



Vocational training

Small and medium-sized enterprises

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Bulletin of the European Centre for the Development of Vocational Training

CONTENTS

Editorial	1
Entrepreneurial training for managers of small and medium-sized enterprises <i>Robert E. Nelson and Philip A. Neck</i>	2
Small and medium-sized enterprises determine the future of vocational training <i>Dr Hermann Schmidt</i>	6
Helping small firms learn <i>Dr Ron Johnson</i>	9
Training advisory services to small firms <i>Patrick O'Callaghan</i>	13
IN ITALY	
The intervention of the European Social Fund was decisive <i>Duccio Guerra</i>	17
IN DENMARK	
One cheese per second <i>Anna-Grethe Schomburg</i>	20
IN BELGIUM	
In a family enterprise <i>Florence Morgan-Gérard</i>	23
IN IRELAND	
Training from the top down <i>James Michael Adams</i>	25

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Editorial

pean Investment Bank to intermediary bodies to which SME may resort.

It would be a great mistake, however, to take the SME situation as a whole as the first object of analysis, the main characteristic of these enterprises being their heterogeneity. Even the size of an enterprise varies from a few employees only – these are usually family enterprises – to several dozen or even several hundred. The same diversity prevails with regard to the sector of economic activity involved as well as to the legal framework within which this activity takes place, the legal status within which some SME operate. At the level of management and decision-making, finally, the situation of a small independent firm cannot be compared with that of a small firm working almost exclusively, if not indeed exclusively, as a subcontractor for a large firm. Resulting from this heterogeneity is a certain fragmentation of approach to problems confronting SME; for the most part these problems are clarified primarily within the sector itself either at regional or at local level and distant therefore from Community level.

One aspect which is common to all SME is the importance of the human factor. In general SME are enterprises operating in the industrial, business, and services sectors on a decidedly labour-intensive basis. Their productivity, their competitiveness, and their capacity for innovation rest largely in the hands of their workforce, their 'human capital'. Not only the ability of SME to expand but indeed in some cases their very ability to survive depends on the work performance of the men and women they employ. The importance of vocational training in and for SME is thus clearly evident: SME are both suppliers and recipients of training. As suppliers they provide both formal training in terms of apprenticeship or basic in-company training and informal training in terms of working-life experience. As recipients

they obtain, upon request, outside assistance in order to upgrade the qualifications of their employees or help the company head to deal more efficiently with management problems. This double relationship of SME to training poses a number of questions: In what manner does an enterprise assume responsibility *vis-a-vis* the young persons it is training and the persons it employs? Does it view the continuing training needs of its work-force other than as simple technical adaptation to new machines or systems? What structures and services known but more frequently not known to SME are better able to respond to training needs? At what levels, in what forms, for which target groups? What role do the professional associations play? What impact do new technologies have above all on the phenomenon, as confirmed by CEDEFOP in the course of its work in this field, of the creation of new SME operating on a more or less independent basis?

This issue of the Bulletin does not pretend to have the answers to all these questions! Within CEDEFOP this entire problem complex is under examination, and a seminar on the subject has been scheduled for 1982. This issue of the Bulletin wishes to make a contribution to the general discussion concerning training and SME. It has therefore opened its pages firstly to a number of experts so that they may express their views on the training of middle and top management, the role of SME in the training of young people, and the specific needs of small and medium-sized enterprises. There follows a presentation of the manner in which one Member State, Ireland, has approached these problems at national level. The issue closes with four interviews; the cases selected make no pretext to exemplariness, serving rather to illustrate how, among many possible ways, the reality of training in the daily life of a small or a medium-sized enterprise is perceived and dealt with.

As a basic element of the economic structure of Europe of the Ten, small and medium-sized enterprises (SME) constitute concrete or in certain instances potential sources of dynamic action, innovation, and job creation. In order to develop these resources and these potentialities, particularly in regions affected by the economic crisis, the European Community has at its disposal the European Social Fund and the European Regional Development Fund, both of which direct their funding primarily to SME. This Community policy is likewise reflected in the rapid increase in the volume of global loans granted by the ECSC and the Euro-

Entrepreneurial training for managers of small and medium-sized enterprises

Robert E. Nelson & Philip A. Neck

The small and medium-sized enterprise sector unquestionably plays an important role in the economic, social and political development of most countries. The sector's significance now has national and transnational implications with prospects for increasing its integration into global growth patterns.

It is evident from even the briefest survey that most of today's education and training policies and practices are geared to producing persons seeking paid employment in government and large-scale enterprises excluding options for small enterprises and self-employment opportunities. This all seems very strange when it is generally agreed that small enterprises are essential for promoting and promulgating new ideas and technologies, as well as providing a significant resource base for stimulating relatively low-cost job creation. Additionally, for many people, this sector represents the *only* avenue for employment, especially in the short term. Given the importance and significance of the small enterprise sector, and realising the relative paucity of resources directed towards its training and development, we should take stock of the situation and ask ourselves if, in the field of education and training, we are doing the right thing? If so, are we doing enough of the right thing? If not, what should we do instead?

■ A few words about definitions

A good deal of effort can be expended trying to define small and medium-sized

enterprises, even though most people agree that they can recognize them. For education and training purposes, we propose a 'personal' rather than an 'enterprise'-oriented definition where a small enterprise is taken to be one in which the ownership, administrative and operational functions lie in the hands of one or two people who make the major decisions of the business.

■ Problems facing the sector

Since research studies show little direct relationship between formal education processes and entrepreneurial success, we must question, in turn, the curricula, training materials, training methods and the trainers themselves. Can it be that we are adapting the wrong things in the wrong way? Or is it that something is missing altogether? The consistently high failure rate of the order of 80 per cent of new businesses by the fifth year from start-up, suggests that something is very wrong indeed.

The question of quantitative and qualitative inputs in the education-cum-training fields also raises awkward questions. It is argued that if all the resources especially designed to assist small enterprises were made available at any given point in time, it probably could not service more than 3 to 5 per cent of the small enterprises presently in existence. Moreover, the high transaction cost involved in attempting to resurrect or resuscitate ailing small businesses, coupled with their high probability of continued failure,



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indicated that any cost/benefit analysis will be extremely questionable. Perhaps we might draw on the analogy of the aeroplane makers who, long ago, figured that it was more profitable to try to build an aeroplane that was not likely to crash than it was to try to develop special measures to keep the plane in the air once it developed real trouble.

Since it appears that there is quite a learning process in the occupational, managerial and entrepreneurial fields to be experienced before a small enterprise becomes a viable proposition, (in the Federal Republic of Germany, for instance, the break-even point of a small-scale industry is calculated to occur between seven and eight years from start-up), perhaps we should focus on providing educational and training inputs in the relevant areas at the critical points for small business personnel, namely, at the *vocational* stage, at the start-up stage, and at the growth and development stage.

In the field of education and training for the small enterprise sector, we can distinguish two client-target groups: on the one hand, the *beneficiaries*, or personnel actually engaged in the small enterprise; on the other hand, the *intermediaries*, or resource persons servicing the small enterprise sector. Both require specialized education and training programmes. For purposes of this review, we propose that such programmes are made up of three interdependent components, namely: policy issues, institutional development, and training methods and curricula.

■ Evaluating ongoing activities

It is a fact of life that the attempts to evaluate policies, institutions and programmes directed towards economic and social development require, nay demand, appropriate formulation if they are to be usefully evaluated at a later stage. Few programmes are so designed.

To do this requires a well-defined but broadly-based development objective within which the specific immediate objectives are spelt out in quantitative, qualitative and time-phased measures. Such immediate objectives should give rise to definable *outputs* to be delivered by a series of *activities* which, in turn, demand appropriate financial, human and material resource *inputs*. It borders on the impossible to identify and evaluate edu-

cation and training programmes for the small enterprise sector because of the absence of these critical measurable elements set out systematically.

We can, however, point to deficiencies found in existing programmes in the hope that, in the future, cognizance will be made of these shortfalls and appropriate remedial measures taken. Problems which spring readily to mind include areas such as programmes being 'resource' rather than 'needs'-based; the lack of basic research from which to develop programmes having established priorities; the neglect of entrepreneurship development and training; the mismatch of formal education with entrepreneurial success and the probable need to revise curricula, training materials and methods; the absence of viable attempts to create public awareness of the importance of the small enterprise sector; the need to provide adequate coverage for disadvantaged groups (for instance, in the United States women make up nearly 50 per cent of the workforce, account for less than 5 per cent of registered small businesses, and generate less than 0.5 per cent of business receipts. This is a clear-cut example of the lack of appropriate education-cum-training policies and practices for special groups).

□ Policy issues

It is a fair generalization to say that in the present state of the art, national policy issues dealing with *education and training* for small enterprises are non-existent or irrelevant. While we can identify specific and, at times, even general training courses, directed towards the small enterprise sector, it is almost impossible to identify educational policies relating to the needs of this sector. Moreover, such training as does exist does *not* cover the spectrum of occupational (vocational), managerial and entrepreneurial skills required to create, manage and develop a small enterprise.

The fact that such policies are generally absent seems to suggest that the small enterprise sector, generally argued to be composed of a relatively loose amalgamation of individuals acting independently rather than as a tightly-knit community, has not got itself sufficiently organized to look after its interests. Effective policies emerge as the result of trade-offs, often seen as an expression of raw power; it is certainly not necessarily the natural outcome of research carried out in this area.

What is often passed off as policy for the sector is the compromise of offering something because resources happen to be available, even if not designed or appropriate to cater for this sector. As a result such policies, identified as 'resource' rather than 'needs'-based, usually exist only to perpetuate ongoing institutional activities without the benefit of providing effective help on an ongoing basis.

Although some might argue that they can identify specific educational and training policies having an *occupational or vocational* inclination, and even activities dealing with *managerial* development for small enterprises, it is extremely rare to distinguish genuine policy issues in the field of *entrepreneurial* development. For a policy to be worthy of the name, it should be based on sound research, propose a commitment to action and allocate the necessary resources. The lack of policy measures in education and training for small enterprises applies equally to intermediary and beneficiary groups.

Furthermore, it would be difficult to determine the relevance of education and training policies, should they exist for the sector, if there is no general guiding policy relating to small enterprise development as a whole.

□ Institutional activities

The small enterprise sector fares a little better, however, as far as institutional activities promoting its interests are concerned. Unfortunately, many of the negative points mentioned earlier about policies equally apply, since most institutions are usually adapted, or have tacked on, sections catering for small enterprise interests. Most institutional activities have a prescriptive basis due to lack of basic research: consequently they are forced to adapt or adopt from measures usually designed for assisting the large, private and public sector operations.

