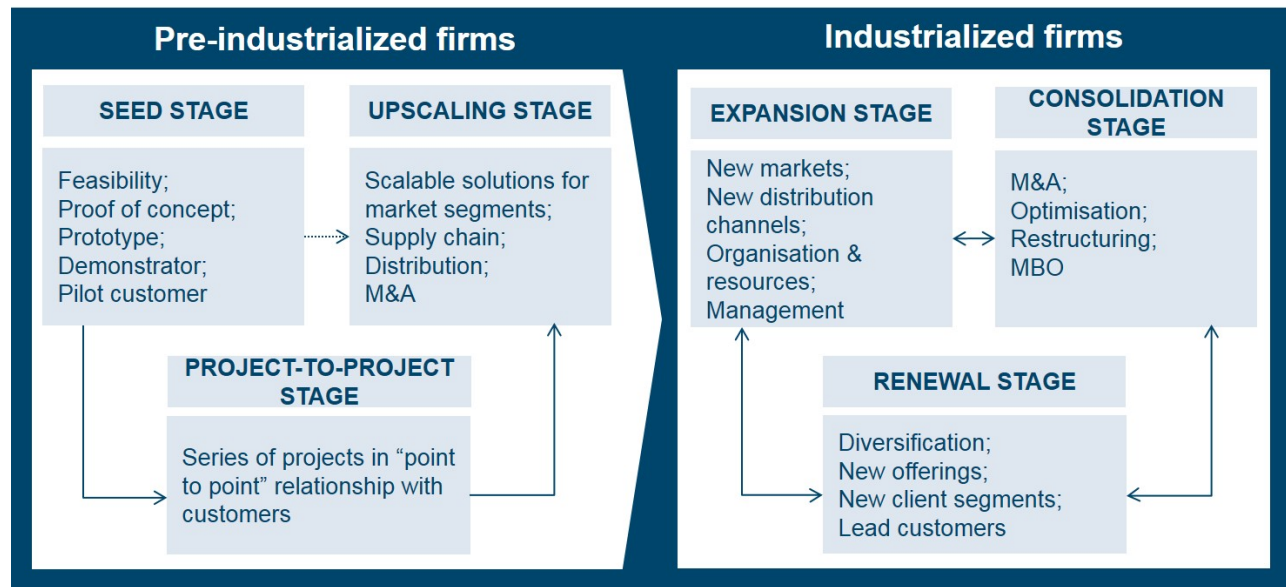
A region (and or implementation agency) shall first be familiar with the methodology and only then establish a coaching scheme. While familiarise with the methodology, one learns and starts understands the complexity of innovation needs of a company. Only along such profound knowledge, a successful coaching scheme can be built.

In the South Moravian case for example, the implementation agency changed its view of innovation from the narrow tech-transfer perspective towards a holistic approach after one year of using smE-MPOWER. This shift allowed JIC to introduce new demand-led services for SMEs (not only the coaching scheme) and made JIC abandon some of the older initiatives (e.g. a broad promotion of tech-transfer).

In Western Switzerland, Bern Mittelland and Lithuania, the business innovation approach is a part of the mission and basic philosophy being complementary to the national level initiatives that support the tech-innovation. BIZ-UP's experience with this approach has been established through the SME Instrument coaching. Saxony Anhalt considers adopting business innovation approach / smE-MPOWER as the core philosophy for their intended coaching scheme.

1.1 Life Cycle Model

Enterprises and business units undergo systemic changes when they move from one stage of their life cycle to the next. Based on its interaction with numerous companies over many years smE-MPOWER has developed a life cycle model highlighting the typical business challenges and priorities of each stage. It differentiates between two principal contexts (pre-industrial companies and industrialized firms) and six stages of development (seed stage, project-to-project, upscaling, expansion, renewal, consolidation). It is worth emphasising that the six stages of development are not necessarily sequential; for instance firms can move from the seed to upscaling stage).

Figure 3: Life cycle model⁹

In this life cycle model a distinction is made between the “pre-industrialized companies”, such as start-ups, post-start-ups, handicraft companies with a potential for innovation and growth, and the “industrialized companies” which operate at (relatively) high volume levels of production and sales including mass production and mass-customization. The model distinguishes the following six typical stages:

- 1. Seed stage:** In the early seed stage, new ideas are generated, assessed and experienced. Typical examples include spin-offs from research laboratories and Universities. In their pioneer role, they try to test the market for new product concepts, new applications or new business approaches. A frequent strategy for these firms is to crosslink emerging technologies with emerging market needs. The main challenges of seed firms are to attract first customers with convincing results. Firms at this stage need to invest heavily on development (e.g. proving feasibility, developing prototypes and demonstrators, or carrying-out pilot trials such as clinical tests).
- 2. Project-to-project stage:** Success in the first stage can lead to business growth and the company moves on to a project-based activity. Although a direct transition to industrialisation is possible, it is also risky and exceptional. This is why most firms follow a ‘natural learning’ curve by multiplying the number of customized project applications. In this stage, cash flow is insufficient. The firm’s performance remains fragile due to limited resources needed both for customer acquisitions and project execution. Nevertheless, their increasing experience with a growing number of customers allows them to sense potential market niches and segments for scalable solutions.

⁹ Based on hundreds of companies coached over the last years, the platform of innovation in Western Switzerland platinn applies its lifecycle model with ongoing success in industry.

“(Company name) is developing road marking retro reflectance measuring equipment for the global market. The project proposal is to (...) complete the development of this equipment from a TRL 7- Demonstration system to TRL 9 – full commercial application, technology available for customers.”

Micro company, Software & IT

(Company name) is the culmination of more than twenty years of scientific research, process development, field trials, commercial capacity building, and company formation and investment. These activities have established (company name) as a powerful soil conditioner and long-term nitrogen source, developed a production process suitable for industrialization, and built a company with the necessary technical and business expertise to develop the technology to a scale meaningful for commercial agricultural and horticulture. 2015 is characterized by round B venture financing and start of construction of a pilot facility. There is thus a prerequisite to open up new international markets.

3. **Upscaling stage:** The next stage towards industrialization is the upscaling stage where market segmentation and product-service architecture are strategic tasks requiring a serious upgrade of the management capability. The firms at this stage will launch product and service developments based on the commitment of strong lead customer(s). Parallel to product/service development, other systems and processes within the firm need to be considerably upgraded such as the production and distribution systems. Typical challenges concern make-or-buy decisions, organisational design and resource development, definition of (new) business models, choice of supply and distribution partners, and financial planning.
4. **Expansion stage:** The successful upscaling effort is very likely to generate good business perspectives in new markets. The expansion to new markets is a promising option, but one involving a series of challenges. The company need to go beyond the recently acquired upscaling capability (economies of scale) and develop the capability to address different market/customer segments with the same product (economies of scope). Entering new markets, developing new distribution channels and scaling up and upgrading the production process are characteristic requirements for the expansion phase. Expansion requires also radical organisational development and adapted managerial structures such as the capability to delegate decisional power to professional managers within the enterprise.
5. **Renewal stage:** The expansion stage reaches its limits and related businesses can start shrinking. Well-thought and well-executed new offerings are needed to replace the old ones and renew the business. However, diversification and replacement of established offerings may be troublesome in long-established organisations and power structures (with their vested interests). Disruptive renewals may be favoured by allying with ‘third parties’ (open innovation paradigm) or by providing space to radical ideas in dedicated “innovation units”. Renewals with more incremental character are generally implemented in-house while the involvement of radical renewals calls for the involvement of lead-customers and technology partners.
6. **Consolidation stage:** Businesses in the mature stage of the life cycle may face decreasing sales, profits, and cash flow. Firms can disappear or be acquired due to market concentration processes. At the heart of a cost-leadership strategy are measures aiming to increase the market share through large economies of scale; cost cutting programmes through drastic increase of productivity; and finally options for dislocating activities to suppliers or low labour cost countries. Only a few companies will have the strength for taking a winning position in the consolidation process. If initiated sufficiently early, smaller market players may move to the renewal stage and cross-finance diversification measures with current cash flow. If none of those two strategies succeeds, decline is inescapable.

1.2 Business Innovation Model

Business innovation challenges have typical patterns in different life cycle transitions. Most entrepreneurs do not have experience in this kind of transitions, are not aware of the related challenges, and are not adequately prepared for handling them. The business innovation model offers them a comprehensive, holistic model for analysing implications and challenges along this dynamics.

Along the transition from one life cycle stage to another the company's business innovation system needs to be adapted with regard to its main vectors: offering, process, distribution, customer. A creative change of one or more of these will lead to "business innovation", defined as new value for the customer and the firm¹⁰. A precondition for initiating and successfully changing these vectors is the availability of resources. Three main categories of resources should be taken into consideration¹¹: sources of innovation ideas¹², internal resources (including aspects such as organization, intellectual property etc.), and partnerships and cooperations¹³ (e.g. with pilot customers, clients, suppliers, and research organizations). The business innovation system can be visualized as a holistic tree model¹⁴ in which the four key vectors are represented as the branches and the three resource categories as the roots:

Business Innovation

Creation of significant added value for the customer and the company through modification of one of the four vectors.

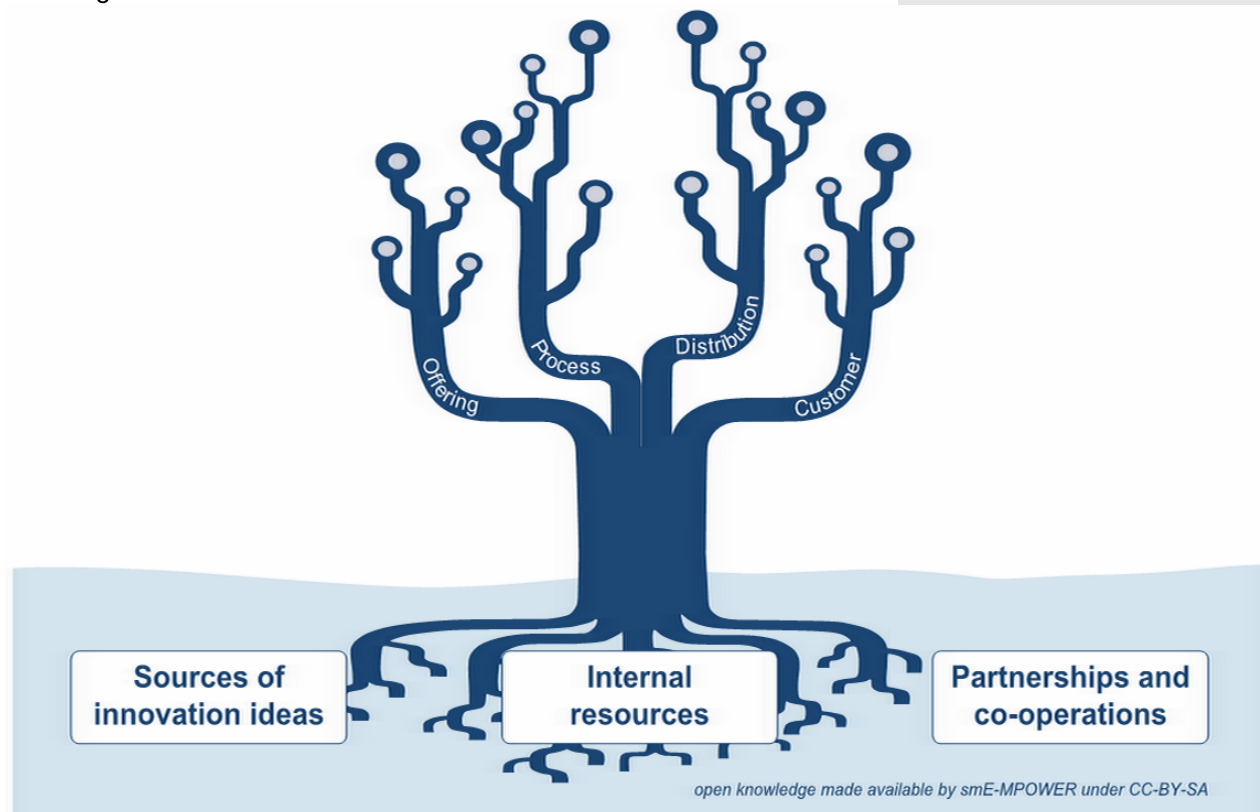


Figure 4: Business innovation tree model

¹⁰ Sawhney M. et al. (2006): The 12 Different Ways for Companies to Innovate, in: MIT Sloan Management Review, vol. 47, pp. 75-81.

¹¹ Itami, H. (1987): Mobilizing Invisible Assets, Harvard: Harvard University Press.

¹² Existing customers and suppliers, and internal staff account for about 75% of innovation ideas that reach the commercialisation phase. Regional Innovation Strategy of Western Switzerland (2008): Need Analysis Report.

¹³ Doz, Y.L. and Hamel, G. (1998): Alliance Advantage. The Art of Creating Value through Partnering, Harvard: Business School Press.

¹⁴ platinn, innovation platform of Western Switzerland (www.platinn.ch)

Innovating on one of the four vectors of business innovation can take very different forms. The most frequent types are listed in table 1.

Business Innovation Vector	Types	Description
Offering	Products & services	Develop innovative new products or services.
	Platform	Use common components or building blocks to create derivative offerings.
	Solutions	Create integrated and customized offerings that solve end-to-end customer problems.
Process	Redesign	Redesign core operating processes to improve efficiency and effectiveness.
	Organisation & resources	Change form, function or activity scope of the firm.
	Supply chain	Think differently about sourcing and fulfilment.
Distribution	New distribution channels	Create new distribution channels or innovative points of presence, including the places where offerings can be bought or used by customers.
	Networking	Create network-centric intelligent and integrated offerings.
	Extension of a brand	Leverage a brand into new domains.
Customer	New customers (segment)	Discover unmet customer needs or identify underserved customer segments.
	Experience (new interface)	Redesign customer interactions across all touch points and all moments of contact.
	Value capture	Redefine how company gets paid or create innovative new revenue streams.

Table 1: The four vectors of business innovation¹⁵

¹⁵ Sawhney M. et al. (2006)

The three categories of critical resources for SME are the following:

Category	Sub-categories usable for assessment
Sources of business innovation ideas	Internal Distributors Customers Suppliers Education and research
Internal resources	Strategy Organisation Qualification Market Innovation process Intellectual property Finances Culture Leadership
Partnerships	Customer Distributor Supplier Manufacturer Education and research Private investor Public support Others

Table 2: The critical resources of business innovation

The listed sub-categories are explained in the following:

Sources of Business Innovation Ideas	
Sub-categories	Description
Internal	Generating, identifying, evaluating and selecting business innovation ideas from company internal staff
Distributors	Generating, identifying, evaluating and selecting business innovation ideas from the distribution network
Customers	Generating, identifying, evaluating and selecting business innovation ideas from challenging customers and end clients
Suppliers	Generating, identifying, evaluating and selecting business innovation ideas from sub-contractors and suppliers.
Education and research	Generating, identifying, evaluating and selecting business innovation ideas from science, research labs, universities, applied universities and other public and private training and research institutions
Others	Generating, identifying, evaluating and selecting business innovation ideas from competitors, conferences & exhibitions, newspaper & web, support organisations etc.