Institutions which can be readily identified as assisting small enterprises, albeit with varying levels of effectiveness and efficiency, include:

training institutions:

Such institutions take many forms almost defying classification as one generic type. This very diversity highlights the problems met in providing appropriate training (and education) for the sector. No-one argues that training is not important, but few

seem to agree on the priority to be given to timing methods, curricula and relationships to other activities in the development process;

financial institutions:

ranging from development and commercial banks and small business investment corporations through credit unions to kerb market operators;

development institutions:

such as industrial estates and small enterprise development corporations providing, in some instances, working examples of institutions attempting to develop the sector in an orderly and progressive manner. Unfortunately, most in-depth studies show such institutions to be questionable in terms of cost/benefit analyses and that, perhaps, their most significant contribution lies in producing a demonstration effect to encourage potential entrepreneurs to participate in such schemes. For example, in countries like Kenya, where the local population is traditionally involved in agriculture, it is common practice to use an industrial estate programme to entice them into the economic mainstream in the manufacturing sector;

technological institutions:

are probably the weakest links in the institutional support system. It may be that because small enterprises have traditionally been the seedbed of technological development that the sector has been left alone as being best able to look after itself. It is, however, probably more likely that the attitude, behaviour and approach of staff in technological institutions is so far removed from that of the small entrepreneur that there is no common meeting ground. Whatever the situation, it is a void in the institutional framework needed to support a flourishing small enterprise sector;

membership associations:

It is now becoming recognized that unless entrepreneurs get together to promote their own case, they stand relatively little chance in helping devise policy measures to suit their needs. Amongst new initiatives being considered is the need to provide guidelines on the creation, strengthening and management of membership institutions and associations possessing strong links with such powerful lobby groups as chambers of commerce and industry and employers' federations;

research institutions:

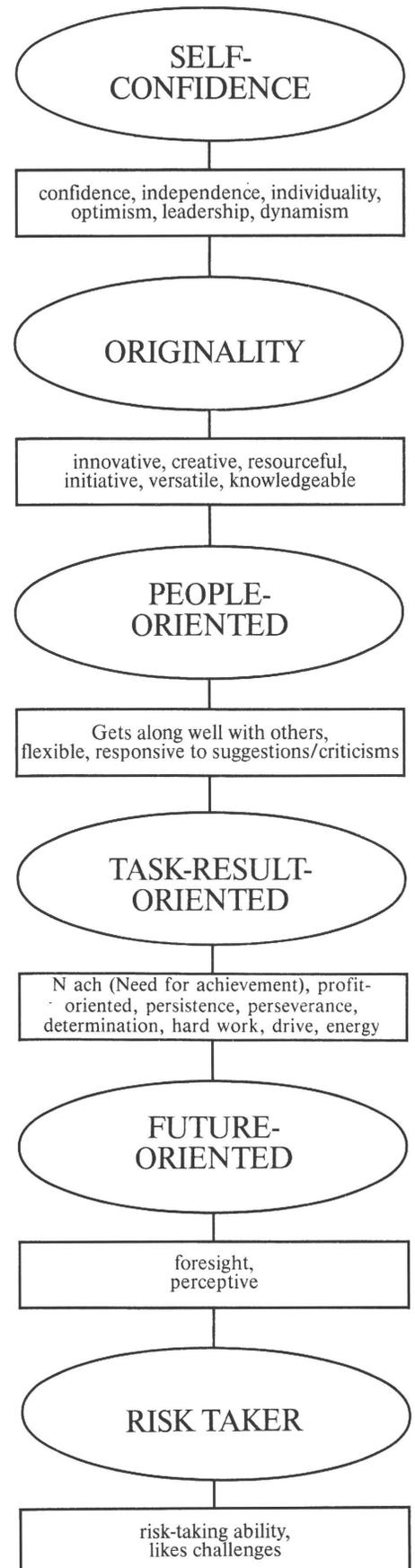
It continues to be a mystery why research in the field of small enterprise development concentrates so much on micro-approaches dealing with such topics as the characteristics and make-up of entrepreneurs. These fields are interesting and useful but there is still a pressing need to look at macro-approaches to describe and define relationships which exist, and indeed ought to exist, between large, medium and small-scale enterprises as well as their role *vis-à-vis* society's biggest customer, the government.

□ **Training courses**

As far as beneficiaries (entrepreneurs) are concerned, there are limited education and training opportunities in the vocational/occupational fields; some diverse efforts in the field of managerial development; but precious little, or none, as far as entrepreneurial development is concerned. To put it briefly, we suggest: that *occupational* skills deal with the actual job that a person does; that *managerial* skills deal with those things over which a manager has a good deal of control such as doing accounts, setting out the work-flow of a production line and so on; whereas *entrepreneurial* skills relate to those elements over which the manager has little or no control such as reaction of competitors, preparing and handling proposals for loan procedures with financial institutions, searching out new opportunities, and so on.

■ **Characteristics of entrepreneurs**

Entrepreneurs are usually thought of as self-employed persons who have the potential to spark and sustain economic growth. In a UNESCO (1968) publication *Readings in the Economics of Education*, Abraham Maslow, a psychologist known for his theories regarding human needs, indicated that the 'most valuable 100 people to bring into a deteriorating society would not be economists or politicians or engineers, but rather 100 entrepreneurs'. An entrepreneur may be defined as a person who can identify needs, gather resources and implement action to satisfy these needs. At a recent conference at the East-West Center, Hawaii, the following entrepreneurial traits were identified from an extensive review of research studies:



There appears to be some agreement that most people possess entrepreneurial qualities to some extent and in some combination. If concepts regarding the above 19 personal traits can be taught in formal vocational education programmes, potential entrepreneurs are more likely to initiate action and have a better chance for success in their business ventures.

■ Entrepreneurial and vocational education

Vocational education has been very successful in fulfilling its traditional role of providing students with skills to prepare them for existing jobs. The primary focus of vocational education programmes has been on the preparation and development of job-seekers (employees). However, vocational education has not been involved in exploring new concepts beyond the traditional role of preparing students for available jobs. It has not realized its full potential in the whole area of job stimulation and job creation.

To be really effective, entrepreneurship concepts must eventually be integrated into vocational programmes at all educational levels. If specific personal characteristics are essential to business success, then the education of potential entrepreneurs must not wait until they are adults, by which time they have acquired many non-entrepreneurial habits.

Education for entrepreneurs should begin with basic entrepreneurial concepts during the student's formative years in primary and secondary school and also should be extended to activities in the home and in the community. Young men and women must be encouraged to develop their entrepreneurial talents. Only in this way can a society use its 'human resources' in an effective manner.

Entrepreneurship is most commonly used in terms of business. However, entrepreneurship may be related to all dimensions of life. In the broadest sense of the term, entrepreneurship can be the means to stimulate the creativity and innovation necessary to create a better community, a better nation and a better world.

■ Proposals for the future

If we are to develop appropriate education and training policies catering for employers and employees in the 1980s, several things emerge as points for consideration.

Firstly, we do not simply need more of what we have; we need something *new*. In other words, looking back to the questions posed in the introduction, we are obviously *not* doing the right things (nor indeed half enough of them) – what we need is something different.

Secondly, the urgency to develop a 'needs-based' approach is paramount. For too long the small enterprise sector has been effectively removed from the planning, development, implementation and evaluation of programmes, policies and institutions allegedly designed to service their needs. The formal top-down approach by assistance agencies and institutions needs to be tempered with a sensible proportion of inputs that are bottom-up. Education and training are not cures producing miracles overnight. Correct attitudes and good habits take a long time to develop and mature. If it could be agreed that occupational, managerial and entrepreneurial skills training are required to develop effective small enterprise managers and workers, then such skills training will have to be introduced at an early age. At a recent international gathering in France, it was proposed that the critical age for developing creative talents, a key ingredient in the entrepreneurial syndrome, is no later than eleven years of age. It is perhaps at this point that we should be offering future entrants to the work-force options to examine self-employment and the small enterprise as career alternatives to paid employment in large business and government which seems to be the common goal of the present system.

The question of resource allocation demands that we look more closely at the possibility of focusing attention on the foundation of new businesses and growth promotion of these with potential to do so, rather than supply mediocre programmes delivered by poorly trained personnel far too thinly, without real prospects to contribute to gainful improvement. In other words, let us try to build successes rather than prop up ongoing failures (i.e. giving birth is easier than resurrection). We should expect that the better trained people are, the more likely they are to succeed.

The education-training system would not dare ignore existing small businesses altogether but, since the costs are high, we

must pay greater attention to such training techniques as action-learning and using performance indicators prepared from inter-firm comparison approaches as the basis for development courses.

The actual design and management of small enterprise development programmes should be a study in itself. We need to develop techniques to assess priority sectors both by industry sectors and geographical regions, to evaluate the training and educational needs involved for each, and to devise appropriate training materials and methods to match defined needs.

Additionally, there is reason to believe that effective development programmes are the product of coordinated, integrated efforts of the major institutions, both governmental and non-governmental, which assist the sector. Depending on the actual circumstances, a 'light but tight' coordinated mechanism ought to be established to guide the overall development and thrust for the sector; such a mechanism *must* take into account the perceived needs of the small enterprise sector itself where training is one of several inputs.

Since small enterprises have survived without real help since people began working, we can take hope that they will do even better if the right sort of education and training is made available. As a final plea, why don't *we* – and why don't *they* – see that something gets done.

Small and medium-sized enterprises determine the future of vocational training

Dr Hermann Schmidt

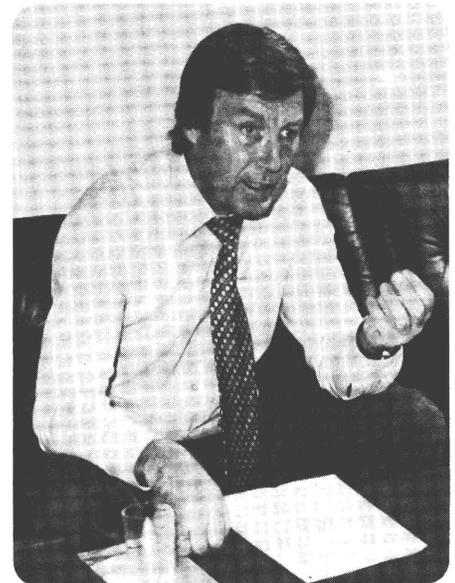
The future of vocational training in the Federal Republic of Germany is decided at the level of small and medium-sized enterprises, which for years now have carried the main burden of responsibility for vocational training and will of necessity continue to do so in the future. Over 60% or more than one million out of a total of 1.7 million apprentices continue to receive their training in enterprises employing up to 50 workers. A further 24% are trained in enterprises with up to 500 employees, and only 15% undergo training in enterprises with over 1 000 workers on the payroll. These figures clearly show that the mistake must not be made of correlating SME with training in the craft sector, for in the industrial sector roughly one-fifth of all apprentices are also trained in firms employing less than 50 workers, and the freelance professions likewise fall in this enterprise size-category. However, the greatest increase in the number of apprentices has been in the crafts, rising, in terms of percentage, about 52% between 1971 and 1978. During this same period the number of craft enterprises dropped (-11.5%), so that on average 1.13 apprentices are now being trained in a craft enterprise as against 0.66 apprentice in 1971. An important role is played in this respect by newly established enterprises in both the craft and the industrial sector. Apprenticeships are more frequently provided by new craft enterprises than by craft enterprises which have existed for some time. They therefore have a larger number of

apprentices. In general, these new craft establishments also employ a relatively large number of workers. The long-term impact of this trend is that likewise in the craft sector very small businesses are becoming less and less important with regard to the provision of vocational training.

Also in industry it has been the small and medium-sized enterprises which have considerably increased their training offers in recent years.

If everything is moving along so well, why, then, is there any need to worry? Unfortunately, when today's weather is pleasant or at least bearable, it is all too easy to forget tomorrow's rain. In other words, vocational training will be faced in the coming years with new challenges and must therefore prepare itself in good time so that these challenges can be mastered. First of all there is the challenge of the demographic trend. Demand for training places is now at its peak. However, this demand will remain at peak level for the next three to four years, one reason being the extremely high level of demand pressuring the entire education system. To be sure, the main pressure is gradually shifting to the universities, but vocational training will continue to feel the impact for a number of years to come.

As can already be anticipated, a downward trend will set in after 1985, and within one decade the number of young people in the respective age groups will drop dramatically by about 40% (!), a phenomenon as yet unencountered: *the seller market will become a buyer market.* Firms and institutions with training open-



ings will once again vie with one another in an effort to attract young people to fill these openings. To react to rising demand is one thing, to react to falling demand is very much another thing.

We can then expect much stronger competition between these firms and institutions in view of the dwindling number of young people, competition which was all too often decided in favour of schools of higher education and training in large industrial enterprises, leaving small industry and the craft sector with empty hands. For reasons of educational policy and in view of the dictates of economic reasoning this must not happen again. For the majority of young people vocational training should remain the avenue of approach to working life, since in a world

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which is becoming increasingly 'abstract' this 'practical' basis will prove to be more important than ever before.

In our kind of society we have no educational planning instrument with which to control demand. Therefore the only way to achieve such control is to make vocational training more and more attractive, to ensure that it offers promising career opportunities on a long-term basis, and to redesign it today to better meet expected qualification demands of tomorrow. In other words, it is necessary to make basic vocational training available on a much broader basis and to provide qualified vocational training which extends beyond the specific production requirements of an individual training firm.