Table 3: The sub-categories of sources of business innovation ideas

Internal Resources	
Sub-categories	Description
Strategy	Corporate - long term - resources strategy; Make or buy decisions; Business strategy including definition of USP; Business model; Business architecture; Sales strategy (e.g. exclusivity questions)
Organisation	(Re-)designing the firm's organisation in alignment with the SMEs development along its life cycle; (Re-)designing changing and emerging job profiles; (Re-)designing the firm's strategic, operational and support processes by taking into account regulatories, performance, quality, environmental, efficiency and other objectives; (Re-)design the firm's supply chain; (Re-)design the firm's ICT infrastructure and production automation
Qualification	(Re-)designing emerging and changing competence profiles in alignment with the SMEs development along its life cycle; Planning, hiring and developing human resources; (Re-) designing the SME's incentive system
Market	Identification and valuation of customers and markets; Need & opportunity analysis; Analysis of competing technologies & approaches; Analysis of direct competitors; Analysis of regulatory and other frame conditions; Segmentation & identification of entry markets; Planning and implementation of marketing mix
Innovation process	Improvement of the firm's generation process of business innovation ideas; Evaluation and improvement of the firm's resource availability for innovations; Planning, managing and implementing collaborative approaches for innovation ventures; Co-operation agreements; Analysing and improving the absorptive capacity of the firm for generating, implementing and exploiting business innovation ventures
Intellectual Property	Intellectual Property strategy; Freedom to operate; Patenting, branding, design, trade secrets and other measures to protect; Proprietary and open source strategies
Finances	Business planning; Financial planning; Investment strategy; Preparation for negotiations with investors and banks; Project co-funding
Culture	Beliefs, values, attitudes and ideas of an organisation and the way in which they affect how it does business and how its employees behave
Leadership	Establishing a clear vision; Sharing that vision with others and mobilizing them; Providing information, knowledge and methods to implement that vision; Counter-balancing resistance and passivism; Coordinating and balancing the conflicting interests of all members and stakeholders
Others	Other internal resources such as compliance to standards, regulations etc.

Table 4: The sub-categories of internal resources

Partnerships	
Sub-categories	Description
Customer	Partnerships with lead customer allow the firm to understand the needs of a market segment before the bulk of competitors and other players encounter them. Lead and pilot users should be positioned to benefit significantly from the innovative solution and they should take an active role in the innovation venture. These may be end-users or direct customers, such as OEMs and integrators. Qualified customer involvement in an innovation venture substantially reduces the risk of developing solutions which mismatch with market needs, while at the same time increasing the chances for convincing investors and additional customers
Distributor	Distributor partners are organisations that allow the firm to reach its customer. These intermediaries include merchants, sales agents and brokers. Firms often employ a mix of distribution channels, which should also complement the direct sales-force.
Supplier	Supplier partnerships involve the relationship between the firm and its technology suppliers. This is based on mutual benefit, with the firm purchasing the technology in exchange for the supplier's commitment to customised solutions and continuous improvement and delivery.
Manufacturer	Manufacturer partners include contract manufacturers with specialised facilities that allow the firm to outsource manufacture of their product.
Education and research	Scientific, research and development partners from labs, universities and other higher education schools. They may play a direct role in innovation ventures and / or they may become member of an advisory board.
Private Investor	Private investor partners including Angels, VCs, corporate investors and others.
Public support	Public sector support partners providing resources such as additional business coaching or financial, commercial, human resource support (e.g. foreign workforce, regulations, lobbying)
Others	Any other entities which have some form of alliance with the firm, such as a vendor with a complimentary offering, external HR partners, licensees, etc.

Table 5: The sub-categories of partnership

In particular regional Key Account Managers (KAM) will have to contextualize an SME on the life cycle model and to depict the current as well as the aspired stage for which coaching may be requested. In the background of this context, the holistic business innovation tree model will suit the purpose to analyse the real challenges, on which coaching should be geared to.

1.3 Object-Subject Model

SMEs handle their innovation ventures rarely via a formally designed innovation process and they dispose rarely of a dedicated innovation team. Innovations are more likely handled in a project-like approach which stands in permanent interaction with the rest of the company. Understanding the mechanisms of this duality, discovering the difficulties of SMEs to recruit resources out of operational business for innovation project teams, assuring the absorptive capacity of the firm, or anticipating the repercussion of a successful innovation projects on organisational development, this all are topics of high relevance when supporting business innovation in SMEs.

The CEN/TS 16555-1 standard for Innovation management distinguishes here between “specific innovation projects” and “general innovation management”¹⁶. Likewise, the OECD, in the Oslo Manual, speaks of the so-called “object” and “subject” approaches¹⁷.

In an SME, the two innovation approaches need to be addressed separately: the “object approach” focusing on a specific business innovation venture, e.g. the development of a new product; and the “subject approach”, in which the analytical context is the organization, the firm or a sub-entity of the company. Innovation projects, such as targeted e.g. by the SME Instrument of Horizon 2020, are typically related to an “object” approach. This object view reflects the way most SMEs are innovating. Experienced SMEs – in contrast to many start-ups – identify business innovation opportunities through their strong customer relationships. They develop solutions closely with pilot or lead customers, and they adapt their organizational set-up (the “subject”) in accordance to the dynamic requirements of the object progress. This influence of objects on subjects explains the innovation strength and the high adaptability of SMEs.

There is a second impact of the object dominated innovation process in SMEs: by adapting organization and resources, SMEs learn fast and develop their strategic resources for the future. Thus, the object based learning mechanism is a key vector for the SME’s long-term capacity building and for enhancing new input factors for future innovation objects.

“We are absolutely content both with the coaching which has fully met our expectations and with (name of coach). Coaching objectives are utterly achieved. Due to this good experiences we would like to establish a long-term partnership with (name of coach).”

Small company, Automotive

¹⁶ CEN (2013): Technical specification CEN/TS 16555-1: Innovation Management - Part 1: Innovation Management System, pages 10, 17.

¹⁷ OECD (2005): The Measurement of Scientific and Technological Activities Oslo Manual: Guidelines for Collecting and Interpreting Innovation Data, 3rd Edition, OECD.

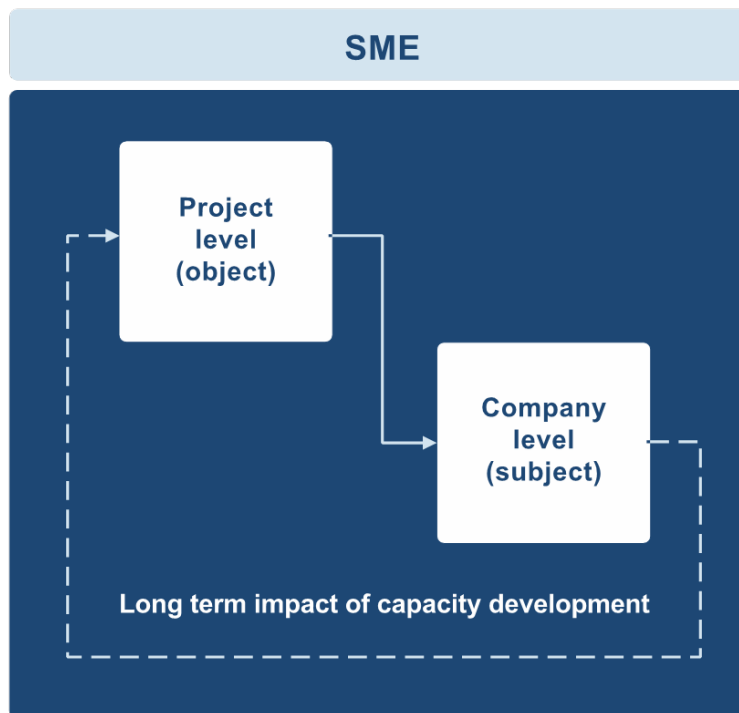


Figure 5: The “object approach” of the innovation process in SMEs

As the challenges of an innovation object change over its life cycle stages, the assessment needs to take into consideration this dynamic context.

Compared to the “object” approach, where the starting point is an innovation venture, the **“subject” approach focuses primarily on critical resources** for the innovation performance of an SME. The expectation is that an improvement of the corporate innovation management system and processes will lead to improvements of the SME’s innovation performance. Turning the analytical scope on challenges related to the development and exploitation of opportunities for high innovation and growth within an SME will substantially increase the strategic interest and commitment of its management. In other words, the “subject” approach shall be linked to the SMEs innovation context and shall take care of its innovation “objects”. Time consuming assessments and heavy reports are not likely to foster innovation dynamics in SMEs. In contrast, smaller sequences of supporting identification of innovation opportunities, definition of actions, designing and implementation of projects, preparing commercialization strategies etc. have much more chances of boosting the SME’s innovation performance. First success will increase the willingness for next and – probably – more challenging steps. This is the way a SME can move fast on its learning path.

2. Key account manager (KAM)

The KAMs are supported by the smE-MPOWER system in their most success-critical tasks:

Facilitating the Needs Analysis – The Life Cycle model provides a discussion basis between the KAM and the SME for fixing the next step of the aspired innovation trajectory. The business innovation tree model then serves as a frame for a semi-structured interaction between KAM and SME favouring the identification of the requirements for coaching and other services. Ideally, each area of the four business innovation vectors, of sources of business innovation ideas, of internal resources and of partnerships shall be analysed by valuing

- its level of importance for the next target life cycle context and
- the SME's level of preparation or strength of capabilities in that area.

The analysed areas can be positioned in the four quadrants matrix of the following figure. Business innovation challenges are typically areas that are of high importance to the company and where it is currently lacking in capabilities. Coaching interventions shall be focused on supporting these challenges¹⁸.

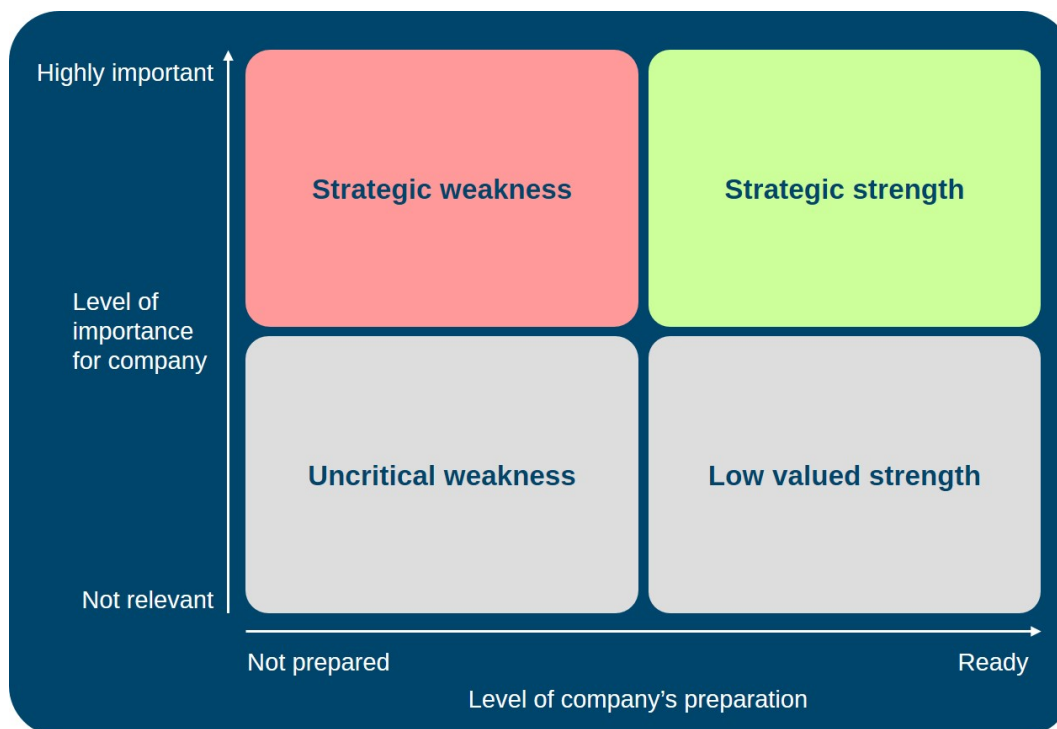


Figure 6: Business innovation assessment methodology

¹⁸ Based on Ulwick, A.W.: Turn customer Input into Innovation, in: Harvard Business Review, Jan. 2002, 5-11.

The KAM guides the company's management team through a process of self-assessment with regard to each element of the business innovation system. Taking all these into account is essential in helping the company to gain a comprehensive view on its development challenges. Many entrepreneurs tend to have an unbalanced and biased perception on the company's business innovation system, often neglecting the market side while overemphasizing product and technology. The holistic analysis provides the foundations for an action plan.

Establishing the Business Innovation Roadmap - The results of the needs analysis shall then be converted into a coherent action plan. There is no methodology or golden rule how to generate an action plan out of the assessment results. However, in most cases the needs for action become quite evident throughout the discussion between the KAM and the company management team. The KAM helps the company identify the critical measures for strategic development. They shall focus on areas identified as "strategic weakness" in the foregoing analysis. It is recommended to re-group these into a portfolio of key measures, which may be implemented as separate projects. In order to generate a business innovation roadmap, the sequence of these measures is defined, and determined whether they can be implemented by the company itself or whether external support is needed; in which case dedicated specialists (e.g. scientific partners, IP lawyers, coaches etc.) may be identified.

Finally, these actions shall be reflected on a time axis to provide a dynamic view on the company's business innovation intentions. The resulting "roadmap" may now provide the frame for selecting the coach and for initiating SME-internal actions and other external support.

Selecting the right Coach - When it comes to coaching, access to appropriate business innovation coaches is a must. This element might be seen as one of the most complicated to achieve. There are many SMEs' needs (functional, sectoral, geographical etc.) that the coaches shall be able to address and thus, a variety of coaches adaptive to meet the SME's demand shall be available. The CoachMatch platform supports the KAM during the identification process of appropriate coaches. The generation of a short list of three coaches is recommended, which then can be evaluated by the SME in order to make the final choice.

"The KAM and the coach have made a fantastic work for us. She has helped us to understand the coach's role in phase 2, and also helped us to identify the right person. (Name of the coach) has done a great job coaching us in strategy, business, and financials."

Small company, Automotive

3. Business innovation Coach

Business innovation coaching is an emerging “metier”. The business innovation coaching mission is to empower SMEs in their efforts and challenges towards successful commercialization of their innovation. This goes hand in hand with the reinforcement of the company's capability in alignment with the changing requirements in the different life cycle stages. This includes aspects such as strategy, organization, management, financing, resource development etc. The smE-MPOWER coaching philosophy is rooted in two principles: demand driven and SME adapted!