There is yet another point to be considered: *the training structures of small and medium-sized enterprises – individualized learning, learning at the workplace, and learning within graspable organizational structures – correspond much more closely with the learning behaviour of a considerably large group of young people than does learning at school or tightly systemized learning in the apprentice shop of a large enterprise.* Above all the 'slow ones' of the education system, namely, the handicapped, the slow learners, the early school-leavers, and the children of migrant workers, need to 'learn by doing' and experience that joy of recognition for work well done which compensates for poor work formerly done at school. Small and medium-sized enterprises are already deeply involved with these problem groups: over 70% of all handicapped trainees and over 60% of all migrant juveniles are being trained in firms which employ no more than 50 workers whereas only 7% of all handicapped trainees and 11% of all migrant juveniles undergo training in large firms.

For decades now large enterprises have shown great interest in employing workers who have been trained in small and medium-sized enterprises, not the least reason being that these workers solve practical problems differently but not

necessarily less effectively than workers whom these large enterprises have themselves trained. This is another valid argument in favour of strengthening the training ability and the training capacity of small and medium-sized enterprises.

In addition to the challenge posed by the demographic trend there is the challenge posed by technological advance and work organization development. The processes of rationalization, technological innovation, and increased specialization are all now seeping down into small and medium-sized enterprises as well. In large enterprises these processes have led over recent decades to a gradual shifting of training from the workplace to the training workshop. In small and medium-sized firms, on the other hand, the growing abstractness of work processes is tending to lessen the ability of these firms to train. A specific work process which by virtue of its great complexity cannot be directly grasped, if indeed it occurs at all, cannot be mastered later on simply by 'watching and imitating'.

This growing threat to small and medium-sized enterprises as regards their ability to train has for years now been counteracted by the establishment of suprafirm training centres. These centres provide that part of the training package which the sending firm can either not afford or for other reasons can no longer provide. Indeed, the increase in the number of training places in small and medium-sized enterprises in recent years is in large measure due to the rapid growth of suprafirm training centres: between 1973 and 1980 roughly 40 000 new suprafirm training places could be provided at a cost of approximately DM 1 000 million provided in the form of government subsidies. This achievement has played a decisive role in the task of mastering the influx to training of the 'baby boom' age groups and improving the quality of training provided.

The most recent survey of the suprafirm training scene in crafts and industry stems from the year 1979. It revealed that

roughly 50 000 training places, 35 000 of which were in the craft sector (in 1980 the total of training places in the craft sector rose to 40 000), were at that time already available. Three occupational groups predominate: metal technology accounts for roughly 40% of the training places, construction engineering and wood technology account for *circa* 25%, and electrical engineering accounts for *circa* 14%. The remaining 20% or so are divided among the following occupational groups: hygiene and physical training, colour technology and interior decoration, nutrition and household science, agriculture, textiles and clothing, chemistry-physics-biology, and printing, all of which are still of relatively little importance.

As the above statistics clearly show, this effort to ensure training opportunities in small and medium-sized enterprises and improve the quality of training by providing even more training places in suprafirm training centres paid off handsomely in the past, and such action should therefore be continued. By the end of 1982 it is hoped that a total of 77 000 suprafirm training places will be available, and yet this number will by no means suffice. It will not suffice even when the expected drop in the number of apprentices sets in after 1985. Currently the expected average length of stay in a suprafirm training centre is four weeks in the first year and two weeks each in the second and third year of in-firm training. A number of training programmes set up by craft organizations and fully supported by the Federal Institute for Vocational Training Research call for eight weeks in the first year, six weeks in the second year, and two weeks in the third year of training. Should this model be adopted by all the centres, a considerable increase in training place demand for vocational training alone would result in 1990 in spite of the anticipated drop in the number of apprentices.

The craft sector is fully aware of the growing importance of the suprafirm

training centres in regard to such additional functions as, among many others,

- courses preparing for the Master's Examination,
- occupation-specific further training courses and retraining opportunities for journeymen,
- preoccupational training measures for slow learners and migrant juveniles.

The obviously dominating function of the centres, and one that will continue to dominate, is that of supplementing in-company vocational training, such supplementation being understood as part and parcel of in-company training. Roughly 62% of the available capacity of the centres is used for this purpose, with each of the additional function usages accounting for less than 10% of the total usage. *In discharging these additional functions, however, the suprafirm training centres are rapidly becoming true 'vocational training centres' also for small and medium-sized industrial enterprises, which are unable themselves to provide training at this level. It must be borne in mind that additional usage of a centre's training facilities does not automatically imply the need for additional training places. In many instances training places can be used many times on one and the same day, although this does involve an increase in personnel costs.*

Even though the strings of the public purse are being pulled tighter and tighter, investment in suprafirm training centres must not be throttled. On the contrary, investment must be increased. This can be supported not only by educational policy considerations but also by economic policy and labour market arguments:

■ Educational aspects

One of the best ways of preparing for a career is a good combination of learning at the workplace and learning in the apprentice shop. Learning sites do of course vary in order of priority according to the occupational group involved, but nevertheless learning exclusively in the apprentice shop, as is becoming increas-

ingly customary in large enterprises, or learning exclusively at school is in neither case the best way to learn. Conversely, learning exclusively at the workplace, as was the case in many small and medium-sized enterprises before the advent of suprafirm training centres, leaves too much to be desired in the face of a lack of systematic planning and methodic approach. This criticism is valid in the light not only of today's qualification demands but also of those of coming years.

■ Labour market aspects

Having been thoroughly taught in the 1970s that the world supply of raw materials is by no means inexhaustible, we are now moving away from being a 'throw away society' and are rapidly becoming a 'repair society'. Profiting above all from this development are the crafts; in 1980 for the first time the continuous drop in the number of craft enterprises since the end of World War II came to a standstill. There is now considerable increase in the number of small businesses being established. Concurrently the chances which young workers who have been trained in a craft have of finding a job are rapidly improving, not simply because industry is still looking for good craftsmen but also because employment opportunities in the craft sector itself are improving. Good prospects of becoming self-employed have in recent years lent additional attractiveness to the craft sector. Newly established small and medium-sized enterprises are in effect a stabilizing factor on the labour market, a fact which should not be underestimated. Studies conducted in the USA have shown that roughly two-thirds of the workplaces newly created in recent years are sited in firms employing not more than 20 workers. An enquiry recently conducted in the Federal Republic of Germany, during which approximately 1800 young men and women who had just received their Master's Certificate from the Chamber of Crafts in Düsseldorf were interviewed, revealed that about 1000 of the respondents intended to establish their

own firm and that of these 1000 respondents 95% intended to start immediately in their firm with the training of apprentices.

■ Cost and benefit aspects

Also under these aspects the provision of training in small and medium-sized enterprises in combination with training in a suprafirm training centre is, in my opinion, a very good solution. A suprafirm training place calls at the present time for an investment in the range of from DM 60 000 to DM 70 000. This training place can be used by several trainees per year according to duration of usage per trainee. It is available every day throughout an entire year not only for the purpose of supplementing basic vocational training but also for the many additional needs of vocational training.

It is well worth the effort, in other words, to foster the establishment of more suprafirm training centres for the purpose of enabling small and medium-sized enterprises to continue to compete in the training field. Also contributive to this purpose would be improved cooperation among these enterprises themselves, for example improved cooperation with the vocational schools within the framework of a training federation, such cooperation taking the form, for example, of a better distribution of tasks and an improved system of financing training. The first step towards improving the financing system would be taken if the bodies responsible for the suprafirm training centres, usually the chambers, were to require each enterprise within their respective area of competence to pay a training levy so as to help cover the running costs of these centres.

Helping small firms learn

Dr Ron Johnson

Over the last few years there has been a resurgence of interest in small and medium-sized firms at both the national and at the European level. The Member States of the Community have taken a number of steps to encourage the formation, survival and development of such enterprises.

The time has come to review these measures and to make decisions about the future use of the resources available. The sheer numbers of small firms means that strategies have to be considered with great care. There are also stark differences in the way small firms are managed and decisions taken, compared with larger firms, and they may therefore react in quite distinctive ways to changes in policy. Decisions at the European or the national level should be based on a clear understanding of the possible contribution which small and medium-sized firms can make in economic and social terms, the ways in which they operate and hence what kinds of policies and programmes will have a real impact. There is now ample evidence that the competence of the entrepreneurs and managers of small and medium-sized firms is critical to success. Moreover, special attention must be paid to training those people who work in such enterprises. The measures taken to help people in small and medium-sized firms will include formal courses, but there is a very real need to explore other ways to assist the learning process.

The contribution of small and medium-sized enterprises (SMEs)

Some years ago the advantages appeared to be with large enterprises and the so-called economies of scale. We are now

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more aware of some of the dis-economies and other disadvantages of large-scale enterprises so that many large firms are reorganizing themselves into collections of smaller units with considerable elements of autonomy. Furthermore, there are many gaps in the market place which are better served by smaller firms – for example where the overall sales potential is low, where the work is labour-intensive, where the demand is intermittent or where the distribution problems are rather specialized. Many large firms rely on the flexibility and quick response time of numerous smaller firms to provide services or supplies which are specialized and intermittent. In this sense small and medium-sized firms often form a vital part of the economic infrastructure. The flexibility and quick response time of small firms enables them to adapt to market conditions which are changing rapidly, and also to spearhead innovation, including the introduction of low-cost technology. Recent advances in science and technology have produced an array of computers and electronic devices of various kinds at low cost. This means that many small firms are now able to introduce this technology into the offices, the workshops, the warehouses and the retail stores.

The primary importance of small and medium-sized firms is, however, in the employment scene. Large numbers of people work in such firms either as proprietors, partners or employees, and there is scope for expanding employment opportunities still further. They also offer employment which can provide a better quality of life for the workers concerned, although there is at the same time some danger of exploitation. In some geographical areas of the European Community where the population is thinly spread and in need of employment, small enterprises could provide meaningful employment and commercially viable products and services. It may be necessary to develop and promote new forms of organization



involving shared facilities or cooperative forms of management. The capabilities of those who lead these small-scale enterprises will be critical to their success. Thus the promotion of small and medium-sized enterprises can be regarded as a positive force for economic growth and employment generation, particularly in countries which are moving inexorably towards services, and where there is a need to conserve both raw materials and energy. Vocational training policies need to take full account of this

The need to review policies

There is no doubt that the current legal and financial conditions favour large firms. Most of the legal frameworks were devised when large firms were fashionable. The large firms are well-organized and articulate in presenting their needs to Member State governments and to the Commission of the European Communities. Since public bodies tend to operate at the macroeconomic level, their activities

relate more readily to large enterprises. Education systems tend to favour conformity rather than creativity, and to encourage young people to think in terms of being employed by somebody else, rather than creating their own employment. Vocational guidance and job-placement agencies are geared up to help people find an employer rather than an opportunity to work for themselves. Vocational training schemes also tend to make similar assumptions about the people involved.

In recent years European governments introduced a number of measures to help small and medium-sized enterprises. These measures have been mostly fiscal, but some are concerned with advisory and technical services. Some attempts have been made to coordinate these national measures, especially in France, but they still seem to lack cohesion and often fail to take into account the rather special nature of small firms. A good deal of resources are now being deployed to help SMEs, but without much evidence that the overall strategy has been thought through. The Commission of the European Communities has recognized the need for a better understanding of the way small firms operate and for a better dialogue with such enterprises as a basis for reviewing Community action in this important field.

The nature of small firms

The first fact to record is the enormous diversity in terms of industrial sector, and in terms of the 'life cycle' of small firms. There is no universally accepted definition of small firms, but from the point of view of helping them, two features are of paramount importance – the management structure, and the stage of development of the firm. These two are related.

The variations in management structures as firms develop is often recognized in the different legal forms of enterprises. In the Federal Republic of Germany and in the United Kingdom, for example, there are

basically four types of firms. There are the sole trader (owner-entrepreneur), partnerships between a few people, and then the private and the public limited companies. These gradations recognize increasing access to capital accompanied by increasing formality and accountability in the management structure. However, these legal frameworks do not correspond neatly with the actual way in which companies operate, and the private limited company can span the entire range from the two-person firm to very large undertakings.

What then, are the special characteristics of the small firm? Individuality. One person is in charge – perhaps with one or two partners. That one person is aware of all that is happening inside the firm and its dealings with the outside world. He or she embodies all the various functions which are undertaken by a dozen different people in large firms. There are other ways to start a business but generally speaking the entrepreneur is a technical expert who recognizes a market gap and sets up a business to meet that need. Once the material has been assembled, the entrepreneur starts to trade, often having sought some financial and legal advice.

The early years are fraught with problems for the new entrepreneur, and many firms fail to weather them successfully. What goes wrong? There are two major reasons for failure. The firm runs out of cash or market. In the early days the entrepreneur has to spend money on premises, equipment, materials and so forth before he gets any money back from the sale of goods or services. The extent of this financial exposure depends upon the nature of the business. There are ways to reduce the cash outflow by leasing instead of purchasing, by obtaining raw materials on credit and so forth. There is work to be done in connection with obtaining these facilities even before the firm starts to make goods or provide services. When the entrepreneur starts to trade the income will not come as fast as expected, especially if the product or service being marketed is novel or being sold to large firms or

public bodies. If the entrepreneur does not have the financial resources to cope with this starting-up period, the firm can easily fail even though the product or service is commercially viable and, on paper, may even show a profit.

The second major problem is that small firms have to start expanding from the moment they begin trading. Some succeed in reaching a reasonably steady rate after a year or two, which enables them to consolidate, perhaps for a fresh phase of expansion. Other firms find themselves on a treadmill of expansion because of the way their business is financed, and their investment is managed (or perhaps one should say mismanaged). But the market gap initially identified becomes satisfied and unless the firm diversifies or moves into fresh markets it can run into real trouble. If the firm survives these traumas and continues to expand, a new kind of problem arises. The owner-manager or the senior partner is no longer able to keep in touch with all aspects of the business and so the management becomes more differentiated. This is a critical time for many firms as often the entrepreneur is poor at delegation, and generally the problem is not anticipated so that no-one has been groomed to take over certain aspects of the business. This need for differentiation in management often occurs at the same time as the need for a further financial investment – e.g. to buy more machinery for diversification, to open another shop or to bring another warehouse into service.

The kind of help which firms need will depend upon where they are in this development process. The sheer weight of numbers means that care must be exercised in offering help at the right time and in the right way. There are a number of critical points and appropriate help here can pay dividends. One of the problems that confronts public bodies in dealing with small firms is that entrepreneurs do not quickly form themselves into representative bodies, and when they do, they tend to appoint people to speak on their behalf rather than become involved personally

with the representational roles. Considering how small firms operate it is not difficult to see why this is so. Only when a firm has reached a certain stage of maturity, and when the entrepreneur has a good 'number two' to look after the business, will the owner be prepared to devote much time to 'outside' activities.

Conditions for success

It goes without saying that two essential ingredients of success are a capable entrepreneur and a sound business idea. A sound business idea implies that the entrepreneur has identified a product or service and that he or she is capable of providing this at the right place, at the right time, at the right quality and at the right price. It implies moreover that people or organizations are prepared to pay for the product or services in sufficient quantity to justify forming a business to supply it. As far as the capabilities of the entrepreneur are concerned, there must be the technical ability to manufacture the product or provide the service, the managerial ability to cope with the multifarious functions of a small business and to make the whole thing commercially viable. This means managing physical resources, financial resources and, generally, a few people. Moreover, the entrepreneur must be endowed to some extent with the spirit of adventure and be prepared to take calculated risks. There is no doubt that training can make a very great contribution to developing technical and management skills. Fostering the spirit of adventure and calculated risk-taking is more subtle, but it is a subject which merits further study. It may not be possible to train everyone to be entrepreneurs, but it may well be possible to accelerate the development of this talent where the potential exists in individuals.

If we take these three essential qualities of technical ability, managerial skills and entrepreneurial talent, we might find two people who can work together to provide the right unit – a technocrat twinned with an entrepreneurial manager, or a technical

manager with an entrepreneur, for example. This idea merits further study.

Apart from the entrepreneur and the business idea there are a number of important extrinsic factors to consider. There is no doubt that some enterprising people would succeed in almost any environment. But there are many more for whom a modest amount of support could make the difference between success or failure. For others, such help could mean the difference between mediocrity and abundant success and real job creation.

Training and advisory services are one of a number of factors which can contribute to success. The others range from a working space and storage facilities, heating, lighting to telephone, access to typing facilities, photocopying services and perhaps telex. These may well be too expensive for the new entrepreneur, but become feasible if a number of entrepreneurs collaborate together, or if a sympathetic landlord provides such services at a reasonable cost. However, such premises do need to be managed. In some instances open-plan flexibility enables small firms to change their space allocation by agreement, provided such problems as noise, security, and equitable financial arrangements can be solved. Such establishments exist and function effectively for both office and craft-type small firms. There is a need for a good premises manager employed by the landlord or by the consortium of entrepreneurs.

In a small business field there is a lot to be said for synergy. For example, if in the same building or nearby there are firms engaged in artwork and design, in copy-writing, computer software design and secretarial services, a lot of time can be saved by inter-trading. Similarly if a number of craftworking firms or engineering companies co-exist, the products of one firm can be the raw material for another, and there is an opportunity to share ideas.

Small firms need advice – especially in matters of finance and law. This is gener-

ally recognized by the entrepreneurs who may well be baffled by the complexities of the taxation system and by the varieties of ways in which finance can be raised or invested. The legal provisions regarding the conduct of business, the sale of goods, the employment of staff and so on are also obvious matters where expert help must be sought. Often, such advice concentrates on what one might term the external side of the business – dealing with public authorities, finance houses, suppliers and customers. The financial advice often fails to deal with management accounting problems, with costing and with pricing policies and so forth. Small firms sometimes also need advice on marketing, advertising, training and technical matters.

There are two aspects to this problem. On the one hand the entrepreneur does not always recognize the need for advice, or is unaware of where it can be found, or is unable to afford it. Such advice can often be obtained through employers' organizations which would be trade federations in some countries and chambers of commerce and industry or handicrafts in others. Here again the entrepreneurs, being busy people and individualists, do not readily spend much time on such contacts. These organizations to which small firms belong because of their trade connection are probably potentially the most powerful vehicle for giving all-round advice to smaller firms. The problems of small firms do not tend to fall neatly into specialist packages like finance, law, marketing, personnel or training. They are inter-related in a far deeper way than in the larger firms. The advice must be correspondingly broadly-based. Often the most effective advice comes from another entrepreneur. The empathy makes the advice more acceptable, and the degree of understanding probably makes it more relevant. This ability of the proprietors of small firms to learn from one another has been the basis of several schemes, many of which have proved successful. This reinforces the argument in favour of encouraging entrepreneurs to work in close prox-

imity to others, for example, in the group work-spaces described above or in the trading estate. In many towns the informal network of businessmen provides a similar psychological support. Although the head of the enterprise may work closely with his employees, there is often a loneliness and there are often a number of issues he feels unable to discuss with his employees. The ability to talk problems over with other entrepreneurs similarly placed is a strong means of support. Some business schools have built on this idea and formed chief executive clubs or discussion groups.

The environment for small firms is also an important factor. The normal infrastructures of transportation – for workers as well as raw materials and products – telephone and postal communications, access to finance and banking facilities all play a part. The sheer complexity of organizing premises, services, staff and so forth drains away much of the energy of the entrepreneur. Keeping sets of records for different purposes also takes up valuable time. These demands must be kept as simple as possible. The small firm, especially in the early years, must hire skilled staff and if these are not about in the labour market there are problems. Once small firms have been established, however, they may well be excellent training places for some skills.

Policies for assisting small and medium-sized enterprises

The above analysis indicates that whilst training and advisory services can be of real assistance to SMEs, such services must form part of a wider programme to ensure that the conditions in which SMEs operate are conducive to success. The very large numbers of enterprises involved means that care must be taken to use resources carefully. It is not actively economic to provide services to all these enterprises at the same time – even if they would want it. There is therefore a need to

ensure that the advice is well directed, apt and timely. A study of the development of small firms indicates the points at which advice will be of greatest value. In brief, training and advice which equips the would-be entrepreneur for success before the firm starts to trade is a first priority. Once the firm has started, the proprietor and the key staff cannot be spared for training. The second priority is to be ready to help the firm at the crisis points – when money runs short during the build-up phase, when the need to delegate becomes pressing, when the need to diversify becomes apparent. Often diversification and delegation go hand in hand. Significantly, these crises normally have a financial implication and this may provide the clue to the problem of how to allocate and organize advisory resources.

The one thing most entrepreneurs must seek help and advice about is raising money. This analysis indicates that the financial advisers (bank branch managers and accountants) are the 'front line'. Many employer organizations give similar help. Once contact has been made – for whatever reason – it can provide an opportunity for a more broadly-based advisory/training service. The entrepreneur may need to review personnel procedures, delegation, work organization, technical processes and so on. Ideally the advisor should know about the particular sector of the firm and its technology, but provided the advisor has a sound business sense, an understanding of small firms and a broad experience, a lot can be achieved. The key is to start with the concern which the entrepreneur expresses, then to widen the scope of the discussion to search for the underlying causes of the problems. The aim must be to help the proprietor to formulate a total action plan to deal with the situation and not to be content with an expedient related to just one aspect of the business. The problem with advice which focuses too strongly on one facet of the business is that it can advocate action in areas which are not critical whilst overlooking potential pitfalls elsewhere.

Conclusions

If a favourable environment for SMEs can be created – in terms of taxation, finance, legal frameworks, premises, transportation, communications, support services and so forth – then investment in well-directed training advisory services is likely to prove worthwhile. The two prime modes of influence would be (a) to provide adequate training for carefully selected would-be entrepreneurs, and (b) to provide advisory services based on sectoral approaches, triggered by association with the financial institutions to whom entrepreneurs go for help. There is, of course, a place for seminars and workshops on specific managerial and training topics geared to the needs of existing SME managers, but this is unlikely to prove as effective as the other modes of intervention. As an additional measure it would reinforce the overall strategy.

The initial training and the advisory services could be provided by a range of bodies including employers' organizations (trade federations, chambers of industry and so forth), educational institutions and commercial organizations. Above all, there is a need to encourage the owners and managers of SMEs to meet together, to learn from each other and to make their voices heard in the corridors of power.

Training advisory services to small firms

Patrick O'Callaghan

The socio-economic importance of small firms cannot be underestimated in the context of Irish manufacturing industry. The recognition of their importance is evidenced by an ever-increasing emphasis on their development on the part of the government along with trade unions and State agencies. This is hardly surprising when one considers their significance in terms of output and numbers employed. The latter factor has obvious implications for AnCO as the organization charged with the promotion, coordination and provision of all training in the context of manufacturing industry irrespective of size of company.

What is a small firm?

There is no precise definition as to what constitutes a small firm. The Bolton Report of 1971 proposed a statistical definition and an economic definition. The former related to any firm employing less than 200 persons while the latter related to firms which:

- enjoy a relatively small share of their particular market,
- are managed by owners or part owners in a personalized way,
- are independent in the sense that they are not part of a larger enterprise.

PATRICK O'CALLAGHAN
Manager, Training Advisory Services, AnCO – The Industrial Training Authority

The most commonly held definition in the Irish context is companies employing less than 100 persons. Using this criteria current statistics indicate that there are about 4 000 such manufacturing establishments operating in Ireland. They account for 37.5 per cent of the total manufacturing work-force.

AnCO recognizes the need to consider variables in defining what constitutes a small firm within individual industrial sectors or subsectors. Consequently, what constitutes a small firm in the food sector might be very different from a small firm in the construction sector. Likewise, there are differences in the definition of a small firm, say in furniture manufacture and building, both activities within the construction sector. It suffices to say that AnCO recognizes the special training needs of small firms and plans its operational strategies accordingly.

Development of owner-manager programmes

In attempting to meet the development needs of small companies in the engineering industry, the traditional instruments of levy/grant support for a range of courses were proposed during the period 1972/74. Centralized off-the-job programmes for owner-managers were provided with substantial financial support but did *not* seem to meet the needs (sec-

toral or individual) of this segment of the engineering industry. Follow-up questionnaires generally reflected a fairly traditional reaction from the small business person – 'concepts too abstract'; 'no time to put learning into action'; 'difficulty in attending regularly at training course due to business pressure'.