Demand driven - The coaching scheme shall be demand driven by addressing the business innovation bottlenecks of the SME. The KAM is in charge of the organization of the coaching activity and is responsible for the SME's needs analysis. The KAM sets the coaching context (definition of the company's critical development path within the life cycle model), and he/she sets the coaching priorities (related challenges and coaching needs). Upon selection, a coach shall make sure that his/her competence profile fits to these requirements. The coach shall also look to the consistency of choices and decisions with regards to the business innovation system as well as with regards to internal and external stakeholders. As an example, focusing on a technical demonstrator without getting the target market segment(s) actively addressed may be a fast track for technical objectives, but it will not help to lower the entry barriers to potential customers. This is an example of short-term focus with a negative impact on long-term objectives. Since business systems operate under dynamic and unpredictable conditions, all choices include the risk of having a negative impact on other business areas or future success factors. The interaction between the innovation project level (“object”) and the corporate level (“subject”) is another critical concern in the business innovation process. Insufficient absorptive capacity of the firm is known as a major risk factor to successful exploitation. Thus, a coach shall not only help company to deal with addressed problems, but s/he shall also bring in a system view, making sure that the SME includes this more complex reasoning in its decision making process.

SME adapted - SMEs are generally managed by people who prefer making their own decisions, based on rational arguments and a clear logic. This helps explain the aversion of small business entrepreneurs to consultancy or mentoring practices which push external solutions onto the company. A key element of coaching is to make clear to the SME the reasoning frame for decision-making. A first requirement is to understand the context of the SME (position in the business life cycle, business context, needs etc.). Only on this basis, a constructive dialogue between SME management and coach can be initiated. During this process, the coach ideally brings in explicit knowhow for problem solving, tailored specifically to the client needs. This know-how could include methodologies, tools, models and examples. The more this know-how is assimilated by the SME (learning impact), the higher the chance that the company will take action following the intervention and apply this newly found knowledge when similar challenges arise. This symbiotic relationship between solving and learning is a key success factor for coaching to create a lasting impact on the business. The coaching process may be understood as an iterative approach following some generic steps:

“(Coach name) has helped a lot, in business strategy, in how to focus the enterprise and how to organise the future of the company. We are very glad with him.”

Small company, Renewable Energy

- Understand the context and the challenges of the SME, and articulate it in a visual and clear framework. The SME needs to be assured that the coach is “in his/her shoes” and not vice versa. Identify the cornerstones of the innovation venture, assure that related assumptions (e.g. freedom to operate) are not infringed and set logical priorities for the joint working plan.
- Generate solving options in interaction with the management. Make reasoning explicit by using modelling techniques, methodologies, tools and examples. Go back to the first step if it turns out that the company’s context is not as clear as it shall be.
- Evaluate the generated options by ensuring consistency with the overall business system (project and corporate) and by taking into account the stage of the business lifetime and the planned pathway for the business evolution over time (e.g. direct sales may be appropriate in a first development stage). The choices shall be made by the SME’s management on a rational and transparent basis. Go back to the first two steps, if needed. Prepare the implementation plan including the definition of potential benefits and the assessment of potential risks.
- Implement the planned actions by providing appropriate support to the company management in forms of contacts (e.g. with business partners, universities etc.), handover of methods and tools, and by sharing personal experience. Manage the implementation process by setting clear milestones. If new evidence arises during the implementation process shedding doubt on the chosen options, the coaching process will have to go back to earlier stages.
- Capture the full value of the executed actions and assess related risks. Check together with the management if the results are compelling. Move to a new coaching cycle in step 1. If the result is too critical for the company (e.g. IP issues, management capability, negative market evidence) or if the coaching process is completed, formally close the coaching process.

While the two coaching principles are generic for all coaches, it is recommended to organize the coaching support around groups of recurrent needs. In practice, three business innovation coaching services shaped up as a standard portfolio of services: Business development, Organization, and Cooperation¹⁹. Western Switzerland is providing a fourth service in the area of company financing.

Business development: Business development coaching aims to augment the value of an SME, capitalizing on customers, markets, and business relationships. It concerns the identification, analysis and evaluation of potential business opportunities, the definition of business segments and the development of an effective marketing mix, including the monitoring of its implementation. The ultimate goal is the integration of the expertise from different functions, such as R&D, production, marketing and sales, into a consistent growth plan for the SME. Utilizing a “learning by doing” approach, the SME is expected to recognize and overcome critical stumbling blocks on the way to market penetration and growth.

Organisation: The organizational development coaching aims to mobilize the tangible and intangible resources of the SME to ensure the efficiency and performance of the company organization. This shall be in line with the market and the critical transitions of a business innovation venture over the firm’s life cycle stages. The ultimate goal is to create the organizational conditions to underpin the development of innovation ventures, safeguard the economic sustainability of the company and protect its competitive advantage.

Cooperation: The mission of cooperation coaching is to support SMEs in planning and implementing innovation partnerships and project consortia and to assure that the SME benefits strategically from them. Strategic benefit means that the partnerships, the projects and their results become major contributions into the firm’s innovation ventures. A publicly co-financed research and innovation project – for example within the scope of the H2020 SME instrument – is an opportunity to move ahead faster and with more resources on the development path²⁰.

smE-MPOWER offers for each one of the three coaching services a job descriptions, a reference coaching processes and a set of related coaching support materials. However, such a “structure” does not mean that coaching is a linear process following a rigid procedure. In contrary, platinn gives an example of a modular coaching system, which aims high adaptability and flexibility and which favours interventions of complementary expertise. Moreover, it allows high level of scalability of the coaching scheme.

¹⁹ In Western Switzerland, four types of coaching services are offered to SMEs: Business development, Organization, Cooperation and Finance. In South Moravia, less diversified segmentation is applied, i. e. Business (encompassing Business development, Organization and Finance coaching) and Cooperation.

²⁰ More in-depth description of the typical coaching activities can be found in the smE-MPOWER knowledge library together with a series of support tools dedicated to these key tasks. To access the library, please, contact [smE-MPOWER](#).

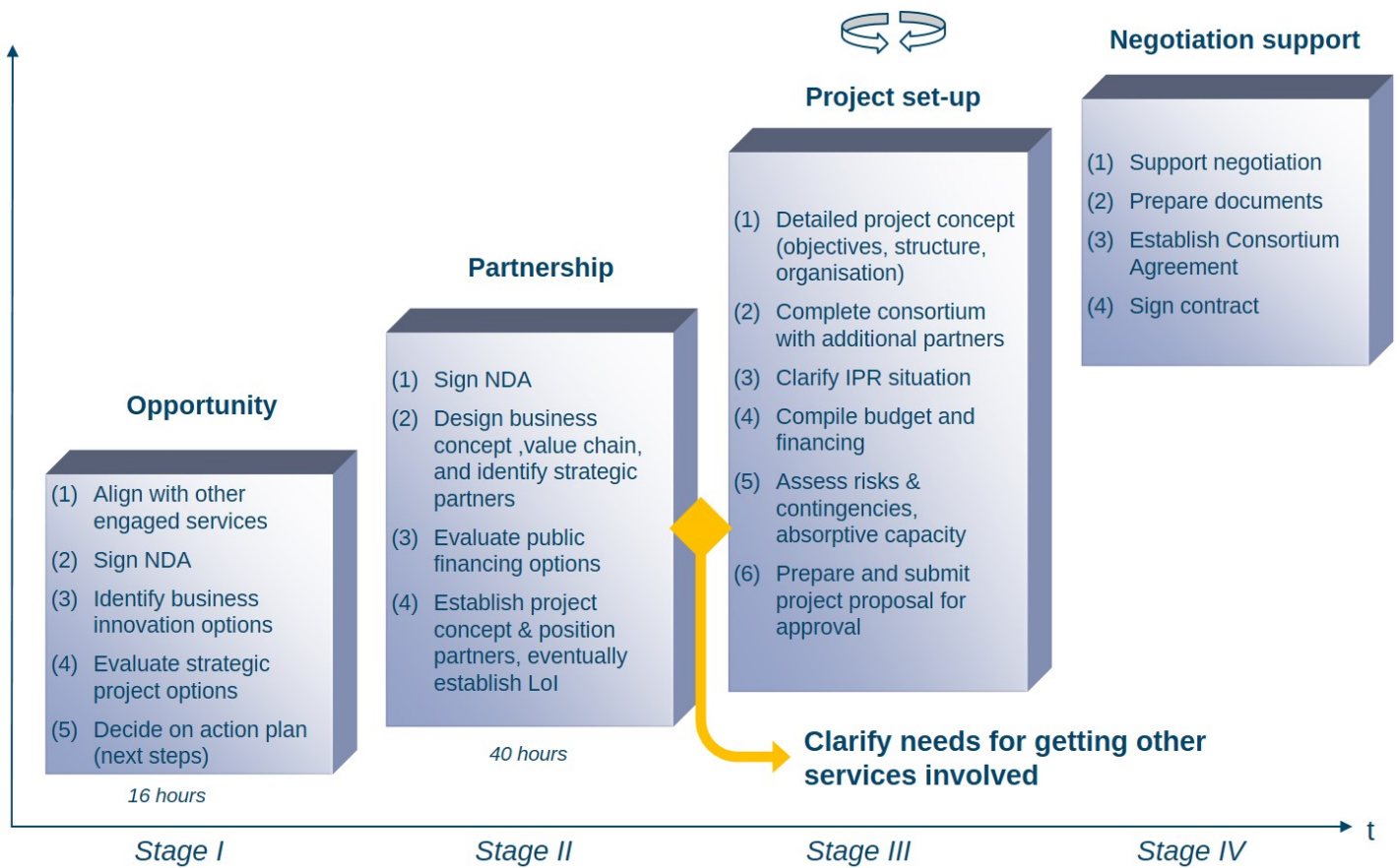


Figure7: Example of the reference process «Cooperation» (platinn, 2016)

4. Knowledge library

Business innovation coaching is a knowledge intensive job supporting the SME to make strategic decisions, solve its problems and build its capability. The on the spot application of his/her knowledge to the needs of the company is a coach's core competence. Therefore, explicit coaching knowledge in the form of methods and tools is a high value resource for coaches. A part of the coaching knowledge is also relevant for the KAMs.

The smE-MPOWER knowledge library offers a starting set of proven coaching tools as a first input to the peer community and among others includes the following coaching methods and tools:

Coaching tool	Description
Business innovation roadmap tool	The BI-Roadmap Tool helps company managers to generate a holistic and systemic picture of their business innovation system and to elaborate a strategic master plan for implementation of measures.
Business innovation opportunity tool	The BI-Opportunity Tool helps to identify opportunities for business innovation and strategic partnering in SMEs.
Business innovation segmentation tool	The BI-Segmentation Tool supports strategic business choices by providing a clear picture of the company's market segments and related turnover expectations.
Project risk tool	The Project-Risk Tool helps to anticipate possible risks in an innovation venture and to prepare contingency plans, both to avoid and to handle risks.
Project absorption tool	The Project-Absorption Tool helps to anticipate and assess risks related to the lack of "absorptive capacity" in a company vis-a-vis the necessary changes associated with a foreseen business innovation measure.
The company life-cycle	The differentiation of six corporate life cycle stages is a foundational methodology underlying the SMEI practice of business innovation coaching.
Business innovation customer needs tool	The Bi-Customer Needs Tool supports the identification and prioritization of product / service features valued highly by the customer and not yet sufficiently serviced by other offerings on the market.
Business strategy	The concept of dynamic business strategy and strategic stretch based on the work by Itamy provides a basic framework for strategic reasoning in turbulent environments.
Business architecture	The Business architecture approach offers a concise visualisation of a company's business strategy and combines the market perspective with the resource perspective.
Macro design	The Macro design approach offers a novel way of translating strategic reasoning into an adaptive and resource-based organisation.

Table 6: Extract of the smE-MPOWER toolbox available on the KnowledgePortal

All coaches are encouraged to share their coaching approaches, methods and tools that have been proven successful in SMEs as an active contribution to the development of the open knowledge community.

There are three aspects for how knowledge is managed in the coaching network:

- Wherever possible, the knowledge is made available under a Creative Commons Attribution-Share Alike 3.0 Unported license²¹ (“made available by smE-MPOWER under CC-BY-SA”). This enables free commercial use and modification by SMEs, coaches and KAMs under the two conditions of keeping it free and naming the source. Third party knowledge may be brought in under different regimes, e.g. proprietary, providing that it is made available free of charge to the community.
- All coaching tools and methods are validated with respect to their SME friendliness. This means they are highly visualized, highly participative, and focused on the essence following the 20/80 Pareto principle.
- All knowledge in the network is managed through a central knowledge management function ensuring knowledge quality and dissemination.

“Running a highly complex healthcare/life sciences project focused on commercialising a diagnostics product requires a wide range of highly specialised and rare skills. (Name of company) had a number of key areas where we were lacking understanding and experience - notably in market access strategy (e.g. reimbursement and regulatory). Coaching helped us approach this challenge and identify the right strategy for market access and ultimately how (name of company) will get paid once our first product is launched on the market.”

Micro company, Biomedical and Medical

²¹ <https://creativecommons.org/licenses/by-sa/3.0/deed.en>

"The analytical framework used by (KAM name) and her colleagues to identify business needs was very helpful. The choice of (name of coach) as a coach to enhance our performance management capability was a good one. Overall positive coaching experience in supporting business growth and delivery of the innovation project."

Micro company, Healthcare Equipment

5. WEB platforms

The three modular WEB platforms constitute the collaborative backbone of the coaching system. Technically, they are developed on open source products: AXEL – Adaptable XML Editing Library; OPPIDUM - an XML-XQuery framework for the development of XML web-based application; Exist-DB - a native XML database. The platforms rely on the use of an XML stack of technologies that procure the huge advantage of encompassing two fundamental issues in respect with information production, sharing and reusability:

- **Reuse of data and variability of information:** This issue is addressed by providing web-based XML authoring facilities that allow the users to feed the platform with structured content – irrespectively to the nature of information: data, document, FAQ, Forum – all become reusable in many purposes.
- **Agility and adaptability to changing requirements:** This issue is addressed by using an open source framework to develop XML-based web applications. It relies on a classical Model-View-Controller approach that guarantees a rapid and cost effective adaptation in response to modification of needs requirements.

With this technology in mind, the development of the platforms progressed in strong interaction in between the use communities (practicioners) and the software team. The result is a user-driven and highly operational solution. All three WEB platforms are backed on a common classification system (e.g. Thomson Reuters for market classification) and rooted in the basic methodologies described above. This simplifies communication and collaboration between the different stakeholders. The objective of the following section is to walk through typical stages of a coaching trajectory by depicting examples of the WEB platform support.