In general, course organizers and tutors were of the opinion based on the feed-back received from participants that the learning environment presented some difficulties, but the major difficulty was the structure and content of the short three-day programme directed at the *general* training and development requirements of a small company rather than the particular problems of each company and the capabilities of owner-managers to apply general management principles to his/her company.

During late 1974, the Engineering Industry Training Committee, a statutory training committee, which advises and assists the Council of AnCO decided to radically examine the current weaknesses in development programmes for managers of small firms. This review was accelerated and prompted by the large number of small firms that found themselves in financial difficulties during the 1974/75

recession. The staff members of AnCO's Training Advisory Service for Engineering Industry were requested by owner-managers to provide in-company assistance in basic management techniques. It became evident at an early stage that while the content of many off-the-job courses were excellent, they had not provided the individual small company manager with sufficient levels of skill to meet the demands of managing a business in a difficult trading climate.

Major review of industrial development approaches

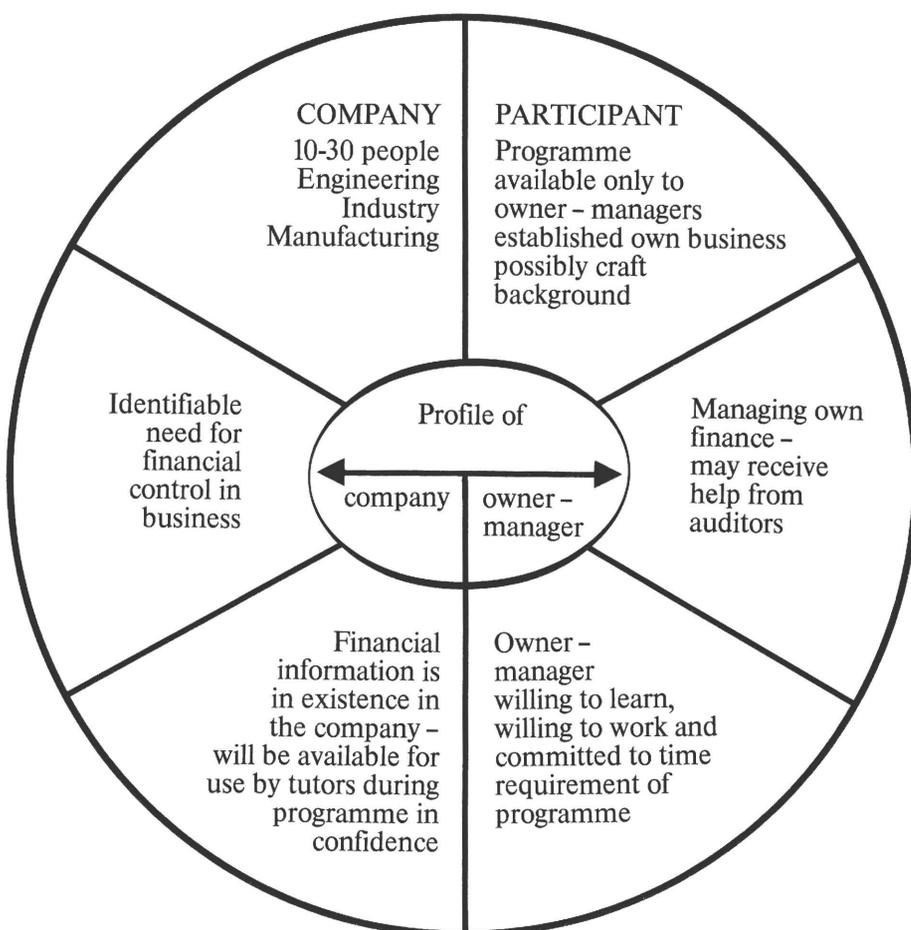
In order to support this initial review work undertaken by AnCO's engineering training advisory staff, the Engineering Industry Training Committee (EITC) commissioned a national survey of small engineering companies using the services of the Irish Productivity Centre. The 'key results' of this survey highlighted a

required improvement in the techniques of

- cost recording and control,
- control of overheads,
- financial control.

It was recommended that a series of 'training packages' be designed to meet these needs. The implementation process was to include brief 'practical workshops' for small groups (6-8 persons) with common manufacturing interests, at the beginning and end of each programme, supported with major in-company tutorial support for the owner-manager (minimum of 6 visits per company). The duration of the programme was planned to cover a six month period to facilitate trading arrangements within each firm and also to ensure that basic management skills developed on practical financial problems particular to each company were reinforced over the total programme period.

PROFILE OF TYPICAL 'PARTICIPANT-COMPANY' ON FIRST PILOT PROGRAMME



New approach to owner-manager development

In March 1975, a pilot programme was structured to introduce the first owner-manager training packages in financial control, to a previously selected group of small firm managers. The following objectives were established by participants in association with tutors. At the end of the programme each participant would be able to:

- manage the financial aspects of his/her company,
- interpret financial accounts,
- draw up cash-flow projections,
- install an effective cost system in his/her company,
- list requirements for making a bank presentation, and
- satisfy the individual participants needs within scope of the programme.

BEFORE

SUBJECT MATTER	URGENT PROBLEMS	SIGNIFICANT PROBLEMS	MINOR PROBLEMS	NO PROBLEMS
Costing Estimating Pricing				
Financial accounts				
Cashflow forecasting				
Basic ratio analysis				
Accounting systems				
Plans and budgets				
Bank presentation				

AFTER

SUBJECT MATTER	URGENT PROBLEMS	SIGNIFICANT PROBLEMS	MINOR PROBLEMS	NO PROBLEMS
Costing Estimating Pricing				
Financial accounts				
Cashflow forecasting				
Basic ratio analysis				
Accounting systems				
Plans and budgets				
Bank presentation				

Pilot programme results

The adjacent learning grid establishes the level of management skill deficiency as defined by programme participants *before* the pilot programme commenced, contrasted with the skill shift or learning gain at the end of the training process.

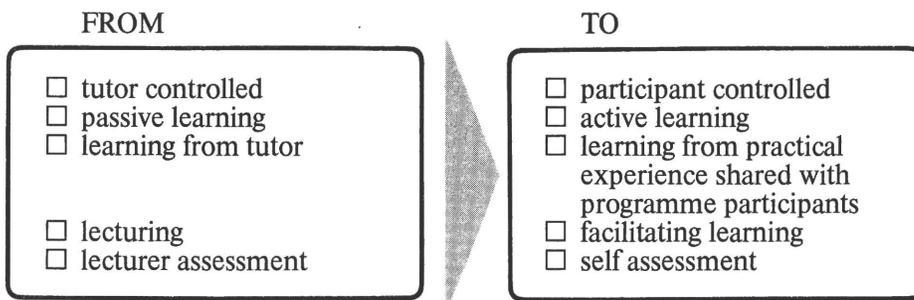
Dynamics of owner-manager training techniques

In view of the fact that a number of characteristics prohibit the owner-manager from gaining maximum training benefit from traditional 'lecture-centred' courses —

- problem of making time available to attend and leave business location with no back-up management support,
- difficulty of first formal learning experience for many years,
- inability to openly discuss particular business difficulties or personal management weaknesses, because of presence of business colleagues or competitors —

a total restructuring of training techniques had to be developed if significant learning gain was to take place. In summary, the

overall approach is best illustrated as follows:



Development and application of additional training packages

Following the successful implementation and independent evaluation of the pilot programme in financial management techniques, this programme was fully developed and implemented in a wide range of small Irish engineering companies. In addition, extra modules in production management and marketing have now been included in the range of packages currently on offer to small business owners. Presently, discrete assignment units within the engineering and construction training advisory service units provide professional training advice to a wide range of small companies using the principles developed in the owner-manager project.

Training packages

AnCO believes, that based on proper needs analysis it is possible to prepare 'training packages' for common requirements of owner-managers. These packages can if necessary, be adapted to meet the specific requirements of individual firms.

Printing and paper:

Costing in the small printing works. There are 17 assignments on-going at present. A marketing package is currently in the final stage of preparation. In the newspaper sector, a total of 30 out of 36 firms have introduced technical changes and in all cases training advisory staff have under-

taken in-company assignments to facilitate this change from hot metal and letterpress to phototype setting and offset printing.

Textiles:

A basic textile technology course has been designed and implemented which is of particular relevance to small firms. The course is designed to enable participants to maximize their contribution to company objectives by giving them a general appreciation of the raw materials manufacturing process and finishing techniques involved in woven textiles.

Clothing and footwear:

At the present time in-company development is provided in the areas of selection testing for sewing machinists, quality control material utilization, control workshop design and preventative maintenance for sewing machine mechanics.

Chemical and allied products:

A course has been commissioned by AnCO to provide technological training for managers and craftsmen in the pottery industry. The course was initiated as a result of a survey which indicated a critical shortfall in the level of technical expertise demanded by the industry. It was designed to meet the needs of both manufacturing and craft potters.

Distribution:

In-company development programmes are provided in retail financial and merchandise control, merchandising, shop layout and stock control. General management development programmes are undertaken

by designation staff in conjunction with trade associations and voluntary groups.

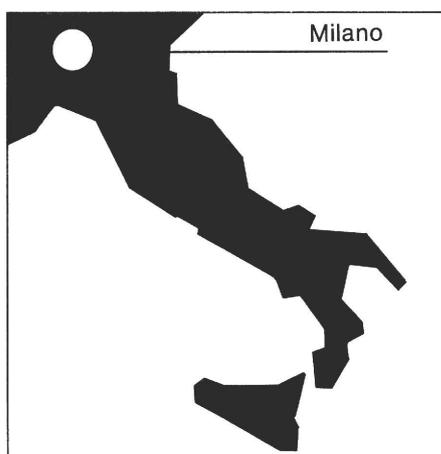
Food, drink and tobacco:

A range of in-company development programmes are available, notably in the areas of hygiene, safety, van sales and supervisory development.

Conclusion

To date, this development process has been intended to cater for small companies in all manufacturing, service and distribution sectors of Irish industry and has resulted in the provision of development opportunities for 400 small company managers during 1980.

The approach of providing on-the-job tuition related to practical problems of a small business has proved to be a valuable development instrument in providing the correct climate and has resulted in significant and positive behavioural changes in management practice for the owner-manager. The independent evaluation and validation of programmes undertaken to date suggests that this approach has been a relevant and meaningful development forum. However, it must be recognized that it is a more costly process than traditional off-the-job approaches but superior results generated to date seem to indicate and justify the investment in this form of development for the small firm owner.



Duccio Guerra

The intervention of the European Social Fund was decisive

By virtue of its geographical location and the important economic role it plays at national level, Lombardy is destined to be constantly drawn into the turbulence plaguing the economy of Italy and indeed Europe. And yet in spite of the economic vicissitudes which have characterized recent years, the production structure of the region has demonstrated a marked ability to react soundly. Small and medium-sized enterprises in particular have kept their production structures highly flexible, voluntarily reconverting in good time and hence significantly increasing their production to the point where they have been able to make a decisive contribution towards keeping the gross regional product up to average.

*As of June 1981 there were 22 000 small and medium-sized enterprises in Lombardy; in the past five years a total of 3 000 enterprises went out of existence whereas 3 400 new enterprises started up production; * the Chamber of Commerce reports an annual registration of roughly 30 000 new activities.*

Within the framework of a policy of support for production enterprises, Lombardy is pushing an action programme serving to modernize the production system via measures of information and vocational training.

This policy is aimed at further developing the potential of human capital available in the region.

In line with the obligations of public institutions and the pressing needs of the region's economic system, the training offers tend to aim as a whole at greater quantity, this policy corresponding best with the actual needs of small and medium-sized enterprises.

*The training of entrepreneurs constitutes a central aspect of the problem complex of vocational training for small enterprises. 'There are a number of training programmes for entrepreneurs,' Dr Sandro Catani, in charge of the training service of the Associazione Industriale Lombarda, ** informed us. 'Many models, more or less effective, more or less traditional, more or less imitative of management training programmes of large enterprises, exist. In spite, however, of this multiplicity of*

initiatives which testify to the growing interest of the industrial associations, and they are usually the programme organizers, the fact remains that the rate of participation is quite low as a rule.' The scant participation of owners in these training programmes does not result as much from a lack of motivation or time as from the fact that frequently the training models involved are uncritically transferred from the managerial to the entrepreneurial field. 'No thought has been given to actual training needs,' Dr. Catani said, 'and no attention has been paid to the terminology which entrepreneurs really use and can readily understand; furthermore, the teaching approach is complicated, involving also attendance at special trade fairs, learning via external consultations, and the study of specialized literature.'

The course on microprocessors provides a small business with enormous productivity potential; rather than being expected to learn and understand and use the new technology, the entrepreneur is taught how to diagnose his company's business situation and to correlate findings with decisions as to useful and feasible choices in the field of new technologies of production and management.

The training and continuing training of both technical and production personnel is a difficult problem confronting small enterprises, unaccustomed as they are to investing in human capital and unable by themselves to find the avenue of approach to financial assistance available out of official funds, in particular the European Social Fund.

Aware of this problem, the Associazione Industriale Lombarda, together with regional authorities, has taken the initiative and launched a technical progress project which will eventually involve 580 workers of small enterprises. The project will cost LIT 4 000 million, 50 % of this sum being provided by the European Social Fund.

ITALORA SpA, the firm which we selected as our Italian case, is one of 16 enterprises now operating within the framework of the technical progress project.

ITALORA, an enterprise in the precision mechanics sector, manufactures watches, clocks, and industrial timers. Its production cycle consists of the manufacture of basic components for mechanical processes, assembly work and series production, and galvanizing and glazing work.

DUCCIO GUERRA
Staff member of CEDEFOP

* Source: Assolombarda, Milan.

** Associazione Industriale Lombarda, Via Pantano 9, 20122 Milan.

A new product line (electronic overprints) recently launched on the market by ITALORA on a trial basis met with considerable interest, and the firm has therefore set up an industrialization programme for this new product line and coupled it with a training programme covering certain problems connected with specific characteristics of the line, namely, medium-level complexity of manufacture, guaranteed high quality, and high added value.

These characteristics are extraneous to the traditional production process of the firm, which consists of precision mechanics work of the type characterized by great fragmentation of job tasks. It is therefore also necessary to reschool the mentality of the workers involved with the new line of production in the direction of quality product output in place of the customary primary objective, that of quantity output.

CEDEFOP: Mr Oliveri, your firm is now in the process of diversifying production by introducing new industrial products. What reasons have led you to take this decision and what objectives do you have in mind?

OLIVERI: In 1960 our business had about 100 employees; 85% of our production was geared to the manufacture of industrial timers. Today we have 220 employees, and our production ratio is now reversed, with industrial timers accounting for 75% of our total output; a further 10% is accounted for by new products which we have added in the expectation of good market chances in the near future. We have now changed over to departmental organization and have a production department for clocks, watches, and industrial timers and a department for product development; we intend to introduce a system of horizontal personnel management permitting personnel crossover from one department to the other. As I said, we now have 220 employees, and we do not intend either to create or to eliminate any jobs: this is our prime objective. In order to realize this objective we must diversify production, and this in turn makes it necessary for us

to train our work-force to handle jobs calling for a higher level of knowledge and skills.

CEDEFOP: Who took the initiative in designing and implementing the training programme?

OLIVERI: The training problem presented itself with sudden clarity when the economic crisis of 1975 brought home to us the fact that it was high time to move from proposals to action. We then began testing and processing a number of products and finally selected a family of electronic overprints especially suited for the overprinting of self-adhesives. The product is completely different from our customary type of product; rather than being a consumer product, it is a very sophisticated technical product of high quality, with production output limited to roughly 1 500 a year. Having decided to put all our effort into this project, we realized we would have to face the ensuing problem of requalifying our work-force.

CEDEFOP: Certainly awareness of a problem is the first step, but how did the training programme get started?

OLIVERI: The Associazione Industriale Lombarda provided us with the initial information, following which we sat down

The training programme provides for three types of courses, namely,

- course for production workers,*
- course for testing and control personnel,*
- course for medium management.*

The firm has 220 persons on its payroll at the present time, of whom 57 are salaried employees and 163 are production workers. 64% of the work-force are women employed in jobs calling for low-level or medium-level qualification.

Dr Maria Grazia Strano of the Associazione Industriale Lombarda kindly arranged for us to interview the owner of the firm, Mr Oliveri.

with the Association and began thinking about how best to approach the problem. The Association then agreed to take over the task of developing and formulating training measures and subsequently launching concrete action.

CEDEFOP: Was the analysis of training needs in connection with the diversification of production undertaken by outside consultants?

OLIVERI: No. As a first step we had the director of our production department which would manufacture this new product prepare the analysis. With the analysis in hand we then approached the Associazione Industriale Lombarda, and from this moment on collaboration became decisive.

CEDEFOP: Are you implying that small and medium-sized enterprises are not able to provide the required training without the help of outside institutions?

OLIVERI: We certainly would not have been able to do so, or, better put, we could not have done so within so short a time and we could not have achieved the good qualitative results which we now know we can expect.

CEDEFOP: What do you hope to achieve with your training programme?

OLIVERI: Our programme has two main objectives. The first is to familiarize our work-force with the new technology via the transfer of knowledge and skills in electrical engineering, basic electronics, and informatics, fields which have hitherto been strange territory. The second objective is linked to a new type of job-enlargement work organization consisting of off-the-project units in which groups of workers perform homogenous job tasks one which is entirely different from the previous Taylorian type of work organization, characterized by great fragmentation of work processes and high levels of automation; the objective is to prepare workers in such manner as to enable them to discharge diverse functions within a specific unit of homogenous job tasks. In other words, we wish to obtain a high degree of integration and interchangeability within the firm.

CEDEFOP: Are you saying that such training will serve primarily to upgrade the theoretical-technical know-how of your workers?

OLIVERI: Primarily? I do not think that this word is correct in this context, since the ratio of theoretical to practical instruction units is two to one in favour of practical instruction units, precisely because we have had to take the work-force's levels of basic knowledge and skills into account.

CEDEFOP: Are the participants in these courses mainly young people or adults?

OLIVERI: Both young people and adults. Young people constitute a long-term company investment in human capital, and adults can draw on greater experience and are more capable of adapting to change and digesting new learning content.

CEDEFOP: Who are your trainers?

OLIVERI: We have both company trainers and outside trainers. Our outside trainers are professional teachers to whom we have entrusted the theoretical and coordinative side of our courses. Our com-

pany trainers, drawn from our technical and product design personnel, are responsible for the practical side of training.

CEDEFOP: Are you in agreement that also the practical skills trainer must have had at least a minimum amount of pedagogic training?

OLIVERI: Certainly the pedagogic training of these trainers is by no means a negligible aspect, but on the other hand it is very difficult to find trainers with both practical experience and pedagogic skill. We attempt to take care of this problem somewhat by having our external trainers participate in the practical instruction units being taught by our company staff.

CEDEFOP: Do you feel that with this initial training programme which has been conceived, designed, and implemented on an *ad hoc* basis, so to speak, the problem of training has been solved once and for all, perhaps via the method of having programme-trained personnel pass their newly acquired knowledge and skills on to programme-untrained personnel?

OLIVERI: If I might speak from experience, I would say that whenever such activity is sporadic, the knowledge and skills level within the firm tends to deteriorate rather than improve. I believe that it would be a mistake to assume that we could be autonomous in this sphere tomorrow simply by virtue of a training programme which we implement today; I think that if the need arises, it would be better to repeat the programme.

CEDEFOP: What are the main sources of finance for the programme?

OLIVERI: Among all the pieces of information provided by the Associazione Industriale Lombardia we most certainly did not underestimate that piece of information concerning possible sources of financial assistance, in particular support provided by the European Social Fund. This Fund has now assumed responsibility for 50% of the total cost of the courses.

CEDEFOP: Are you saying that in a

certain sense the participation of the European Social Fund inspired your firm to invest in vocational training?

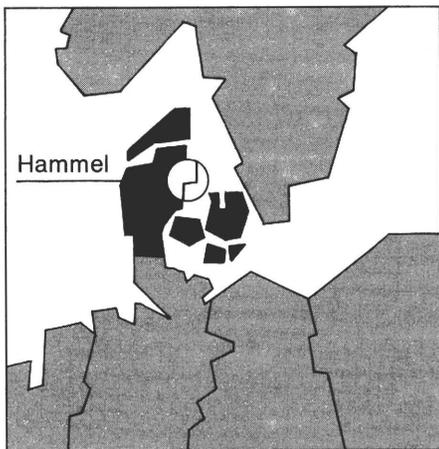
OLIVERI: The intervention of the European Social Fund was decisive for our firm both from the financial aspect and from that of legitimization at the level of relations between the firm and its employees:

○ With regard to the first aspect, there is no doubt that the intervention of the Social Fund enabled us to think in terms of immediacy and make decisions rapidly in the knowledge that financial aid from the Fund would allow us to assume responsibility for training of good quality.

○ With regard to the second aspect I would explain that at a time when relations between the firm and the labour union were being disturbed by constant signs of mutual apprehension and suspicion the intervention of the Social Fund greatly eased tension between the management and the works council, thus making consensus-building very simple.

CEDEFOP: Without realizing it then, the Social Fund has taken on the function of an amortization agent or, better still, a guarantor. Is this so?

OLIVERI: Certainly the intervention of the Social Fund has cleared the firm management of all suspicion of mysterious doings and has injected a strong sense of responsibility into the employees, who attend the courses with great regularity and are highly motivated to learn. Incidentally, the labour-union representatives may likewise attend these courses, which help them to subsequently discharge their supervisory functions in a more responsible manner.



Anna-Grethe Schomburg

One cheese per second

The dairy sector plays an important role in the Danish economy. It gives work to several thousand people, and the export of quality products to all parts of the world brings in significant foreign exchange earnings for Denmark.

Within the dairy sector it is the experience, skill, and know-how of the small and medium-sized companies that counts, but naturally these companies have also had to undergo a modernization process to maintain their place in the world market. Furthermore, considerable specialization has taken place in the last few years so that today most companies have only one or two product lines. Finally in the 1979/80 dairy season alone, 27 dairies out of 235 were closed down. This is largely due to a process of concentration towards fewer but bigger production units on the part of the larger dairy firms.

As an example of a medium-sized cheese-producing company in Denmark we have chosen a dairy in Hammel. Hammel is a small town (about 4 000 inhabitants) now undergoing rapid development. It is situated in a fertile area of natural beauty in the middle of Jutland. It has a few industries and a substantial commercial activity based on the large surrounding area in which agriculture is the most important occupation. The local castle Frijsenborg has lent its name (there is no economic link) to the company we will talk about in this article: Frijsenborg Manor Dairy.

This firm has also specialized. Production previously consisted of cheese, butter and milk whereas today it is geared to the manufacture of special cheeses. The annual production amounts to about 1 400 tonnes. The creamery receives 50 tonnes of milk daily from 150 farmers, of which 10 tonnes are returned to the farmers as feed for young stock. The remain-

ing 40 tonnes are used for the manufacture of blue-veined cheese and cream Havarti. At a branch on the fringe of the supply area white-veined cheese is produced (camembert and brie). The company has been rationally organized and equipped with modern technical aids.

After the milk has been received and weighed it is pasteurized. The cheese-making process itself takes place in large, stainless steel vats under strict hygienic conditions. The necessary cultures are added to the milk, which then coagulates, the curd being collected in moulds. The



manufacture of blue-veined cheese, for instance, takes place continuously without any human contact at the impressive rate of one cheese per second. The cheese is left to set, after which it is salted and stored for from five to six weeks at constant temperature and humidity. Finally it is washed and packaged. The EC Member States are the main buyers, but considerable quantities are also exported to other parts of the world, such as Canada, the USA, and Australia.