1. Analyzing the needs

Getting in contact with an SME, understanding its context and analyzing its challenges and obstacles in the business innovation system, these are tasks of the Key Account Manager (KAM). They stand for neutrality, are trustworthy due to their proximity, and represent a need centred approach by assuring a comprehensive understanding of business innovation in SMEs. There are several methods on the market supporting the needs analysis task. As one option, smE-MPOWER offers them the excel based „Business Innovation Roadmap Tool“. It's main outcomes are the list of challenges related to the SME's business innovation system and the innovation roadmap, which depicts the sequence of actions and the way they shall be supported externally, see figure 8.

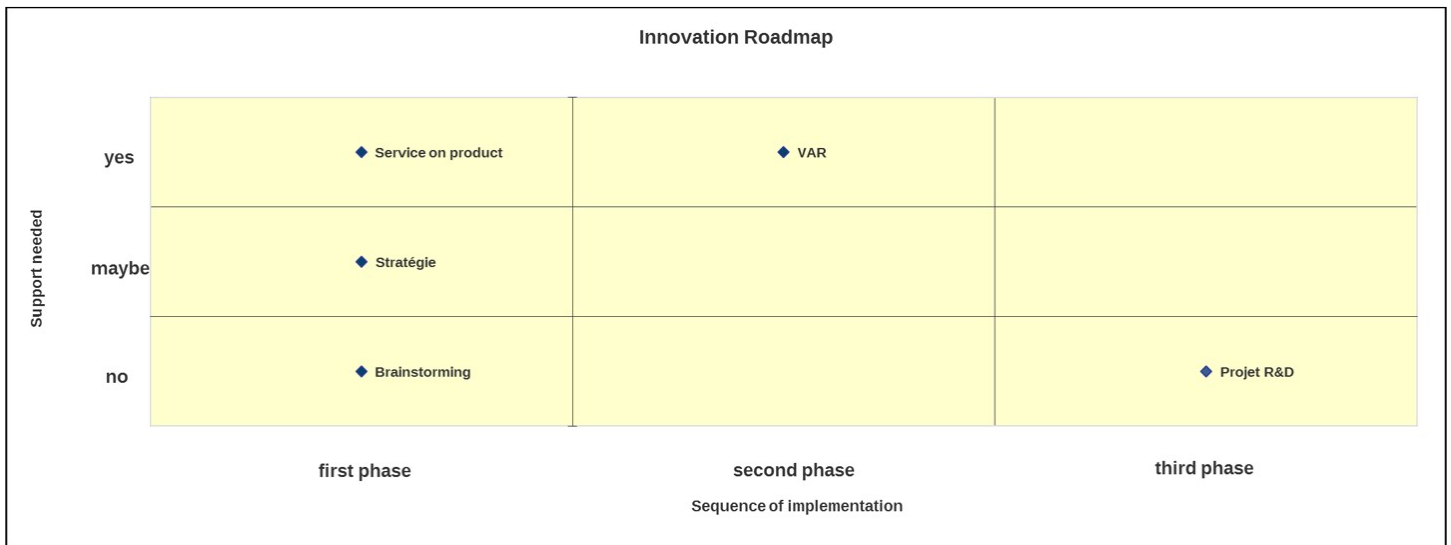


Figure 8: Example of a business innovation roadmap

The KAM then posts the SME profile on the CaseTracker. This includes information for statistical reasons, the life cycle context and the list of business innovation challenges.

Business innovation challenges ?

Business innovation vectors ?

- Offering
- Process
- Distribution**
- Customer

Sources of business innovation ideas

- Internal
- Distributors**
- Customers
- Suppliers**
- Education and research**
- Others

Internal Resources

- Strategy**
- Organisation
- Qualification
- Market
- Innovation process
- Intellectual property
- Finances
- Culture
- Leadership

Partnerships

- Customer
- Distributor**
- Supplier**
- Manufacturer
- Education and research
- Private investor**
- Public support
- Others

Figure 9: Example of business innovation challenges

Negativ impact of wrong coach selection:

“Company (name of company) wanted to gain coaching in field of Standardization, which was not available since there was no appropriate person for the activity. We decided to choose a coach in field of international marketing... Unfortunately his personal approach was not suitable (low professional standards). Besides that, we did not manage to complete all our activities which are of utmost importance for our company (for instance: Swiss market entrance). We expected a more personal approach to the project and not just from home office. We will use coaching services in the future because it can be useful but we will approach it differently.”

Micro company, Construction & Engineering

2. Identifying appropriate coaches

A next task of a KAM is to help the SME to select the right coach(es). In reality, quite often dedicated coaches will be required for different challenges. For searching the right coach profile, the CaseTracker activates the CoachMatch platform. This second platform matches the list of challenges with the profiles of the coaches. There are several options to search coaches. A regional scheme may generally use their own coaches. However, it may be beneficial for the SME to have access to other coaches for very specific requirements, e.g. a coach with market knowledge of the German automotive market. The CoachMatch supports this synergy of with the European pool of coaches. The following example is an extract of a coach search list within the SME Instrument. The competence fit shows the proximity to the business innovation challenges addressed and the SME context fit covers the experience of the coach in the specific business environment of the SME.

Search by fit		Results list						
Search by criteria		Ranking of 764 coach profiles by competence fit (first) and SME Context fit (second). You can sort by clicking on the first three headers and you can filter by language and country.						
Handout list		List of coaches	Competence fit ▼	SME context fit	Performance	Languages	Country	Action
		Coach AB	85 %	60 %	79 % (2)	English, Finnish		Evaluate
		Coach FG	75 %	85 %		English, French	France	Evaluate
		Coach PAD	72 %	70 %	74 % (3 of 6)	English, Spanish	Spain	Evaluate
		Coach SV	72 %	70 %	90 % (2 of 3)	English, Swedish	Sweden	Evaluate
		Coach XY	72 %	45 %		Romanian	Romania	Evaluate

Figure 10: Coaching tool supporting the choice of a legal frame in cooperation

The suggested coach profiles can then be further evaluated against the SME's expectations. The KAM establishes a short list of appropriate coaches which serves as a basis for the final selection by the SME.

Support organisations not using the CaseTracker can directly open a host account on CoachMatch, organise the profile updating of their coaches, and use the system for coach search and management.

3. Managing the coaching workflow

Each coaching activity passes through a system of workflow stages. This starts with the preparation stage, there may be an internal consultation stage before a request for coaching will be decided and financed, then it enters the implementation stage before reaching the evaluation and finally the closing stage. This workflow process may be customized to each host.



Figure 11: Example of SME Instrument workflow

This lean standard workflow assures transparency of the coaching scheme, control of allocation of subsidies, control of major risks, e.g. the declaration of no conflict of interest, and evaluations from KAMs, coaches and SMES.

Declaration of no conflict of interest

Are you an evaluator for the SME instrument projects ?

Do you have any personal affiliation with the company ?

Do you have any financial interest into the company ?

Do you have any professional conflict of interest with the company ?

Figure 12: Extract from the CaseTracker workflow system: Declaration of no interest

The integrated evaluation methodology consists of 15 questions for KAMs, coaches, and SMEs. They provide the information input for the CaseTracker Key Performance Indicators (KPIs) system.

SME Evaluation

Mister XY helped us to identify relevant business needs

Strongly disagree
 Disagree
 Neutral
 Agree
 Strongly agree

The needs analysis performed together with Mister XY lead our company to take internal actions

Strongly disagree
 Disagree
 Neutral
 Agree
 Strongly agree

I was well informed about coaches to be able to choose the appropriate one

Strongly disagree
 Disagree
 Neutral
 Agree
 Strongly agree

Thanks to Coach XY, we changed the way to approach our challenges

Strongly disagree
 Disagree
 Neutral
 Agree
 Strongly agree

Thanks to Coach XY, we expect our business innovation project to progress faster

Strongly disagree
 Disagree
 Neutral
 Agree
 Strongly agree

Thanks to Coach XY, our business strategy improved

Strongly disagree
 Disagree
 Neutral
 Agree
 Strongly agree

I would recommend business innovation coaching to other companies

Strongly disagree
 Disagree
 Neutral
 Agree
 Strongly agree

Describe your experiences

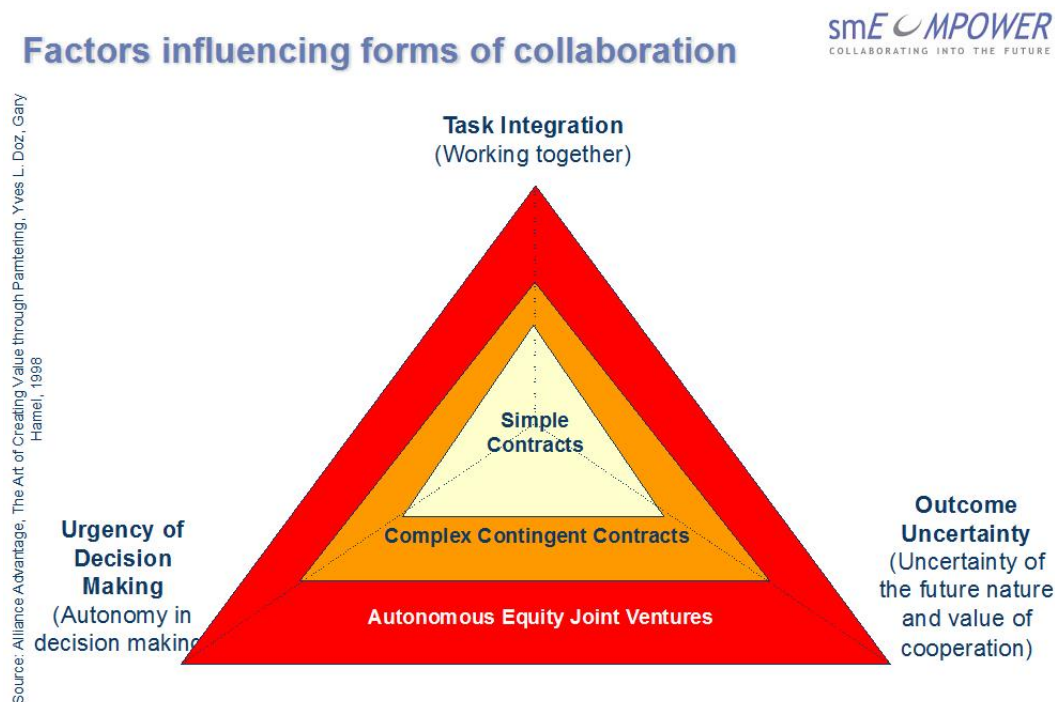
We are really satisfied with the work done by our coacher Alexandru Capatina. We will meet him next October 5TH in Bucharest with potential representative for our products.

Figure 13: Example of SME evaluations (names changed)

4. Coaching SMEs

smE-MPOWER provides reference profiles for recurrent coaching services, e.g. for business development, and offers the coaches a portfolio of coaching tools and methods. This coaching support will be accessible via the KnowledgePortal. The KnowledgePortal allows the coach to search support materials via a specific coaching process, via direct search, via business innovation topics, via vertical markets, or via life cycle stages. The support material contains the smE-MPOWER toolbox, which will be enlarged and enriched by existing coaching hosts, such as SME Instrument, platinn and JIC.

Based on the “open knowledge” approach (for the Creative Commons licence see above) the coach can hand over directly relevant tools to the SME, which is permitted to freely modify and use them for the company’s own purposes. Thus, the company gets empowered to respond to similar future innovation challenges on their own without dependency on the coach.



made available by smE-MPOWER under [Creative Commons Attribution-Share Alike 3.0](#)

26

Figure 14: Coaching tool supporting the choice of a legal frame in cooperation

5. Improving the coaching system by using Key Performance Indicators

Performance measurement is a prerequisite for continuous improvement and for trust building with public authorities. The Key Performance Indicator (KPI) system is designed for those two purposes. It is built on four KPIs, which indicate the performance achieved in the four critical steps of the coaching scheme, see figure below. KPIs are calculated on a set of questions, which are rated by SMEs, KAMs or coaches on a scale between 1 (minimum) and 5 (maximum). The questions are integrated part of the CaseTracker workflow system.

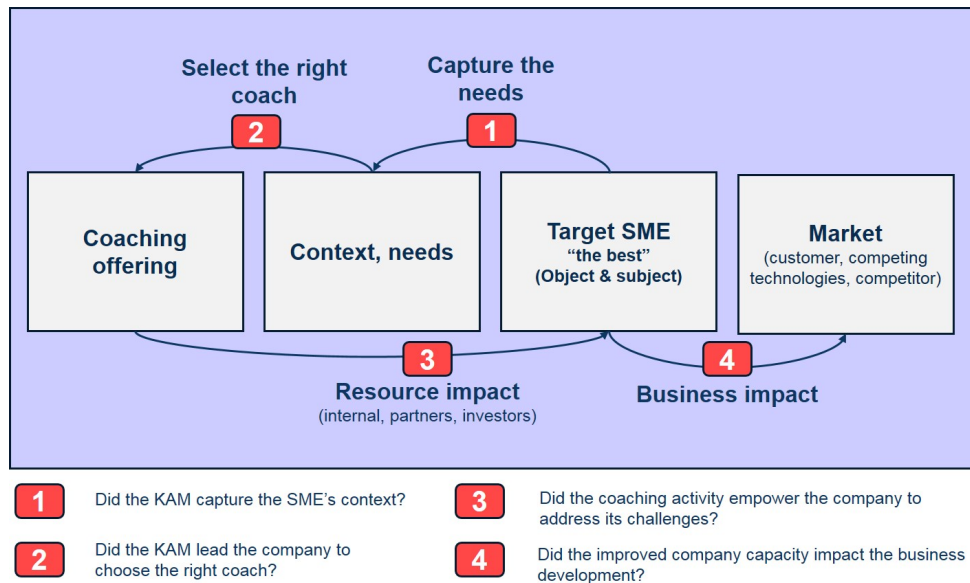


Figure 15: Key Performance Indicator system

The CaseTracker KPI Cockpit permits the generation of highly flexible KPI statistics. This mainly due its multi-criteria criteria selection menu. An example of a statistics is given in figure below. It compares the coaching scheme performance between younger and older firms, both targeting the upscaling stage in their life cycle.