The dairy employs a total of 44 people, of whom 18 are women (unskilled workers) and 26 are men (10 skilled workers, 12 unskilled workers and 4 apprentices). Since the dairy is part of a larger firm, only some of its administrative work is carried out in its own offices where a couple of people are employed.

The manager of the company is a fully-trained dairyman with many years of practical and theoretical experience. He is assisted by three employees, each being responsible for a particular department: preparation of the milk, the cheese-making process itself, and packaging and dispatch.

We spoke to Mr K.C. Dolberg, the dairy manager for 30 years, about the situation for small and medium-sized dairy firms in Denmark.

CEDEFOP: Do small dairies in Denmark have to face greater problems than large ones?

DOLBERG: No. It may be surprising but this is not the case. The personal commitment of the staff, together with a partial but necessary rationalization of the production process, creates a level of quality that the larger companies would find difficult to obtain with their high technological development. Thus it is a question not of the size of the company but rather of its effective utilization of available resources.

CEDEFOP: Do new technological developments create problems for a small firm?

DOLBERG: We ourselves do not have any problems, since we have enough sources to draw on, one being, for

instance the Danish Government Research Institute for the Dairy Industry, which sends us information about the latest research results and production techniques. Trade literature and exchanges between individual producers also offer opportunities to obtain an increasingly higher technological level. We are in our company very keen to keep up to date so that we can satisfy new requirements from our customers.

CEDEFOP: While we were walking round the dairy we saw a notable example of technological development, the specially designed cheese perforating machine. What were the reasons for acquiring this machine?

DOLBERG: The acquisition of this machine was a sensible decision. It has cut down the physical work significantly and we obtain a more uniform product. The perforating machine, which has a capacity of 1 000 units per minute, was manufactured for this particular job at the dairy's request. By the way, its greater efficiency also safeguards jobs in our company.

CEDEFOP: Does this then mean that the producer is the instigator of technological development?

DOLBERG: Yes, because it is in the producer's interest to obtain the best quality and financial return possible. Thus the initiative comes from the producer, who requests the technological department to examine ways of improving his product and making it cheaper. As a practitioner I often use the expression: Theory is the result of practical experience.

CEDEFOP: The 'Danish Dairy' was set up with a view to increasing production via reduction in the number of small companies in favour of larger production units. Has this, in your opinion, led to positive results?

DOLBERG: It is true that there has been a very significant reduction in the number of small companies in Denmark. In 1940 we had nearly 1 700 dairies; today we have a total of 208. The amount of milk produced has remained about the same. As to the 'Danish Dairy' it is a fact that Denmark has concentrated production on a few large companies, and this obviously

results in rationalization gains. But at what point do we actually see a reasonable return from a financial point of view from this extensive rationalization? I am thinking of the many dairies which were closed down before their equipment was fully amortized. The latent value lost through this equipment's not being fully utilized is paid for by the milk producers of course.

CEDEFOP: As the manager of a small dairy, do you have sufficient opportunity to satisfy your need for training and information?

DOLBERG: Either one of my colleagues or I myself participate in courses serving to cover this need for information on technical or production developments in the industry.

CEDEFOP: This means that the individual manager himself takes the initiative as regards further training, but is there at the same time any organization in Denmark that safeguards the need for managers in the cheese industry to keep up to date with new technologies and developments?

DOLBERG: Apart from the Danish Government Research Institute for the Dairy Industry, which I have already mentioned, we have the Dalum Technical College (the Dairy Industry's Training Centre), which not only trains our young people but also organizes courses of further training for dairy managers. Furthermore, the dairy industry is a member of the Federation of Danish Employers, which offers a wide selection of courses for company managers.

Considerable changes have taken place in Denmark in the field of vocational training. In 1977 a bill was passed on basic vocational training (efg). The decision to allow this kind of training to replace apprenticeship training was not ratified by Parliament, for which reason the two types of training are still used today side by side in a number of areas. This is the case for training in the dairy trade.

The dairy industry's apprenticeship training was included under the Apprenticeship Act of 1 July 1979. An apprenticeship lasts two years and 10 months and has a

programme that is part practical work and part academic work. During training there is a total of 35 weeks of dairy school attendance, with both practical training and theoretical instruction. A contract of apprenticeship is established between the employer and the apprentice before the apprenticeship starts. There is a trial period of six months. At the end of the training period there is a final examination leading to the apprenticeship certificate.

Within the framework of the basic vocational training system (efg) dairy training falls within the food area. It lasts in all two years and 11 months and is divided into two parts. The first part, the basic training, takes place solely at a school and lasts 40 weeks. After this the basic vocational training student continues on to the second part, which includes practical work at a dairy as well as school attendance. The trainee and the company enter into a training agreement before starting the second part. There is a trial period of three months. At the end of the training period the basic vocational training student passes examinations under the same conditions as does the apprentice.

Apprenticeship training is to continue until it becomes possible to cover the industry's needs for trained dairymen through the basic vocational training scheme. After the summer of 1984 there will be no further new apprenticeship contracts within the scope of the 1979 Law on apprenticeship training.

It is characteristic of the development of dairymen's training that the time during which an apprentice or a trainee is attached to a firm has been reduced considerably: under the old apprenticeship training system (valid until 1979) it was four years whereas under the basic vocational training scheme it amounts to only just under two years.

The number of master apprentices has remained unchanged in the last few years, about 90, whereas the number of trainees under the basic vocational training scheme has gone up in 1981 to about 60 as against a maximum of 15 in previous years.

CEDEFOP: How many apprentices are employed at this dairy?

DOLBERG: We employ four apprentices who are each at different stages of their three-years training.

CEDEFOP: As the manager of a small firm, what developments do you see taking place in the dairyman's training?

DOLBERG: Apprenticeship training has many positive aspects since already from the beginning of the training it offers the apprentice the possibility of participating directly in the practical work of the dairy. On the other hand, the trainee under the basic vocational training scheme starts off with a better theoretical basis. I recognize the value of this, but with the shortening of the overall training period at the expense of the practical side I doubt that the introduction of the basic vocational training has led to any improvement. I would have preferred a continuation of the apprenticeship training system but with the same financial resources that have been applied to the basic vocational training scheme. This would have created considerably better conditions as regards both vocational training itself and the purely psychological influences to which young people are exposed and which are not nearly as beneficial today as previously.

CEDEFOP: Do you think small and medium-sized companies can offer young people better opportunities for in-firm training?

DOLBERG: The large central hatchery, if you will excuse the expression, has certain advantages inasmuch as it offers the trainee a homogeneous and certainly also an all-round training, but for what purpose? To become just a pawn in a large firm. You completely kill all initiative in young people with this uniformity. In my opinion a small company definitely has many advantages. There is a real possibility to get to know each individual and thereby learn about his or her motivation to create an interesting future in the field in question. Also from the trainee's point of view a small firm must offer certain advantages, since in-firm training is not too dispersed or specialized. The trainee is given a good chance to receive broad,

practical training within a particular line of production. In a small enterprise the individual has at the same time a better opportunity to be creative and in a way train himself.

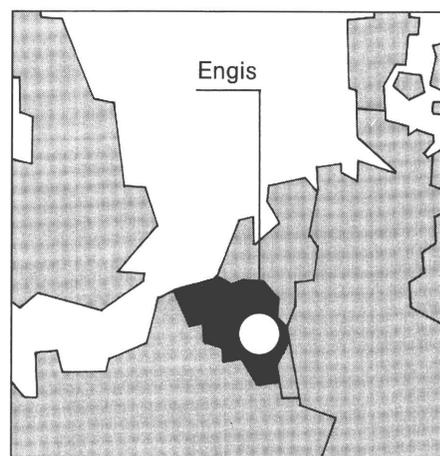
In this connection it is important in Denmark in any case to put in much more effort in the training of the young. We must try to encourage as many young people as possible to assume a positive attitude towards an intensive vocational training, and we must make sure that all those who are positively motivated are given a real opportunity. In this area many decisions have to be taken at a political level. As an example, I can mention that the apprentices in this firm are considerably worse off than those young people who have not started any training or who are unemployed, which is something I feel could be an incentive not to start any training at all.

CEDEFOP: In your opinion, what measures should be taken by the European Community to assist the small and medium-sized companies?

DOLBERG: Small firms have a great disadvantage in relation to larger companies as regards the European Community. It is nearly impossible for a small firm, for instance, to receive any grants from the EC to expand or improve their production facilities and thereby create more training places whereas the larger firms receive millions.

Economic development in a region, and particularly in an unfavoured region, is to a great extent dependent on the initiatives that small companies are able to take at a local level. Measures favouring small firms are closely linked with the regional policy of the Community. Much could be gained from measures to help small and medium-sized companies benefit from Community grants, particularly those of the European Social Fund.

Florence Morgan-Gérard



SME management

The point of departure of the training programme 'SME management', launched by the National Employment Office (ONEM), was the realization that there was a great need for qualified multiskill management personnel. 'We train 'number two', the 'right hand' of owners of SME,' A. Baise and M. Smoos of ONEM explained.

'The programme started in 1977. It is designed for persons who hold a university degree and have already had several years of professional experience and also for highly-qualified specialists who are working in a narrow professional field. Rather than organizing the training programme ourselves, we subcontract it out to institutions specializing in SME training and training for self-employed workers. The programme consists of four weeks of theoretical instruction in the main subject matter of SME, namely, business management, finance, personnel management, and data processing. This is followed by 14 weeks of in-company training during which the trainees spend four days a week in a small or medium-sized enterprise and one day at a training centre. At the centre they review their training progress and undergo supplementary training provided by trainers who come from SME for the most part. These 14 weeks of practical training are devoted to a specific project: the trainee must either analyse or solve a certain problem which a small or medium-sized enterprise was confronted with when it came to us. The trainee becomes, in fact, immersed in the day-to-day life of the enterprise, whose very survival is perhaps at stake. This is certainly a far cry from what might be called a short 'tourist visit' to the enterprise. It also explains the high rate of subsequent employment at the training firm, namely 50 %. One may

In a family enterprise

therefore also speak of job creation. The figures? In 1977-78 the year in which the programme was launched, we conducted 25 training cycles, each cycle being attended by about 20 trainees.'

Monsanflor, located in Engis near Liège, in one of the five leading wholesale firms in the florist business in Belgium. This family enterprise, employing at present 17 persons, consists of one outlet in the wholesale trade serving all of south-east Belgium and two outlets in the retail trade. CEDEFOP spoke with Mr Kousen, the firm's director, his son Mr Daniel Kousen, the firm's manager, and Mr Coillain, the firm's financial director, recruited after his participation in the training programme 'SME management'.

CEDEFOP: Mr Kousen, how do you view the problem of SME and training?

KOUSEN: Originally a small enterprise is run by a single skilled craftsman, that is to say, a person who exercises his profession so successfully that his business grows. The time soon arrives when he can no longer take care of all the work himself; he then begins to train others and turns his main attention to the running of his firm. This is when his business really takes off, I feel, and his problems as owner begin to accumulate. First comes a lack of management: one buys, one sells, or one produces, but one does not manage. Add

this to the headaches of taxes, social legislation, etc., and he is no longer able to keep abreast of things, much less practice his profession.

CEDEFOP: Your son is now the manager of Monsanflor. He is responsible for all the buying. How did he learn his profession and could he not manage the firm alone?

KOUSEN: In the florist business experience is the only teacher, not books. I taught my son the secrets of the trade on the job. He came with me to the auction every day, and I showed him how to judge the quality of the flowers, how to decide what price they should bring on the basis of the number of carloads of flowers up for sale, the number of wholesale dealers present, etc., and how to buy 'by the clock', the technique used at flower auctions. This all took years, but now he is an excellent buyer. With regard to management, I would say that although he does concern himself with this, he cannot do everything; it is above all a matter of available time.

CEDEFOP: Why and when did you feel the need to call in somebody from outside who was trained in management?

KOUSEN: Our turnover increased sevenfold over the past 10 years. Consequently I woke up one day to the fact that instead of concerning myself with flowers, my only concern was figures. In fact, I was literally outrun by this growth, which had been almost too rapid. I then realized that it was high time to get things straightened out, as I no longer really knew what was going on, particularly with regard to earnings.

DANIEL KOUSEN: We discussed the

FLORENCE MORGAN-GÉRARD
Staff member of CEDEFOP

This interview took place thanks to the collaboration of L. Dubois and J. Van Haute of ONEM.

matter at length. What we felt we needed was to have somebody come to us who had a fresh approach, somebody who knew next to nothing about the florist business and who could therefore analyse the situation objectively.

KOUSEN: For this reason we got in touch with the Institut des Classes Moyennes (Small Business Institute) and ONEM, and they sent Mr Coillain to us for a three-month period. I gave him access to all my records, and he immediately found the cause of the problems which had been bothering me. But what could one expect him to achieve in three months? It took him this long just to get the general feel of things. I decided to employ him for one year, and now I intend to keep him on the payroll permanently. But he will need several years to become thoroughly trained; study is indispensable as a basis, but what really counts is experience in the trade!

CEDEFOP: Mr Coillain, what is your comment? You were offered a job in a multinational concern and chose instead to join a small enterprise. Why?

COILLAIN: I prefer the atmosphere of a small firm, where one is not simply a number and where one can really learn the ins and outs of things. I think that I can familiarize myself with all aspects of the business, and this will be invaluable to me if I decide to go into business for myself one day.

CEDEFOP: What shape does training take at Monsanflor? For one thing, how does the head of an enterprise train?

KOUSEN: For my part, I read a great deal: a whole series of books on management, marketing, and businesses and publications of the Ministry for Small and Medium-Sized Enterprises in Industry and the Crafts.* I subscribe to everything the Ministry publishes, feeling that whatever concerns independent firms interests me, and I participate in seminars which the Ministry organizes. Finally, I attend language courses regularly, knowing that there is likewise no end to this learning process.

DANIEL KOUSEN: Since there are no training courses for wholesale dealers in the florist trade, we train our sales representatives ourselves. When a new sales representative arrives, he begins by going on the road with one of our regular sales

representatives for about two weeks, following which one of us takes him around. In this way he familiarizes himself with the products and the florist shops. We then conduct meetings and discuss how to help a florist to improve his sales, because this will certainly in turn improve our own sales!

KOUSEN: In our two retail outlets, the Ensemblier de la Fleur and the Jardinerie Monsane, we take on young apprentices. It is my wife – she has had 30 years of

experience – who teaches them to become retail florists and, of course, tries to keep them on. The office staff have all had commercial training. When the time came for them to learn how to work the telex, the computer keyboard, and the photocopier, my son and I showed them and explained everything to them. We, my son and I, are multiskilled workers, and we feel that our personnel should be multi-skilled to the extent possible. This is how one learns within an enterprise.



* Minister for the middle classes.

Training from the top down

James Michael Adams

Roma Food Products Limited, located on an industrial estate in Dublin, has about 50 employees. Established originally in 1957 to produce pasta for the Italian restaurant trade, following a change in location (1965) and later the installation of a fully automatic plant operating on a 24-hour shift cycle, it now produces a range of pasta products, exporting about 85 per cent of its production, primarily to the United Kingdom. In addition the company imports a number of products and distributes these to the retail and grocery trade. The employees are involved in the following main functions: production, packaging and warehousing and marketing.

The number employed has risen slightly in recent years, particularly in the packaging and warehousing sectors. CEDEFOP spoke with Mr Bill Higgins, who is marketing director and Mr Noel Green, who is production manager and training officer.

CEDEFOP: Does the company have an overall training policy?

ROMA: We see training as a continuing need stretching right through the company. It is a need starting at the top of the company and percolating down through the various levels.

Our managing director Mr Patrick Mead has participated in a training programme at Harvard for a period of one month per year for the last three years. Each time he returns from these visits, he is more convinced of the need for training at all levels within the organization. The training programme he followed was specifically geared to meet the needs of the chief executives of small enterprises.

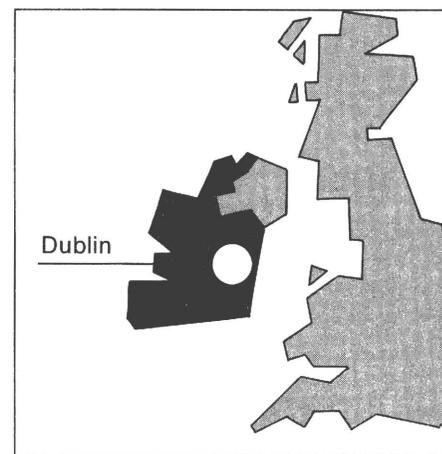
JAMES MICHAEL ADAMS
Staff member of CEDEFOP

Our financial director, Mr Clive Bagnell not only experienced training in financial management, but also, in order to fulfil effectively his role in this company, in activities to learn about the pasta business. Bill Higgins will later this year be going on a course in Harvard designed specifically for marketing executives.

Noel Green, because of his responsibilities for training within the company, has participated in an AnCO (The Industrial Training Authority) course in the identification of training needs. This course was based on what AnCO calls the 'gap principle', i. e. that if you look at the performance you feel should be achieved and contrast that with what is being achieved, there is likely to be a gap, and if this is a wide gap, it would indicate that there is a need for training. Through applying this philosophy in the company we are now identifying some of our further training needs.

CEDEFOP: What level of training do most people have when entering the company? What training do you provide for employees at entry?

ROMA: We would not expect people we recruit to have had any work experience or special skills. They could be school leavers. At present we have a very low level of staff turnover. Everybody who joins the company participates in an induction programme. This deals with such basic items as regulation of tax forms, hygiene (very important in the food industry), use of protective clothing, introduction to the company and the working areas, safety precautions, company procedures concerning working hours and supervision, company agreement with the trade union representing workers in the company (the Federated Workers' Union of Ireland). In



this connection we are preparing an employee booklet to be given to all employees. The induction course is given by the responsible manager, but has been developed by the training officer.

Following this general introduction, supervisory staff introduce the worker to his specific tasks. As we are not in a highly technical or skilled area there is not a long training curve, so people can normally cope adequately with the tasks allocated to them within approximately two weeks in the production area, a month in the warehousing area and two to three months in the packaging area, where manual dexterity must be developed.

CEDEFOP: Is that the end of the training, which the company provides?

ROMA: No, not at all, let me give some examples.

□ Five years ago, when we introduced a new fully automatic pasta production line, we had to change our operating methods quite drastically, as it involved adapting from a batch to a continuous production system. We involved AnCO and the machinery manufacturers from Italy in formulating a training programme to develop the staff to meet these challenges. This programme involved all the employees, as we had not only to develop the technical skills to manage the new much more sophisticated equipment, but also to change our methods of operation and working habits to meet the social changes involved. For example we had to take account of the fact that, legally, women are prohibited from working night shifts. This means that our production staff tend to be male, while our packaging staff tend to be female. These changes were particularly demanding with relation to supervisory staff, who not only supervise and motivate, but are also

responsible for the direct operation of the machinery and maintaining production levels. We had problems as it was, but had we not been cognizant of the fact that we needed systematic preparation in defining and meeting the training needs, I think we would have ended up in very serious trouble.

□ If we need an individual trained in a specific skill we may send him/her on an external course, for example forklift drivers to an AnCO course.

□ For a small company in a very competitive business such as food, marketing and sales are a vital function. Like most companies we have a regular monthly sales meeting to discuss performance, but in addition we organize annually a development programme for sales personnel, which lasts two or three days. We employ special speakers to give talks on selected aspects of marketing and selling, which we believe to be important at that particular time.

□ We also, with the help of AnCO organized in January last, a three-day course for the development of supervisors.

CEDEFOP: Your approach to training seems to primarily be one of in-company training. Is this not very expensive for a small company? Are there problems of economies of scale?

ROMA: We train to meet the specific needs of the company and believe that this is best done through in-company training, except for some specific examples, one of which I have just mentioned. Yes, it can be expensive for small firms, for example the *per capita* costs of the courses for our marketing staff, which numbers only six are high. However we believe the results justify the additional costs, compared with sending staff on a programme organized by another agency, which however good, cannot organize a course geared to meet the varying needs of small companies like Roma.

CEDEFOP: Do you obtain financial support for your training activities?

ROMA: We obtained direct support from the European Social Fund for the costs of the programme developed at the time of the installation of new machinery. In Ireland in the food, drink and tobacco industry, companies pay a training levy which is the equivalent of 1 per cent of the salaries paid in excess of IRL 55 000. In return we obtain the benefits of the support of AnCO's training advisory services in defining and eventually meeting our training needs. The company's policy is to avail of grants for training when possible, but to base our training on the company's needs and not to adopt training programmes and

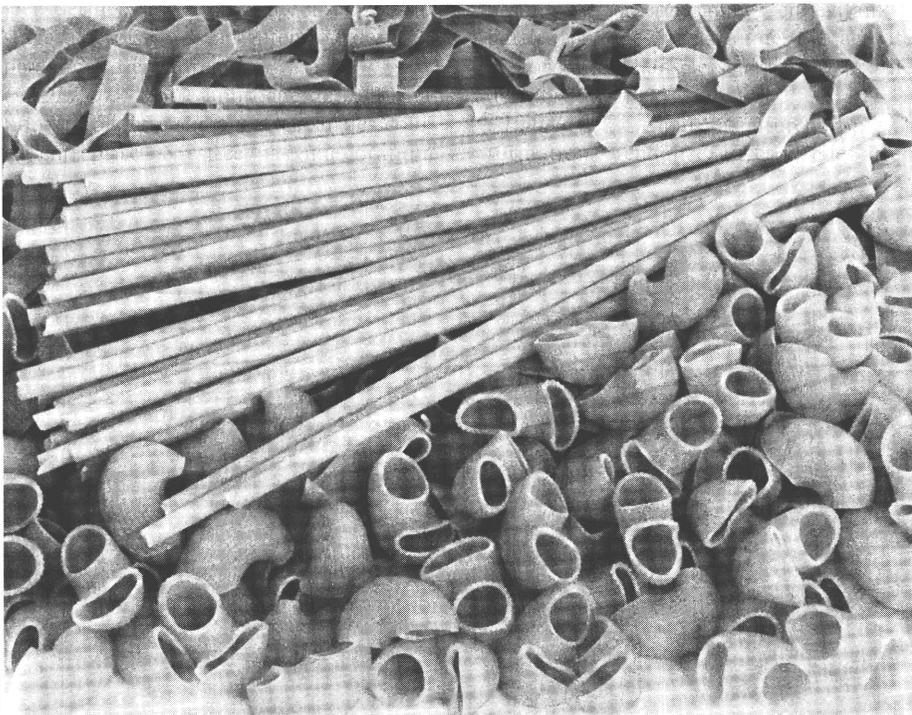
activities just in order to be able to use grant schemes.

CEDEFOP: Training is by its very nature likely to increase staff expectations, particularly with relation to mobility and promotion. Does this raise problems for a small company?

ROMA: Yes. Although we have an agreement under which our supervisory staff should where possible be selected internally, we do now have a problem that at director/management level and at supervisor level we have a fairly young staff and there are not great opportunities for internal promotion. By providing training we may in effect be increasing our staff's ability to move to other jobs though in the present labour market situation this is not an acute problem. However it does mean that we need to offer attractive enough salaries and conditions of employment to retain the staff whom we have invested in.

CEDEFOP: Is there not in practice a contradiction between your policy of training from the top down, concentrating on training at supervisory and management level, and on the other hand your view of training as a continuing need for all the staff of the company?

ROMA: I think that has to be true in so far as apart from a continuing need to train new personnel is concerned, there is, as I said earlier, limited opportunity for development within the company. We will train people up to a certain point as dictated by the needs of the company. After that point has been reached, the individual will perhaps have to look elsewhere for broader opportunities. There is a limit to the amount of training we can give people on the shop floor. Essentially they are here to do a job of work for which we train them, and we try to develop them in so far as we can. But we don't see ourselves as being in a position to provide what might amount to extra-mural training. It's just not possible to reconcile that with the size of the company. There are certain social requirements for the training and development of people, which the company will do its best to fulfil. But we don't think companies in general and small companies in particular have either the resources or the time to develop people in a social way. It is probably for the State to respond to this need, possibly through the general education system.



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