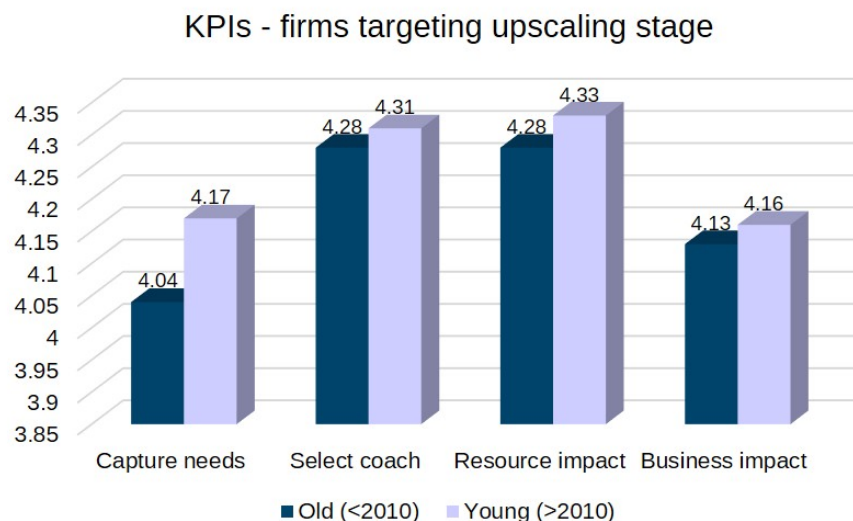


Figure 16: Example of KPI analysis

This real example shows a relatively high performance level. However, two relative weaknesses are worthy of being further analysed:

- The general performance level is lower in older than in younger companies.
- The two steps “Capture needs”, which is the KAM’s job, and “Business impact”, which is related to the coach, show comparatively low performance.

In such situations, the KPI cockpit allows a detailed analysis on the question level, which permits to isolate and understand the roots of the relative weakness. In those critical areas, the system supports a focused search of well performing KAMs or coaches. This bridges to community of praxis actions, where less performing KAMs or coaches can learn from their successful colleagues. The KPIs provide also relevant input for the periodic KAM and coach evaluation.

6. Reporting to authorities

Publicly (co-) financed innovation support instruments have a high duty towards their authorities in terms of transparency and reporting. The statistical CaseTracker module completes the KPI module and provides statistical evidence on a range of questions, such as:

- Which category of firms was reached by the initiative? By size, location, age, industry sectors, target markets, life cycle stages?
- What are the challenges and needs of those firms?
- How were those needs addressed by the initiative?
- What is the impact?

The CaseTracker reporting system provides statistics and lists of SME beneficiaries related to such questions. This traceability favours trust building between a programme execution agency and the public authority, and it generates a map of needs and shortages of the regional business innovation system.

"I have been supported by (name of KAM) to understand our needs and he submitted me few possible coaches. After a very careful analysis of the curricula we decided together to have an interview with (name of the coach). Both of us found him very motivated and keen to work with us with the target to find out our weakness and to support us in finding interesting possibilities on the market. My opinion on this coaching experience is very positive."

Micro company, Professional & Commercial Services

An example of such a needs map is presented in figure below. It shows the challenge pattern of Swiss SMEs in different life cycle stages related to the four business innovation vectors. Decreasing, but dominant is the challenge related to the offering for pre-industrialized firms. In contrast, increasing and even dominant became process related challenges on the transition to the consolidation stage.

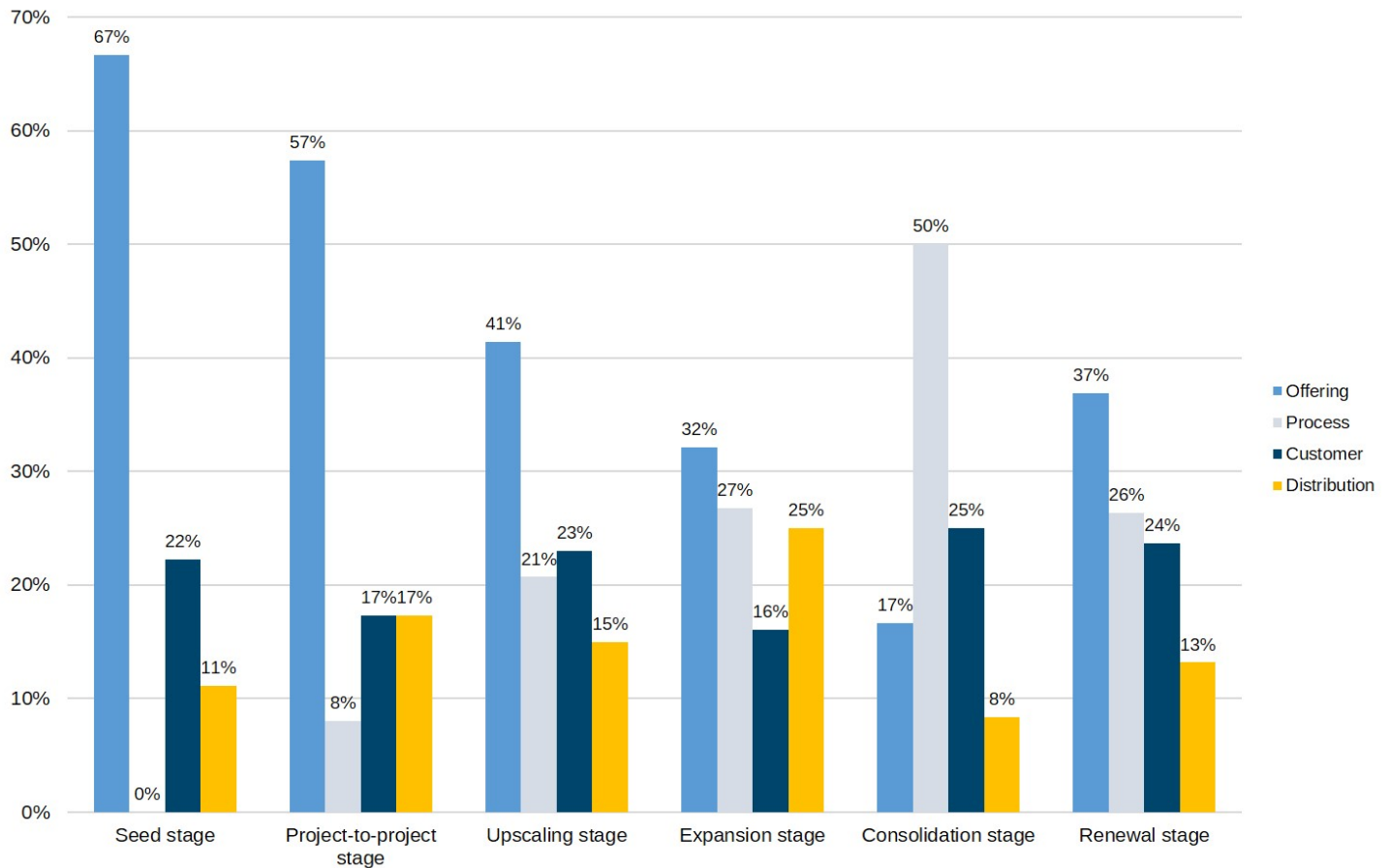


Figure 17: Distribution of challenges on the four business innovation vectors in different life cycle stages, source platinn 2015 (base: 173 companies)

The business innovation need map provides a substantial input for an evidence based and demand oriented innovation policy. The statistic cockpit supports this kind of business intelligence with its multi-criteria search options, with standard statistics and with extract functions for further statistical or econometrical analysis.

PART 2: DESIGNING AND IMPLEMENTING SME-MPOWER-BASED COACHING SCHEME

Why to invest into business innovation coaching of SMEs?

Reasoning for policy makers

By using smE-MPOWER as basic philosophy for their coaching schemes, regions can join the family of “high-end” SME-friendly regions at a low risk. There are several reasons for that:

Well-established model - smE-MPOWER-based schemes have been tested and successfully implemented in Western Switzerland, South Moravia (Czech Republic) and by the European Commission for the SME-Instrument coaching services. In total, SMEs have been served by more than 4.000 coaching activities since 2009. Since 2013, many other EU and non-EU regions have shown their interest in adopting this model of coaching scheme for SMEs.

Fast initiation at low costs - When implementing smE-MPOWER based scheme a region can leverage on existing innovation support structures and their proximity to SMEs. By adding the right ingredients, a regional coaching scheme can be set up, launched and operational within one year. The system is easily transferrable and first success stories can be achieved already after several months. Based on them, a region might decide to invest more and enlarge the scope of the scheme.

Highly appreciated by the SMEs - Compared to other innovation policy instruments (such as grant schemes), business coaching is different. Since it reflects real needs of SMEs, they recognize its value immediately. Coaching empowers SMEs exactly where and when it is necessary and accelerate the implementation of strategic changes. Thus, through a coaching scheme, a region can reach much wider spectrum of SMEs than with the traditional subsidy-driven programmes. It allows bringing innovations e.g. to companies from rural areas. A recent Swiss study on Research and innovation²² shows that the most appreciated public services by SMEs are coaching and information services. Similarly, the net promoter's score of JIC PLATINN exceeds 75 % proving high satisfaction rate of the South Moravian SMEs served by coaching.

Transparency – Statistical evidence of the structure of reached SMEs and their needs as well as of coaching interventions and related customer feedbacks is a prerequisite for long term success of a coaching scheme. It enhances dynamic alignment of offerings to the needs and it fosters continuous improvement of quality services. On the other side, the on-line monitoring system provides an effective interface to political decision makers by offering them transparency of financial flows (allocation of subsidies), beneficiaries, impacts and service providers.

²² See Forschung und Innovation in der Schweiz 2016, Seite 188

How to implement and run the regional coaching scheme? 11 key success-elements

In this regard, **11 Key elements for a successful regional coaching scheme** were identified as a result of peer-reviews and workshops of five European regions in different economic positions and with different levels of implementation of smE-MPOWER-based coaching schemes (Western Switzerland and South Moravia as regions with a coaching scheme; Lithuania, Upper Austria and Saxony-Anhalt as aspiring regions)²³. These five regions serve as examples for other interested regions to position themselves accordingly, allowing them to start from where they are.

First six elements can be seen as static building blocks, on which regions shall construct their coaching schemes. Without having all of them, a successful implementation of the coaching scheme is not realistic. By having implemented one or more of other five elements, a region brings higher dynamics into the scheme and can better measure, improve and maximize the impact of its coaching scheme. For each element, you will find an explanation and real examples from different regions how they handled and adjusted them to their specific context. The overview table shows the different levels of readiness of the regions involved in the Peer-BIT project.

²³ Peer-BIT project partners or associated partners.

11 key success-elements for a regional coaching scheme

- ✓ Present in the region
- ... Present to some extent
- ∅ Not available

		READINESS LEVEL				
		REGIONS WITH A COACHING SCHEME		ASPIRING REGIONS		
		Western Switzerland	South Moravia (Czech Republic)	Lithuania	Upper Austria	Saxony-Anhalt (Germany)
Setting up the coaching scheme (building blocks)	Regional commitment and stable financing	✓	✓	...	...	...
	Implementation agency with a leader	✓	✓	✓	✓	∅
	Common understanding of business innovation	✓	✓	✓	...	...
	Access to SMEs and understanding their needs	✓	✓	✓	✓	...
	Access to coaches	✓	✓	...	...	∅
	Organizational design of collaborative network	✓	✓	...	...	∅
Measuring, improving and maximizing the impact	Active usage of coaching tools	✓	...	...	∅	∅
	IT-based Network management system	✓	...	...	...	∅
	QA system for coaches	✓	✓	...	...	∅
	Advanced monitoring and evaluation system	✓	...	∅	∅	∅
	Use of coaches of other regions	...	...	...	...	...

Setting up the coaching scheme (building blocks)

Element 1: Regional commitment and stable financing

Although a regional smE-MPOWER coaching scheme can be initiated in a relatively short time-span, the impact of the scheme is related to its branding, to professionalization of the organisation, and finally to the competence building process both for KAMs and coaches. Thus, any public intervention needs a long-term stable financial support from the stakeholders. Only then, trust among the actors, sustainability of the scheme and leveraging on the public investment in business coaching to a broad range of SMEs can be achieved.

Based on experience of the Peer-BIT project partners, the regional commitment for establishing and long-term financing of a coaching scheme doesn't usually come from the politicians. It is rather a bottom-up process initiated by visionary intermediaries, who are in direct touch with SMEs and thus, can sense their needs. Thus, a question that is often raised by the regions interested in introducing a coaching scheme is "How do we persuade the politicians to invest?"

It is recommended to form small core team of visionary individuals (out of employees of implementation/innovation agency, politicians, and important businessmen) who agree on joint goal and on communication strategy towards the policy makers.²⁴ They might be able to identify potential source of finances for a smart pilot project of coaching only several SMEs. That is how the regional coaching schemes in Western Switzerland as well as in South Moravia were born²⁵.

Including planning, execution and evaluation, such pilot project can be achieved within one year and doesn't require large resources²⁶. With results of its evaluation and support from the coached SMEs as a proof of impact, the support from politicians can be achieved more easily. Moreover, the implementation agency learns and gets prepared for a bigger-scale and long-term coaching programme. Surely, fine-tuning and system modifications will be necessary after the pilot phase.

Important enabler is the level of development of the regional ecosystem and the regional innovation strategy (RIS). Generally speaking, the more developed RIS, the higher probability of a long-term support of a coaching scheme²⁷. The RIS represents a platform, where new support initiatives are approved and where the stakeholders accept responsibility and become committed. Positive dynamics that results from the RIS relies on the favourable mental preconditions: Stakeholders 1) acknowledge the problem that SMEs need support in business innovation and 2) reflect the innovation potential of their region.

²⁴ One option could also be to establish diplomatic duo (two persons from "core team") who are able to communicate the vision and are political neutral.

²⁵ The other three involved regions have also established a core pilot team and are preparing their schemes on the intermediary level first, as well.

²⁶ The estimated costs are approximately 25 000 EUR including the rewards for coaches and project management.

²⁷ See the RIS of the Western Switzerland (www.platinn.ch/ger/platinn/Strategische-Projekte/RIS-WS) and of South Moravia (www.risjmk.cz/en/).

A political consensus of all partners involved represents an enormous advantage in a process of introducing any new support scheme for SMEs. The successful coaching schemes from Western Switzerland and from South Moravia are long-term policy instruments of the respective RIS. Therefore, the financing is secured on an annual basis²⁸. The other three regions from the Peer-BIT project haven't reached a long-term political and financial support yet. If there is some business coaching service offered to SMEs in Lithuania or Upper Austria, it is always dependent on time-limited projects available only for some SMEs²⁹. However, there are other support services and schemes available for SMEs in these two regions supported by their RIS. Saxony-Anhalt is in preparation of a pilot project for a coaching scheme.

Element 2: Implementation agency with a leader

This point reflects the necessity to have 1) a dedicated institution managing the scheme and 2) a devoted person/s being personally responsible for the scheme's success.

From the Peer-BIT partners' experience, the latter point seems to be even more important. New successful initiatives start very often with a pioneer who succeeds to convince her/his employer (usually a future implementation agency) about her/his idea. This happened in Western Switzerland and South Moravia, where the coaching schemes were established based on an initial effort and first success stories of few particular persons. They eventually created a new business unit within the implementation agencies. In case of Western Switzerland, the platinn team around Christoph Meier was established, in South Moravia, a new Business Innovation Team was founded around Jindřich Weiss. They found RIS stakeholders ready to take risk while supporting new initiatives.

In the other Peer-BIT regions, there are particular people (within or outside innovation agencies) taking actions aiming at getting business coaching recognized as a high added-value activity and eventually to establish a regional coaching scheme. Unfortunately, introduction of a regional coaching scheme is often blocked by complicated institutional set-up with more potential implementation agencies. In such cases, Western Switzerland might serve as best practice how to organize multiple stakeholder structure into a collaborative network.

"Thanks to the KAM and the coach we were able to identify different users' needs and products in the market. We have developed a better commercialisation strategy."

Medium sized company,
Transport Infrastructure

²⁸ The Swiss platinn is financed by the seven cantons and federal government (50:50 relation). The South Moravian JIC PLATINN is subsidized by the Region of South Moravia and the City of Brno.

²⁹ E.g. "Enhancing innovation management capacity" programme of Enterprise Europe Network of business coaching under Horizon2020 programme.

Element 3: Common understanding of business innovation approach

No coaching scheme can work well without a solid methodological background and having all involved actors (SMEs, coaches, intermediaries etc.) speaking the same language. The three methodological building blocks of smE-MPOWER proved to work well for this purpose (see Part 1).

Element 4: Access to SMEs and understanding their needs

Coaching usually targets the SME's top management and thus it is not easy to "sell" it. A long-term trust between the implementation agency, coaches and SMEs must be built. All partners shall have a direct access to each other in order to secure a demand-led principle of coaching. The direct access as a distribution channel shall be supported by a strategic brand-building of the coaching scheme and implementation agency. That is why it is so important to run the coaching scheme on a long-term basis as a service (not a project) and not to change the rules of the game too often. The graph below shows the long-term effects of trust-building on the overall performance of a coaching scheme. Both Western Switzerland and South Moravia leverage on the stability of their schemes in gradual increase of initiated coaching activities. The SME Instrument coaching services have joined similar path leveraging on the Enterprise Europe Network.

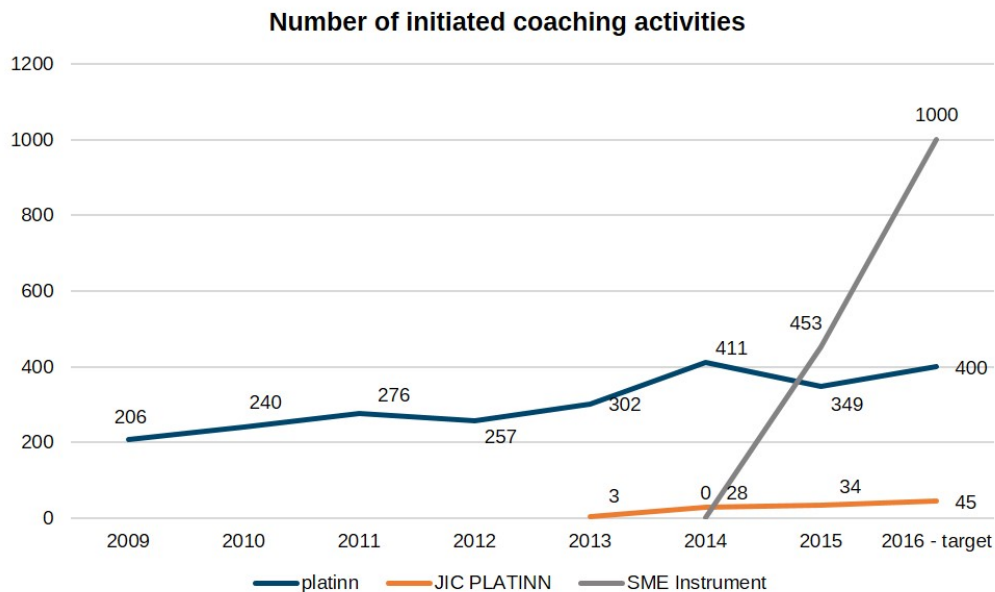


Figure 18: Number of initiated coaching activities in Western Switzerland and South Moravia³⁰

Access to SMEs, understanding their needs and selectin an appropriate coach are among the major challenges for Key Account Manager (KAM). In Western Switzerland, the cantonal antennas³¹ are playing this role; Lithuania has similar decentralized model. Whereas in South Moravia and Upper Austria, there are dedicated key account managers (KAMs) inside the regionally centred agencies. The European "SME Instrument" uses Enterprise Europe Network's regional organisations as the KAMs

³⁰ Purpose of this graphics is to show the trend, not to compare the absolute numbers. Such comparison is not complicated due to different service

³¹ The cantonal antennas are the economic agencies of cantons (<http://www.platinn.ch/eng/platinn/Team#Cantonal%20partners>).

Element 5: Access to coaches

A recurrent question concerns the coach recruitment system. There are currently several modes of coach recruitments: Fixed employed staff at the support organisation; accredited external coaches and coaches in “open regime”.

The advantage of having the coaches as internal staff (of the implementation agency) is higher influence on their quality and shared coaching approach. On the other hand, good business coaches tend to work as freelancers at relatively high rates and thus are reluctant to being employed.

Using accredited external coaches (second mode) allows for higher scalability and richer offering of specialties, but needs bigger efforts for coordination and quality assurance. For example, plattin combines internal and external staff, whereas JIC uses mostly external coaches³². In their coaching projects, LIC and BIZ-UP combine internal coaches with ad hoc external ones.

The third mode of the so called “open regime” emerged as a new mode within the European SME Instrument. This regime is based on the idea that the lower barriers for entry of new coaches the richer variety of their specialities. As a result, the open regime has the highest adaptiveness to the SMEs’ demand. At the same time, the open regime uses performance feedback on the coaches in order to minimize the quality risk. Future opening of the pool of SMEI coaches outside of this programme can represent an option for those regions without capacity to build their own pools of coaches³³.

Access to coaches can be achieved through a bilateral agreement with partner region that would share its coaches. However, such special access mode requires high level of trust and shared rules between the concerned regions.

The following graphics compares schematically the three modes of access to coaches from the perspective of the two critical dimensions. The values have been estimated based on the experience of the Peer-BIT partners.

Pros and cons of three modes of access to coaches

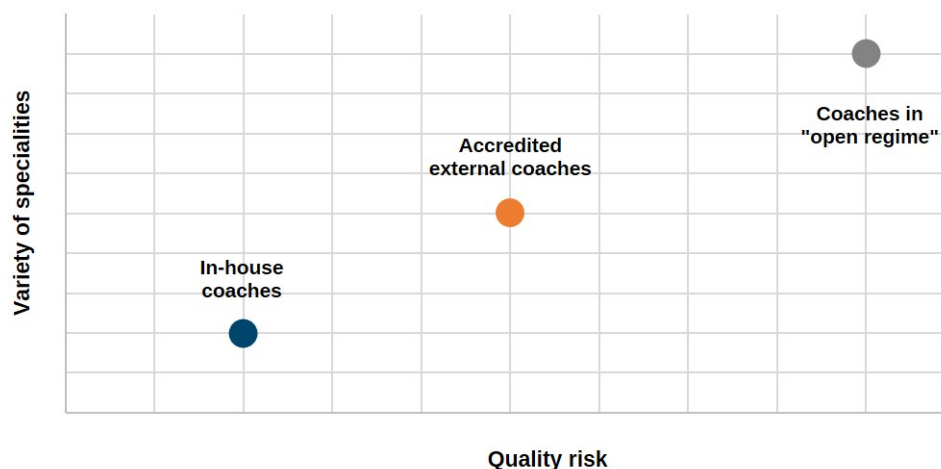


Figure 19: Pros and cons of different access modes to coaches

³² Usually experienced businessmen transferring their know-how to SMEs.

³³ For more information on the third mode, see the Chapter “Use of coaches of other regions”.

Element 6: Organizational design of collaborative network

This element stresses out the importance of the proper service design and the art of complexity management. It connects the first five elements into a comprehensive logic and cooperation. Successful coaching schemes excel at mobilizing key actors and leverage on their collaborative network. Its proximity to SMEs as well as different specialties can address the SMEs' needs both efficiently and in a high quality and relevance. Moreover, a right organization allows for combining the coaching with other innovation support services.

At the same time, the service design must be dynamic and continually adjusted to the changing conditions over time (e.g. segmentation of different types of coaching services, dividing coaching activities into more stages, increasing co-financing duty for SMEs etc.).

Once a collaborative network is functional, it allows not only to efficiently serve the SMEs, but also to strategically maintain and develop the key resources such as community of coaches, knowledge base, marketing, KPI system etc. This is not possible in those regions, where such networks are organized only on ad hoc basis.

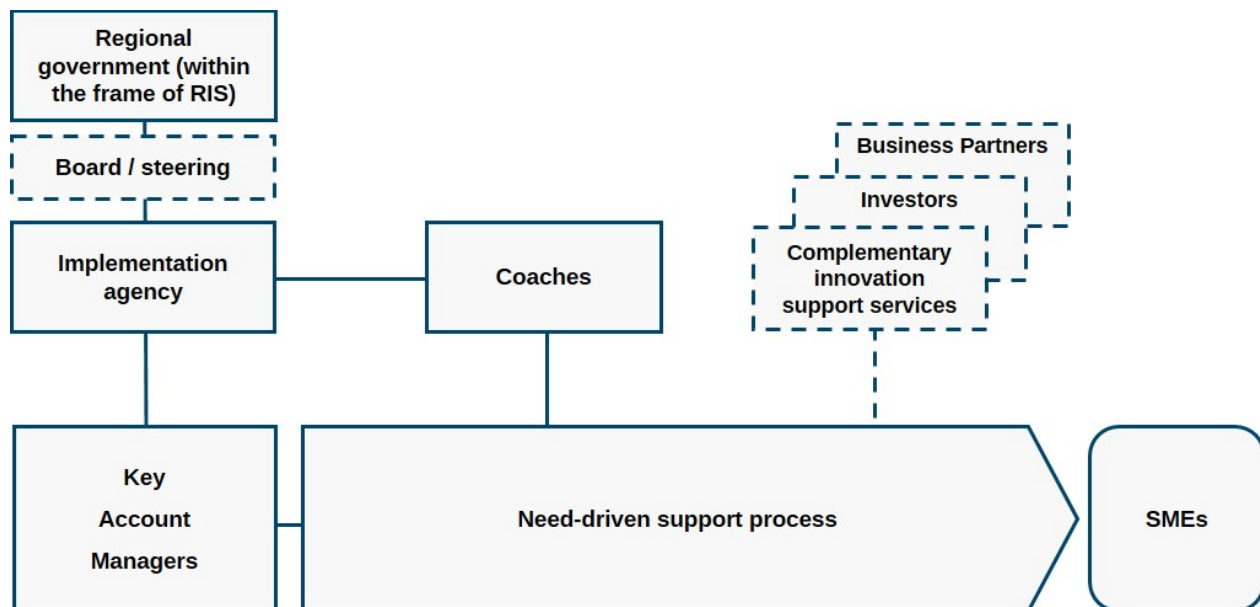


Figure 20: The basic recommended organizational design

Measuring, improving and maximizing the impact

The next five elements bring dynamics into the scheme and can allow better measuring, improving and maximizing the impact of the coaching scheme. They enable flexible alignment of the coaching to the dynamic changes of the SMEs' innovation needs.

Element 7: Active usage of coaching tools

While common understanding of the business innovation system is a necessary precondition, active use of various tools for coaching might further enhance the value provided to SMEs.

In Western Switzerland and Lithuania, coaches have to go through a dedicated training in the main coaching tools. Training and debriefing system for coaches is organized and the coaches are involved in further smE-MPOWER tools development.

In South Moravia, Business Innovation Roadmap tool is used for the needs' analysis and helps the KAMs and SMEs discover and describe their innovation needs. At the same time, this tool provides a critical input for matching a particular SME's needs with an appropriate coach. However, JIC's experts still don't actively use the whole range of smE-MPOWER tools. The bottleneck is the absence of a proper train-the-coach programme. For further maximizing the impact, JIC shall train its experts in these tools.

Business Upper Austria has an ongoing EIMC project using IMP³rove³⁴ for the assessment of innovation management. The generated report serves as a basis for recommendations how to improve in the different sectors of innovation management. The smE-MPOWER tools are perceived by BIZ-UP as potential enhancement of the value provided to SMEs.

Element 8: IT-based network management system

Steering of the deal-flow of coached SMEs is a challenging process to handle. Many regional implementation agencies run their CRM systems. These serve solely as tracking systems about "what has been done with the SME" and doesn't allow active participation of coaches, SMEs and/or stakeholders.

While having more than approximately 30 coaching cases per year, the implementation agency starts feeling an urge need for IT support. There are multiple needs for this: smooth matching of SMEs' needs and the right coaches, efficient decision-making, accessibility by all partners (SMEs, KAMs, coaches, stakeholders), instant reporting availability and transparency etc.

A special IT-based **network management system "Case Tracker"** was developed by platinn and has been recently adopted on the EU level. Many regions are familiar with it thanks to the SME Instrument, where the coaching service is supported by this software. However, only platinn uses Case Tracker also as an IT system for its regional coaching scheme. Thanks to Case Tracker, it is possible to run several hundred coaching activities in parallel in Western Switzerland. JIC is about to adopt the Case Tracker soon in order to be able to further scale-up the JIC platinn coaching scheme³⁵.

³⁴ www.improve-innovation.eu

³⁵ See the "Figure 5: Number of initiated coaching activities" in Western Switzerland and South Moravia to compare the efficiency of a coaching scheme with and without an IT tool.

Element 9: QA system for coaches

Quality of coaches is a crucial element in order to run a successful coaching scheme. In this regard, three key processes must be well set up and maintained by the implementation agencies: 1) Accreditation, 2) Evaluation, 3) Learning and Networking.

A strict procedure shall be designed while accepting new coaches on-board. The implementation agency shall pay special attention to

- I. relevant business experience;
- II. track-record in business coaching;
- III. motivation (shall not be primarily financial). Furthermore, a third-person recommendation for a new coach shall be sought.

From the experience, it is much easier to test the potential coaches before their accreditation than to exclude them once they are accredited.

Periodic evaluation of coaches' performance is necessary both for quality assurance and for further development of the coach community in every region. The evaluation is organized in Western Switzerland and South Moravia annually, always checking the performance of every coach in the past two years. The following three key performance indicators are measured:

- I. number of coached cases;
- II. clients' satisfaction and
- III. commitment (e.g. active participation on events for coaches, ethical issues etc.)³⁶.

If a coach is underperforming in one of the three criteria on a long-term basis, it might lead to losing his/her accreditation.

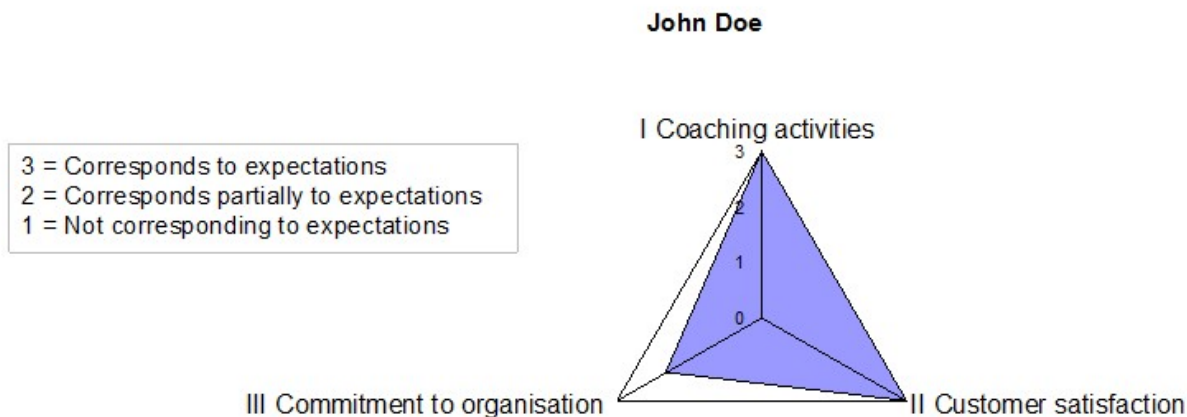


Figure 21: Example of an annual coach-evaluation sheet from platinn

³⁶ In regions with ad hoc coaching services, the only measured KPI is the clients' satisfaction. For a long-term coaching schemes, the other two must be measured, as well.

A coaching scheme shall leverage on the community of involved coaches. A special actions shall be planned towards accelerating their mutual learning and networking. Based on smE-MPOWER experience, the coach community concept shall be built around two main drivers: first, how the community will *build and expand the common knowledge* base of tools, methodologies and good practice evidence. Second, the principles for *spreading and anchoring knowledge* in the community. This implies continuous learning through close interaction among community members, solving real life SME cases, and common problem-solving leveraged by the expertise, tools and experience of fellow coaches. This called “action learning” lies at the heart of the coach community development initiatives and is implemented by a mixture of top down initiatives (formal training and networking event) and bottom-up activities (informal exchange between coaches and their co-operation on coaching cases). Newcomers, less experienced or more peripheral members shall learn from experienced colleagues by participating in a dynamic knowledge sharing environment.

Due to the diversity of business innovation challenges it is normal for a coach community to form a heterogeneous group. Thus, the learning process is not intended to harmonize coaches according to a single, specific competence profile, but rather to utilize the diversity of skills as an asset towards the different SME needs - and even encourage further specialization.

Element 10: Advanced monitoring and evaluation system

The monitoring and evaluation system (MES) is an integral element of an evidence-based innovation policy approach. This element addresses a simple question: Has our regional/national coaching scheme been achieving its mission? However, it is fair to say that answering this question is far from being simple. Although the mission of an SME coaching scheme is in a broad sense same in every region, there are important local specifics that need to be taken into account. Therefore, the first and often crucial step towards a useful³⁷ MES is to define the objective(s) of the coaching scheme precisely. This means setting up relevant indicators and their target values which shall be regularly updated throughout all interaction with the relevant stakeholders. Clear and quantified objectives are important for managing the scheme effectively and efficiently and thus, for maintaining long-term political commitment. On the other hand, target values shall be achievable in order to avoid a loss of energy and commitment.

The MES consists of three basic elements:

- I. Monitoring system
- II. Case results evaluation
- III. Impact evaluation

³⁷ A common mistake on the way to a useful monitoring and evaluation (M&E) system is to start a programme or scheme without precisely defined objectives and their indicators. As a result, M&E systems became formal as they did not deliver strategic (valuable) information for a decision-making process involving subjects with different needs and interests.

The monitoring system was designed in order to gather relevant data for the operational as well as strategic management of JIC PLATINN. There are three main sources of data which are focused on the different phases of collaboration with a client firm. First, innovation opportunities analysis, as a first step of the collaboration process results in a comprehensive data set of a client firm's situation when entering the coaching scheme. Second, evaluation of every single collaboration case gathers data about particular changes within the client firm which are initiated, in progress or even completed. This is also the source of immediate feedback from clients which the KPIs are based on. Third, interviews with selected clients focused on mapping the economic impacts of changes initiated within the firms by the coaches. All the data are saved in a database information system which is a unified basic source for all the analyses needed. Case results evaluation is the final step in the coaching process. It has two parts, a standard online questionnaire and a feedback meeting where the client firm's CEO, her/his coach and the key account manager take part. Based on the data from the standardized questionnaire, these KPIs are:

- **Immediate client's satisfaction with the coaching**

Client's satisfaction is measured on a 0 – 10 scale where 10 is 100 % satisfaction. The KPI is defined as the percentage of clients served whose satisfaction rate reaches at least 80 %. The general question on perceived satisfaction within the coaching service is interlinked with a detailed question matrix focused on particular areas with positive changes initiated.

- **Net Promoter Score®** (registered trademark by Satmetrix³⁸)

This is an internationally well-established indicator of customers' satisfaction which can be effectively used for benchmarking, even in cases where quite different coaching schemes need to be compared³⁹.

Both Immediate client's satisfaction, and Net Promoter Score® are regarded as indicators of results. Beside these KPIs, several **output indicators** are used. Namely, the number of coaching activities realized, the number of innovation opportunities analyses and number of coaching hours delivered. The feedback meeting is focused on both the deeper evaluation of the coaching case, and the identification of opportunities for further improvement of the coaching scheme itself.

The accreditation system of the coaches includes a periodic evaluation in order to decide on any follow-on training measures and to determine if the accreditation can be renewed for the following year.

The evaluation is based on the previous two years.

The evaluation process consists of five steps, see figure 22:

³⁸ Reichheld, Frederick F. (December 2003): [One Number You Need to Grow](#). *Harvard Business Review*.

³⁹ For a definition and basic introduction see https://en.wikipedia.org/wiki/Net_Promoter.

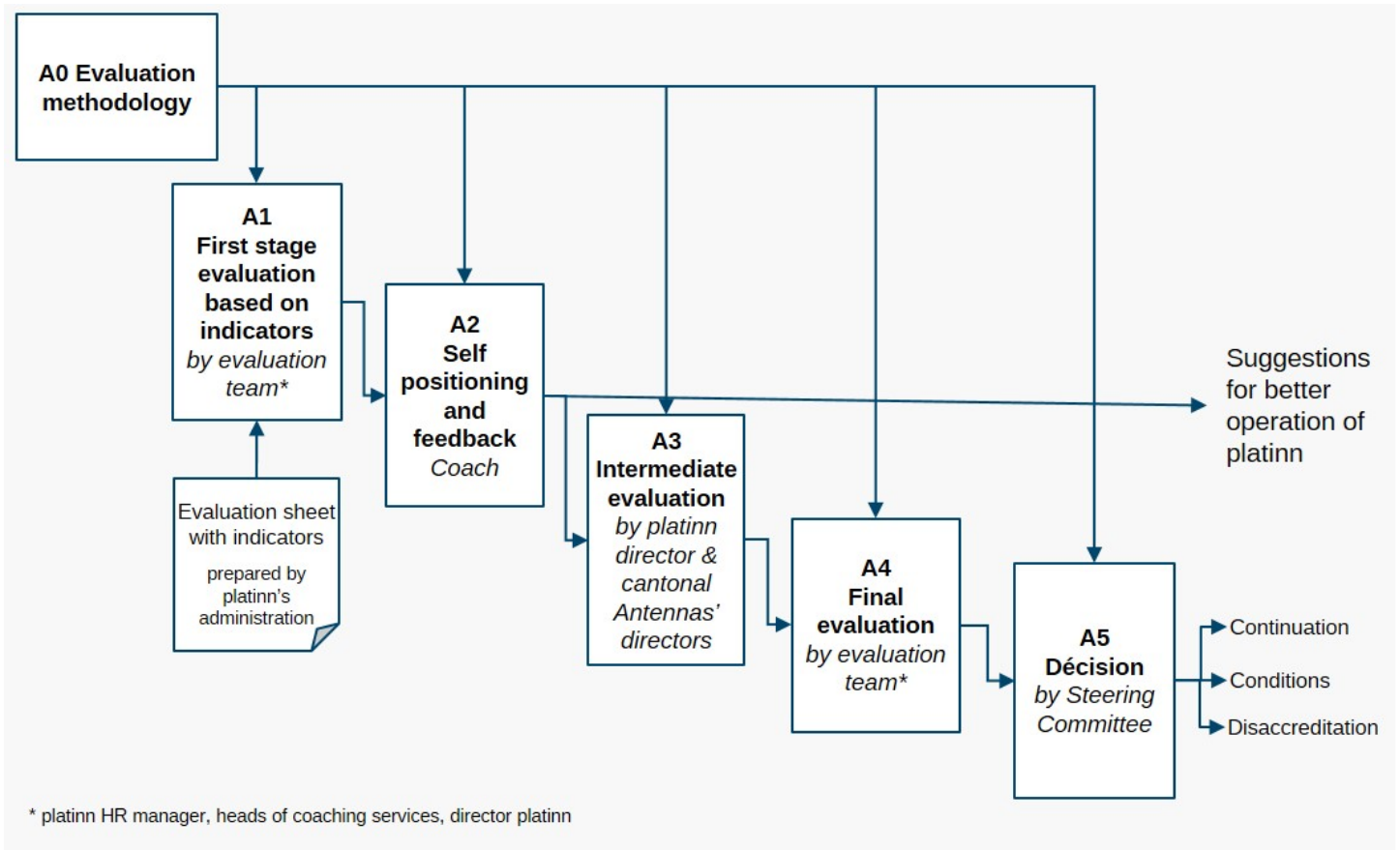


Figure 22: Periodic evaluation of platinn accredited coaches

The more transparent the better

The concrete results of coaching are not always easy to grasp and communicate. Thus, the ability to show clear evidences of its value to the donors / stakeholders, is crucial for their long-term commitment for support. At least one region (Western Switzerland) has developed a reporting system able to show a cost-benefit analysis to the stakeholders instantly (online up-to-date availability) and in a comprehensive way. Thus, platinn's KPI are directly interlinked with the governance level and stakeholders feel always involved. Such transparency supports the trust among the players within the regional eco-system and is highly appreciated by the stakeholders.

Manual ad hoc reporting of the achieved results (all other regions) is a prevailing practice, but having an advanced reporting system helps to maximize the impact of a regional coaching scheme.

Delay between implementation of changes and economic impact

From a strategic perspective, there is a problem of the delay between real implementation of changes within SMEs and their measurable economic impacts. Therefore, an impact evaluation is necessary in order to find out to which extent the purpose of the coaching scheme has been achieved. This shall be conducted with a reasonable number of cases which were finished two or more years before the impact evaluation. JIC PLATINN impact evaluation from 2015 shows that changes initiated by coaches did not lead to a significant economic impact during the first year after the coaching case had been finished. However, the interviewed CEOs stressed they expect significant economic impacts during the second and/or third year. The usual reason for this “delay” of real economic benefits consists of unexpected complications or additional needs appearing during the implementation phase of the targeted changes initiated by the external coaches.

In line with the societal objectives of innovation policy, impact evaluation not only focuses on the financial benefits achieved by the companies coached, but also on the additional jobs created and the impacts in terms of growth of salaries, qualification upgrading etc. The most challenging issue when conducting the impact evaluation is the connection between the changes implemented as a result of the coaching and the corresponding changes in financial and other results at the level of individual companies.

Lessons Learned: Recommendations for other regions

- Use customers' satisfaction indicators as KPIs. Metrics based on economic impact are not relevant for operational (partly strategic) management of coaching schemes.
- Use qualitative context information as a supplement to KPIs. It helps managers to make the right decisions in a complex economic environment and get valuable feedback for the continual improvement of the coaching scheme.
- Utilize information from case results evaluation for generating the best clients for further coaching support. Repeated coaching activities seem to be able to deliver the highest economic impact.
- Strategic segmentation based on the relevant monitoring system can help focus scarce sources on the most relevant companies in terms of growth potential.

Element 11: Involvement of coaches of other regions

Recently, a new great opportunity for further maximizing of impact of regional coaching schemes has occurred. While some regions have already established successful coaching programmes for their SMEs and thus created a sound portfolio of coaches from their regions / countries, sharing of this key resource across boarder might allow or enrich coaching schemes of other regions.

International coaching is provided to SMEs in number of ad hoc European projects aiming at support SMEs. Sharing of coaches internationally already happens also within the SME Instrument programme. The results of SMEs coached by a foreign coach are a promising signal that such shared pool of coaches brings significant new added value both to SMEs and regional eco-systems.

In order to share coaches as a key resource between more regions, high level of trust between the implementation agencies is needed. This trust shall be based on some of the key elements mentions above: a) shared philosophy; b) smooth organization supported by advanced IT system; c) quality assurance system for coaches etc.

Pilot cases have been already successfully achieved between Western Switzerland and South Moravia, where both regions make their coaches mutually available to each other. Using coaches of other regions is particularly interesting for those regions building their coaching schemes (and the coaching pools) from scratch. By doing so, they might accelerate the process and provide high quality coaching to their SMEs earlier⁴⁰. Most of the involved regions would highly appreciate the possibility of using coaches of other regions.

"The result of the work in Spain and Italy will definitively enable and speed up the market access for our early detection diagnostic test of pancreatic cancer in these markets." Great concept and (name of the coach) was the right person for us! "

Small company, Biotechnology & Medical Research

⁴⁰ Some first trials have been registered between South Moravia and Zlín region. The Canton of Bern is about to join Western Switzerland and allow its SMEs to be coached under the platinn programme.

CONCLUSION

SMEs and start-ups are the innovation engine of the European economy. However, the fact that their potential is only partly exploited due to limiting soft factors in areas such as strategy, market, organisation etc. raises the question of complementing the current innovation systems by a need and demand driven component.

For many years, this focus on soft factors was at the heart of the smE-MPOWER community. At the beginning, there was a small European project consortium pursuing that vision by developing the coaching scheme in the area of partnership building and strategic cooperation. It then became the central element of the innovation platform of Western Switzerland (platinn), from where its success passed on the Czech region of South Moravia (JIC) and on other initiatives. With the introduction of the smE-MPOWER coaching system by the European Commission (EC) for the SME Instrument programme in 2014, the development of a scalable and professional solution became unavoidable. Today, this comprehensive smE-MPOWER coaching platform represents the state-of-the-art in SME coaching.

In agreement with the EC, this platform shall be made available to regional and national SME coaching initiatives as well as to R&I programmes targeting SMEs. The basic ethical principles of smE-MPOWER assure a sharing philosophy of coaching tools, coach profiles and software codes of the WEB platform. This permits low cost access to the smE-MPOWER assets and it enables organisations to customize a coaching scheme to their specific SME business innovation support strategy.

With this in mind, smE-MPOWER will enlarge its international community. It invites partners committed to tangible SME support to learn about smE-MPOWER and to contribute to its further success. The very positive SME feedbacks, both on EU and regional level, stands for a highly reliable and promising option.

Contact us under:
info@sme-mpower.eu

Or write us under:
smE-MPOWER c/o Harmony
Solutions SA,
Route du Châno 16, CP 114
CH 1782 Belfaux

ANNEX I: EXAMPLE OF A SME COACHED BY SME-MPOWER METHODOLOGY

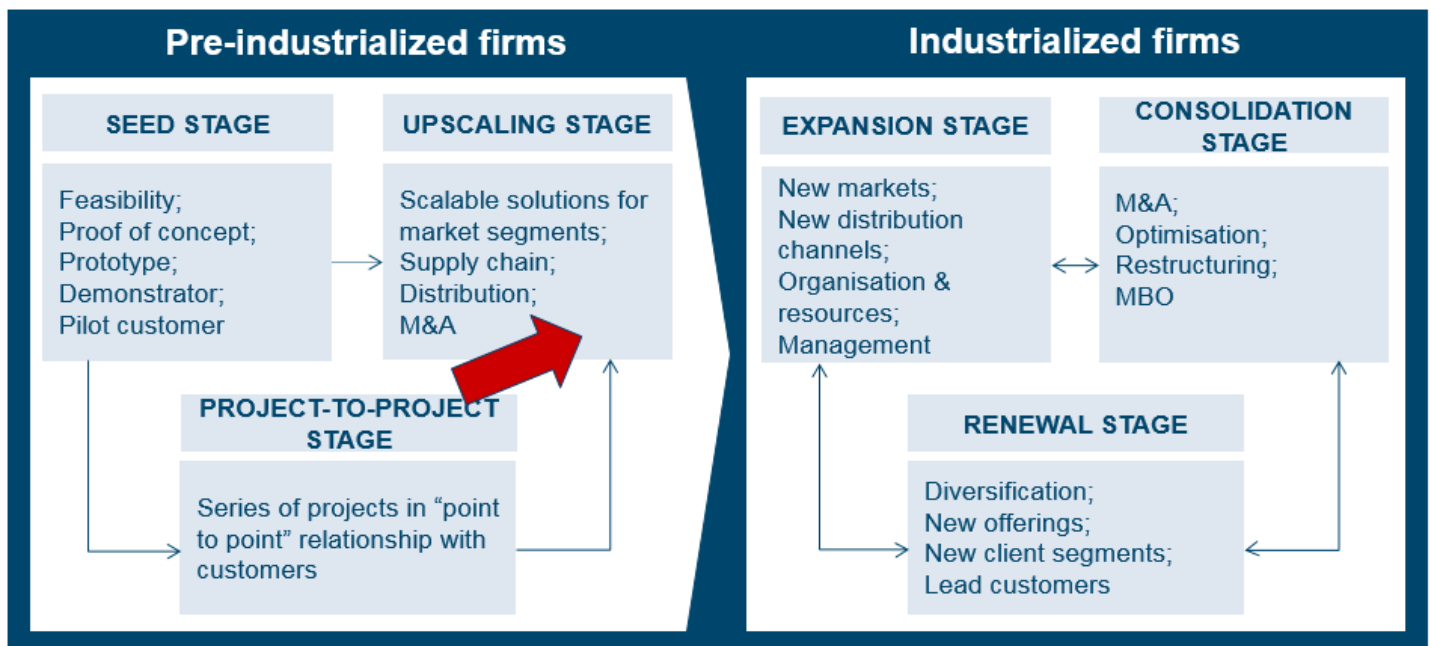
The Austrian company INOCON Technologie GmbH was coached by the smE-MPOWER team on August 17th, 2016. Without going into confidential details, the following visual notetaking provides an impression of a customized application of the smE-MPOWER coaching approach.

INOCON is an established technology provider in the area of plasma welding and plasma coating with a range of industrial applications in different markets. From the self-description of the company it becomes clear that their challenge lies in the transition from a purely project-to-project business with a high degree of customer specific services to a scaled solution supplier.

This meta-level view can be made explicit within the frame of the company lifecycle as follows and can help the company owner understand the order of magnitude of the challenges ahead. It can also help to communicate to the manager that what has been right for the past (e.g. in terms of management structure) can be wrong for the future.

Business challenges along a company's lifecycle

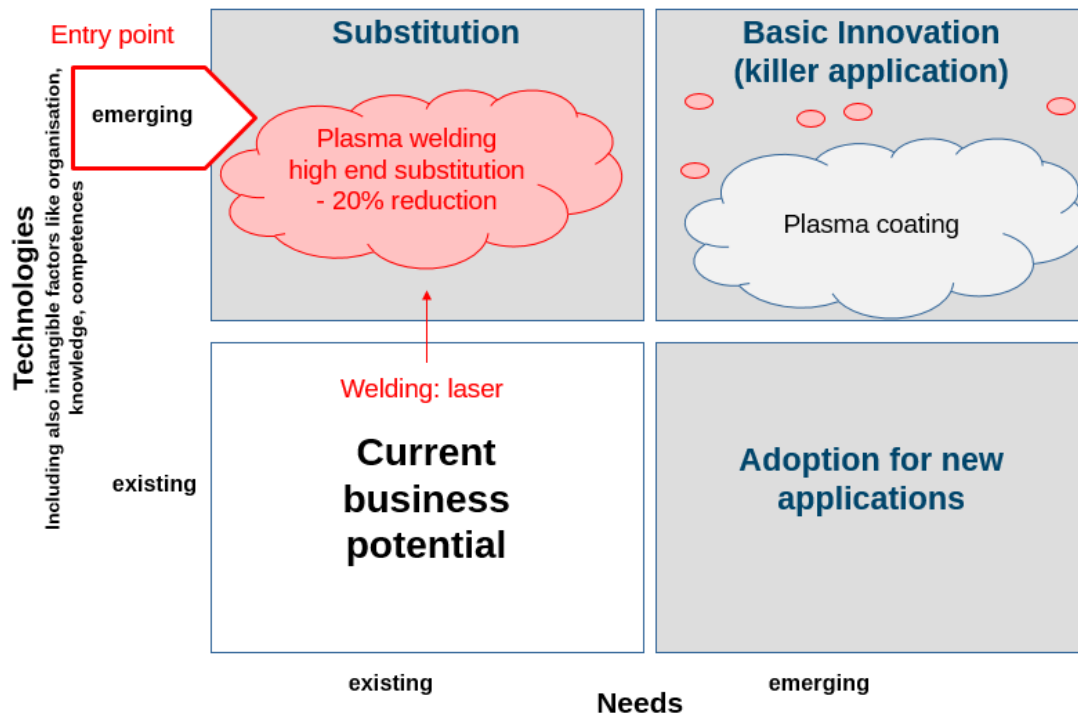
smE MPOWER
COLLABORATING INTO THE FUTURE



Analysing the business innovation opportunities in the discussion two major strategic routes to market became evident: The company's innovative plasma approach to welding is superior to the laser-based market standard in some applications based on welding. To win on a substitution strategy as a rule of thumb 20% of price reduction or alternatively 20% of higher felt value must be offered in order to turn the customer away from the standard technology. The company's coating application of its plasma technology on the other side provides totally new value propositions and can potentially satisfy a range of new customer needs. It might therefore become the more profitable while more challenging market.

Innovation opportunity profiling Business innovation matrix

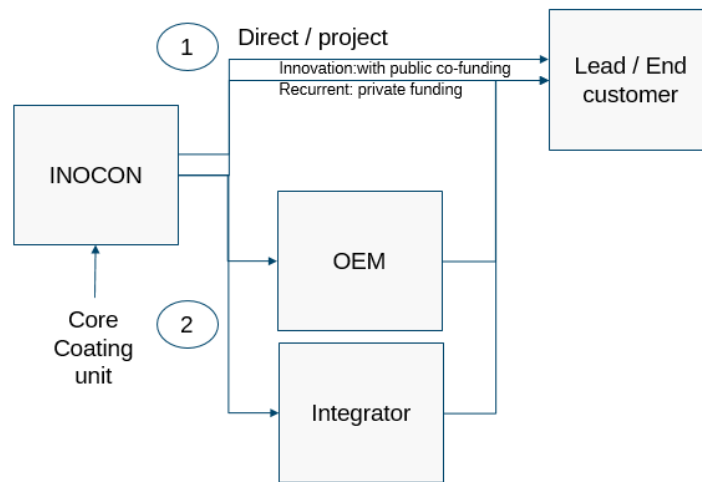
smE MPOWER
COLLABORATING INTO THE FUTURE



made available by [smE-MPOWER](#) under [Creative Commons Attribution-Share Alike 3.0](#)

Thinking business model in a next step the company identified two basic routes to market: direct sales and indirect sales. Direct sales is an established pattern in the company, especially when it comes to public co-funding. Opening indirect marketing channels, however, is new and will require more strategic consideration reflecting on the choices between OEM and integrator distributors and finding entry doors into the world of OEMs. One promising approach can be to convince an appropriate OEM to join a larger project based on good results of previous projects and customer satisfaction with the sample products of these projects.

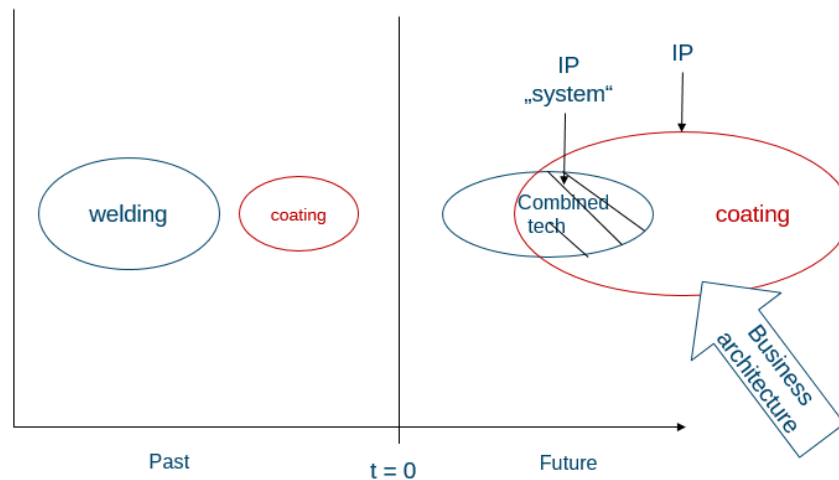
Business model: From direct to indirect sales



made available by smE-MPOWER under [Creative Commons Attribution-Share Alike 3.0](#)

Reflecting on these future market options against the current state demonstrates the change that an upscaling of the plasma technology for coating applications would entail. It also becomes clear that Intellectual Property (IP) is a critical aspect in this.

IP focus



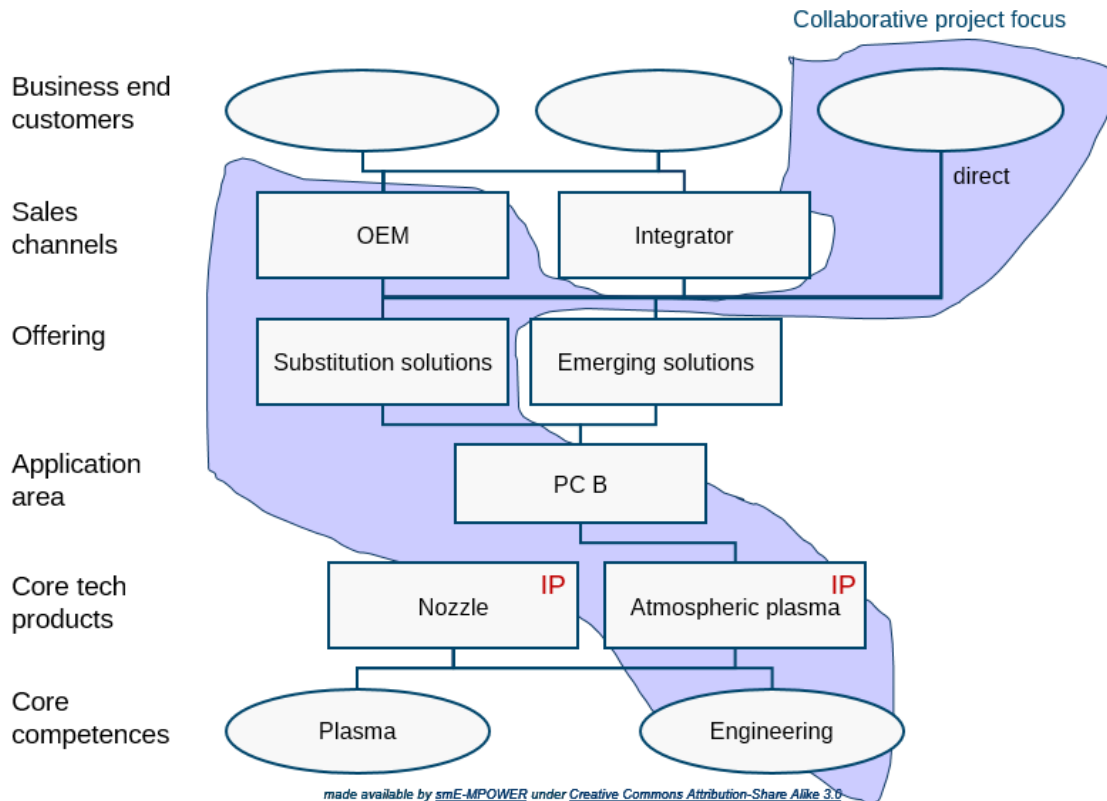
made available by smE-MPOWER under [Creative Commons Attribution-Share Alike 3.0](#)

Focusing on the plasma coating application, it is worth now to establish a business architecture that zooms into the relationships between the company core competences on the one and its markets on the other side. The business architecture distinguishes between person based core competences and company based core products, identifies key offerings per application area, and defines relevant sales channels and (types of) customers. In this case, the existent IP is checked on the level of core products and a next potential collaborative project focus delineated.

Business architecture INOCON

Focus: Plasma coating

smE MPOWER
COLLABORATING INTO THE FUTURE



After the smE-MPOWER coaching session INOCON confirmed that this visual and interactive way of business coaching had been appreciated in general, that it had gained a roadmap for action and – even more importantly – that conciousness was won by the owner about the level of change and rethinking that lies ahead of it on the road towards upscaling.

The project has received funding from *the European Union's Horizon2020 research and innovation programme* under grant agreement No 680936.



Project partners:



Associated partners:

