

EURO-INFO-CENTRES

ANNUAL REPORT 1990



COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL XXIII

Commission of the European Communities

EURO-INFO-CENTRES ANNUAL REPORT 1990

Directorate-General for Enterprise Policy,
Distributive Trades, Tourism and Cooperatives

Cataloguing data can be found at the end of this publication.

Luxembourg : Office for Official Publications of the European Communities, 1991

ISBN 92-826-2752-7

Catalogue number : CT-70-91-209-EN-C

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Printed in Belgium

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Preface

In the context of the evolution of the world's economic structure, SMEs stand out, increasingly, as the keys to the European economy. The 13 million SMEs in the Community represent today 95 % of European businesses and nearly two-thirds of their work-force. This means that, in the context of the implementation of the single market, they deserve special attention.

The Euro-Info-Centre project is one manifestation of this special attention on the part of the Commission.

Two main features guided the launching of the EIC project in 1987 : pragmatism and decentralization. Both concepts correspond well to the mind-set of SME entrepreneurs. Right from the outset the EICs have fully played their part. The project has evolved however, since its launching, from one given the role to further the dissemination of Community information, to the provision of assistance and advice, to which should be added the role of EICs as catalyst between enterprises in their search for partners and contacts.

Today, however, the Euro-Info-Centre project is at a crossroads.

After the initial phase that featured the establishment of the network, followed by its very rapid extension to 211 centres, the time has come for a new step, in which the Commission will be in a position to use the information from SMEs fed back through the EICs to develop its own policies and projects.

This is why DG XXIII, in this new phase, attaches particular importance to the qualitative aspects of the EIC services, especially the stimulation of the local economy (promotion of enterprise in the context of

Community initiatives) and the feedback of information. In regard to the last point, two functions are of growing importance, namely:

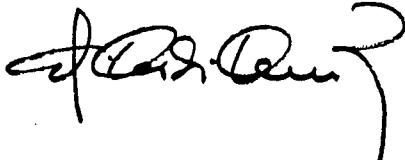
- (i) A role of monitoring and listening, the EIC being called on to play the role of local ombudsman concerning the Commission's actions related to SMEs. The EIC is responsible, particularly, for gathering data on questions of Community interest for enterprises, for picking up suggestions about projects to develop in favour of SMEs and for collecting sectoral economic indicators using the network of contacts that each EIC has with its partners;
- (ii) a 'laboratory' role with regard to Community initiatives, the EIC network constituting an ideal testing ground for a series of Commission pilot projects, in particular by DG XXIII (seed capital, Enterprise programme, enterprise 'hatching' centres, etc.). In this regard, it is appropriate to add the role that the EICs can play in anticipating information.

These roles, which constitute the basis of the new contractual relationship between the EICs and the Commission, are the measure of the network's future dynamism. They will allow an optimal use of the very numerous contacts that have been woven by the EICs with enterprises and will allow the network as a whole to benefit from the links developed by each Euro-Info-Centre. The technical developments planned for 1991 will ensure in this regard a more rapid transfer of data between the EICs, and with the central administration.

All these initiatives fall within the global context of the new orientation of SME policies adopted by the Commission in November 1990. For the EIC project, the new dimension of enterprise policy is the accentuation of the dialogue with SMEs and providing them with quality information to ensure their success in the context of the internal market.

At a time when the future of European SMEs seems increasingly oriented toward the development of cooperation and partnerships, the Euro-Info-Centre network is clearly an irreplaceable instrument for the implementation of this trend. Its growing success (over 150 000

questions handled in 1990) is evidence of the farsightedness of the pioneers of the project. In this regard, 1991 should constitute a positive new phase for the future of the network.



*António Cardoso e Cunha
Member of the Commission*

Introduction — 1990 : Extension and consolidation

The Euro-Info-Centre (EIC) network was set up in 1987 in order to provide enterprises, particularly small and medium-sized enterprises (SMEs), with a comprehensive system of information on Community matters.

Following a pilot phase from 1987 to 1989, which included the establishment of the first 39 centres and the transformation in 1989 of the SME Task Force into a Directorate-General (DG XXIII, responsible for enterprise policy, commerce, tourism and cooperatives), the year 1990 featured a twofold development of the network :

- (i) quantitatively, the extension phase was completed, as advocated by the Council Decision of 28 July 1989 (this decision allowed the number of EICs to be raised from 39 to 187, to which 16 regional satellites should also be added);
- (ii) qualitatively, a certain number of new services were added in order to complete the existing system, improvements which affect all areas of EIC activity and the central administration in Brussels (information products, training, evaluation, promotion, administrative and technical services, capitalization).

Adjustments were also made to the project in rapid response to the events that took place in Europe in 1990. Following a Commission communication by Mr Cardoso e Cunha on 12 November 1990, with backing from Messrs Andriessen and Matutes, it was decided to establish new EICs in the five new German *Länder* and to extend the activities of the EIC in Berlin (Berliner Absatz-Organisation) to the eastern part of the city. Three new EICs were thus established in late 1990 in Rostock, Dresden and Leipzig; three new EICs will follow in 1991 (in Magdeburg, Frankfurt-an-der-Oder and Potsdam). Likewise,

the creation of correspondence centres in certain third countries that wish to have them is also being considered (priority for access to this possibility would be granted to certain countries of Eastern and Central Europe—Poland, Hungary, Czechoslovakia—as well as EFTA countries).

This report is aimed at assessing the performance of the network's activity in 1990. After providing a general overview of the activity of the past year, it will provide details on developments in each of the areas managed by the central administration and then move on to those implemented by the EICs.

I — The EIC project in 1990

1. DEVELOPMENT OF THE NETWORK

A — Historical background¹

The Euro-Info-Centre project was conceived in 1986 as a key component of the Commission's action programme for small and medium-sized enterprises.²

Its purpose was to provide information services, on a decentralized basis, in order to meet the needs of SMEs. It was launched as a pilot project in 1987 with the following objectives :

- to bring the Community closer to enterprises ;
- to integrate Community information with the services provided by the host structures of the EICs ;
- to ensure coherent, credible and effective Community information in a single place ;
- to serve as a means of promoting an improved awareness of the real needs of SMEs in preparing for 1992.

With the above objectives in mind, the implementation of the network was carried out in three phases :

(a) The pilot phase (1987-88)

1987 : Establishment of the SME Task Force, responsible for coordinating the implementation of the action programme and launching

¹ For a complete analysis of the development of the project, see the following documents : COM(87) 152 final, COM(88) 64 final, COM(88) 161 final and SEC(89) 931 final.

² COM(86) 445 final of 6.8.1986.

new measures in the areas of improving the business environment and promoting services for enterprises.

On 17 March 1987, there was a call for tenders in the Supplement to the Official Journal (S 53) to establish EICs. Six months later there followed the official opening of the first Euro-Info-Centre in Aarhus on 29 September.

From late September 1987 to the end of August 1988, 39 EICs were created within host structures experienced in matters of enterprise assistance/consulting. The mission of these EICs was to meet information needs related to Community activities and to assist and counsel enterprises in their procedures to obtain information in cooperation with the EC Press and Information Office.

1988 : On 30 March 1988, the Commission reported to the Council on the progress that had been made in the Euro-Info-Centre¹ project and recommended the extension of the project in order to deal with enterprises' expectations in regard to the internal market of 1992.

Three months later, in its resolution of 30 June 1988², the Council

- (i) underscored the need to improve information for SMEs on Community affairs, and
- (ii) supported the Commission's plans to carry out a qualitative evaluation of the Euro-Info-Centre project in cooperation with the Member States.

An analysis of this first phase of operations revealed :

- (i) a high level of activity as soon as the Euro-Info-Centres were established;
- (ii) extensive participation by enterprises in presentations and seminars organized by the EICs;

¹ COM(88) 161 final.

² OJ C 197/6, 27.7.1988.

- (iii) serious concern by SMEs in regard to the implementation of the internal market in 1993.

In the light of the results of this evaluation, which was deemed to be positive on the whole and which demonstrated the usefulness of an extension, and following consultation with the Committee composed of representatives of the Member States, the Council asked the Commission to submit a programme for the extension of this project.

(b) The extension phase (1988-89)

1988 : In October 1988, the Committee adopted the text of a declaration of interest intended to identify new host structure candidates. It was published on 8 November 1988 in the C series of the Official Journal in the context of the call for tenders.

Four hundred and twelve organizations filed candidacies after examining the tender specifications formulated by the Commission and the Member States, which then proceeded with a selection process from 1 March to 19 April 1989. The selection criteria included diversity of institutional status and of types of professions among the candidates chosen, as well as extensive coverage of Community territory. The needs of SMEs in each Member State in the area of Community information and assistance were also taken into consideration.

Of the 412 candidate organizations, 148 were chosen by the Commission after consultation with the Committee of Representatives of the Member States and were added to the 39 Euro-Info-Centres from the pilot phase.

1989 : In April 1989, the extension phase began, bringing the total to 187 Euro-Info-Centres.¹ The new EICs were opened steadily throughout the second half of 1989 and 1990.

¹ SEC(89) 931 final.

Each Member State followed the development of the project according to its own national policies. The Commission, through the network's central administration in Brussels, provided supervision, administration and general coordination of the project. It also supervised training activities, the quality and quantity of available information (documentation updated by the central administration and completed with daily information on Community activities), exchanges between Euro-Info-Centres, promotion activities and evaluation reports.

The Euro-Info-Centres themselves were given the opportunity to implement sub-networks according to the needs of their geographic region.

(c) The operational phase (from 1990 onwards)

The year 1990 marked the entry of the network into its consolidation phase.

Under the terms of the selection carried out in April 1989, the breakdown of Euro-Info-Centres by country was as follows :

Belgium :	12 EICs and 2 satellites
Denmark :	8 EICs
FR of Germany :	27 EICs and 3 satellites
Greece :	12 EICs
Spain :	25 EICs and 1 satellite
France :	28 EICs and 6 satellites
Ireland :	6 EICs
Italy :	29 EICs
Luxembourg :	2 EICs
Netherlands :	8 EICs
Portugal :	10 EICs and 2 satellites
United Kingdom :	20 EICs and 2 satellites

One EIC (in Kassel, FRG) and one satellite (in Montbelliard, France) withdrew in 1990. Conversely, and in addition to the decision to create seven new EICs in the eastern part of Germany, the communication by

Mr Cardoso e Cunha of 12 November 1990 also provided for the creation of two new EICs, one hosted by the London Chamber of Commerce and Industry and the other by the Ioannina (Greece) Chamber of Commerce and Industry. These additions were provided for in the Commission Decision of 31 May 1989 on the extension of the EIC project. On 31 December 1990, the network consequently included 192 EICs and 15 regional satellites, to which should be added the 3 EICs to be created in the eastern part of Germany in early 1991.

B — Inaugurations: the state of play

On 31 December 1990, 159 EICs had been officially inaugurated, in almost all cases in the presence of a representative of DG XXIII. These

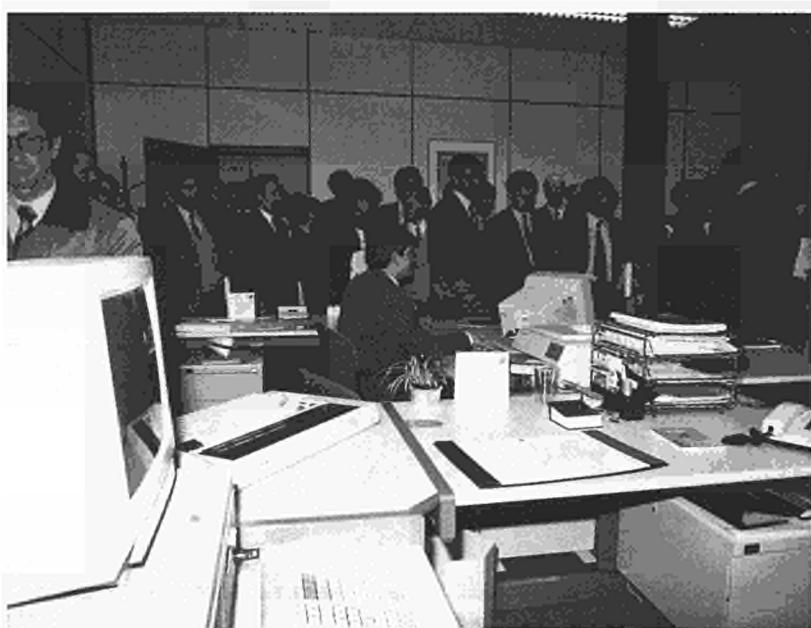


Inauguration Lisbon EIC (PT-508), 12 January 1990.

Centre, Mr Cardoso e Cunha, Member of the Commission of the European Communities, right, Mr Vistulo de Abreu, Vice-President of the Associação Industrial Portuguesa, left, Mr Cunha Vaz, from the Office of the Commission in Lisbon.

inaugurations took place as follows during 1990 :

12 in January : Kortrijk (B), Lisbon/Associação Industrial Portuguesa (P), Lisbon/Caixa Geral de Depósitos (P), Brussels (B), Kiel (D), Den Haag/EVD (NL), Valladolid (E), Aveiro (P), Volos (GR), Zaventem (B), Patras (GR), Charleroi (B) ;



Inauguration Lisbon EIC (PT-508), 12 January 1990.

Mr Cardoso e Cunha attending a demonstration of the workstation at the Eurogabinete office. Behind him, Mr Vitor Martins, Secretary of State for European Integration.



Inauguration Lisbon EIC (PT-508), 12 January 1990.

View of the EIC office at the Associação Industrial Portuguesa.



Inauguration Zaventem EIC (BE-012), 22 January 1990.

From left to right, Mr R. De Wulf, Regional Minister for Employment, Mr F. de Bisschop, President of the Chamber of Commerce and Industry Halle-Vilvoorde, Mrs A.-M. Lizin, Secretary of State for Europe 1992.



Inauguration Zaventem EIC (BE-012), 22 January 1990.

The EIC staff.

9 in February : Madrid/CCI (E), Lahr (D), Iraklion (GR), Coimbra (P), Genova (I), Roma/Unioncamere (I), Palma de Mallorca (E), Oviedo (E), Blagnac (F) ;

12 in March : Saint-Denis de la Réunion (F), Cork (IRL), Inverness (UK), Galway (IRL), Wiesbaden (D), Cordovilla (E), Mons (B), Amiens (F), Milan/Associazione Industriale Lombarda (I), Besançon (F), Den Haag/CCI (NL) ;

10 in April : Ponta Delgada (P), Grenoble (satellite) (F), Annecy (satellite) (F), Pesaro (I), Basse-Terre (F), Waterford (IRL), Hasselt (B), Groningen (NL), Murcia (E), Herning (DK) ;



Inauguration Basse-Terre (FR-257), 9 April 1990.

From left to right, Mr Felix Proto, President of the Regional Council of Guadeloupe, Mr Jean-Pierre Haber, Head EIC project and Mr Gérard Penchard, President of the Chamber of Commerce and Industry, Point-à-Pitre.

19 in May: Caceres (E), Aabenraa (DK), Paris/CCI (F), Düsseldorf (D), Larissa (GR), Barcelona/CCI (E), Logrono (E), Slough (UK), Montpellier (F), Marseilles (F), Avignon (satellite) (F), Nice (satellite) (F), Norwich (UK), Arlon (B), Faro (P), Alexandroupolis (GR), Las Palmas (E), Lille (F), Rome/Confcommercio (I);



Inauguration Paris EIC (FR-274), 4 May 1990.

Mr Jacques Delors, President of the Commission of the European Communities, on his left side, Mr Delorozoy, President of the Ile-de-France Chamber of Commerce and Industry, on his right side, Mr Cambournac, President of the Paris Chamber of Commerce and Industry.



Inauguration Paris EIC (FR-274), 4 May 1990.

General view of the ceremony at the Bourse de Commerce.

10 in June : Liverpool (UK), Alicante (E), San Sebastian (E), Châlons-sur-Marne (F), Kavala (GR), Bielefeld (D), Malaga (E), Catania (I), Barcelona/Banco de Credito Industrial (E), Albacete (E) ;



Inauguration Málaga EIC (ES-216), 15 June 1990.

Right, Mr Aubel Matutes, Member of the Commission of the European Communities, cutting the inaugural ribbon. From left to right, Mr Mario Conde, President of Banesto, Mr Martin Rivas, Director General of Banesto, and Mr Jean-Pierre Haber, Head Euro-Info-Centre project.

5 in July : Pointe-à-Pitre (satellite) (F), Fort-de-France (F), Cayenne (F), Santiago de Compostela (E), Funchal (P);

7 in September : Southampton (UK), Bradford (satellite) (UK), Leeds (UK), Firenze/Confesercenti (I), Osnabrück (D), Leicester (UK), Mytilini (GR);

9 in October : Enschede (NL), Steinfurt (D), Stuttgart (D), Torino/Federpiemonte (I), Cagliari (I), Roma/IASM (I), Tournai (B), Utrecht (NL), Manchester (UK);



Inauguration Enschede EIC (NL-455), le 1 October 1990.

Mr H. von Moltke, *Director-General DG XXIII*, receiving a present from Mr Leo van den Bergh, *Manager of the Oost-Nederland EIC*.

5 in November : Brussels (B), Perugia (I), Athens/Panhellenic Exporters' Association (GR), Brighton (UK) ;

4 in December : Bari (I), Belfast (UK), Limoges (F), Venice (I).

Fifty-three EICs and satellites remain to be inaugurated, including one in Belgium, one in Denmark, 17 in Germany (including six of the new EICs in the eastern part of the country), two in Greece, two in Spain, eight in France, one in Ireland, 11 in Italy, one in Luxembourg, one in the Netherlands, two in Portugal and six in the United Kingdom.

2. GEOGRAPHIC PROFILE

Since the major objective of the EICs is to constitute relay stations between the Commission and small and medium-sized enterprises, it was logical for their establishment to follow the Community's regional configuration. Thus out of the 210 officially designated EICs 156 are established in host structures with regional or local focus (i.e. 77 in chambers of commerce and 79 in regional development organizations or institutions that promote local economic interests). The remainder is composed of sector-based professional organizations (35 host structures), banks (8), consulting firms specialized in SMEs (5), national organizations specialised in promoting exports (4) and ministries (2). The establishment of sub-networks, particularly within sector-based professional organizations, allows the overall regional coverage to be extended even further.

The EIC network in each country can be summarized as follows.

(a) Belgium

Two pilot EICs plus 10 EICs from the extension phase and two satellites.

All provinces are covered, the German-speaking region being represented by the Eupen satellite.

The host structures consist of the following :

five chambers of commerce (Antwerp, Brussels, Hasselt, Zaventem, Tournai);

seven regional development organizations (Namur, Arlon, Charleroi, Ghent, Liège, Mons, Eupen);

one national organization, the Christian Federation of Small-Scale Commerce (Fédération chrétienne des classes moyennes), which hosts the Kortrijk EIC;

one ministry (the Ministry of the Flemish Community, in Brussels).

The Belgian profile is characterized, among other things, by the extent of its sub-networks :

- (i) A major sub-network was set up in Flanders which includes 18 chambers of commerce. It is linked to the EIC network by the CCIs of Antwerp, Hasselt and Zaventem, all three of which host a Euro-Info-Centre. The joint actions by the members of the sub-network primarily concern publications and seminars. The network was officially inaugurated on 15 May 1990 in Sint-Niklaas.
- (ii) The host structure of the EIC in Ghent, the Gewestelijke Ontwikkelings Maatschappij (GOM), is part of a network of five similar bodies, managed by a 'European Management Committee' which meets once a month and reports to the Boards of Directors of the GOMs. These regional development associations are particularly active as regards Commission actions to assist SMEs (participation in the Business Cooperation Centres, BC-Net, the Sprint programme, actions in the area of subcontracting, Europartenariat). The GOMs' four other regional offices form a sub-network of the EIC in Ghent; these offices are located in Antwerp, Hasselt, Vilvoorde and Bruges.
- (iii) The EIC in Namur has established a satellite of the Economic Bureau of the Province of Namur in the southern part of the province; its task is to inform local enterprises of the services offered by the host structure and the EIC.

- (iv) The EIC in Courtrai covers the Brussels region and all of Flanders by means of a sponsor bank. Clients may submit questions to their local branch, which forwards them to the EIC.
- (v) Finally, the EIC in Mons has an official satellite in Tournai and a satellite at the CCI in La Louvière.

Belgian EICs work in close cooperation with the State Secretariat for Europe 92, which coordinates their actions and receives monthly reports.

Belgian EICs are also very active in cross-border cooperation (see Part III).

Finally, it is fitting to note that the Charleroi EIC opened an information centre in Prague in the fall of 1990, in cooperation with the State Secretariat for Europe 92.

(b) Germany

Six pilot EICs plus 22 EICs from the extension phase and three official satellites; in addition, seven EICs created in the former GDR.

Following German unification, the East Berlin Chamber of Commerce became one of the host structures of EIC DE-108/Berlin (Berliner Absatz-Organisation), so as to allow this EIC to cover the entire city of Berlin.

Following the closure of the Kassel EIC, there is no longer an EIC in the east-central region of the territory of the FRG. However, the EIC in Wiesbaden has a satellite in Kassel.

German EICs are set up within a broad range of private and public structures. In comparison to the other Member States, many EICs are integrated into technical and technological institutions as well as in economic prospects bureaux. The host structures of German EICs break down as follows :

seven chambers of commerce (in Regensburg, Stuttgart, Lahr, Trier, Leipzig, Rostock, Magdeburg and Frankfurt-an-der-Oder);

twelve regional development organizations;

eleven sector-based professional organizations, including the National Association of Chambers of Commerce and Industry (Deutscher Industrie und Handelstag—DIHT), the German Craftsmen Association (DHKT), the German Standards Institute (Deutsches Informationszentrum für Technische Regeln—DITR) and the National Office of Information on the Economy (Europäisches Beratungszentrum der Deutschen Wirtschaft—EBZ);

three banks and savings banks;

one consultancy firm specialized in SMEs;

one export promotion organization.

Where sub-networks are concerned it can be noted that:

- (i) the EIC of the Association of Chambers of Commerce and Industry (DIHT) operates a national sub-network of 69 sub-offices (each CCI has its own EEC bureau);
- (ii) the EIC in Aachen has two sub-offices in the Netherlands (the Chambers of Commerce of Heerlen and Maastricht), as well as a third one in Belgium (at the Chamber of Commerce in Eupen);
- (iii) EIC DE-111 (Genossenschaftliche EG Beratungs- und Informationsgesellschaft—GEBI) has set up an electronic mail service in its host structure which gives it direct access to 3 200 banks and savings banks;
- (iv) the EIC in Bremen (DE-113) has set up a system of extremely sophisticated relay stations that includes the CCI, the Chamber of Craftsmen, the Miprax Institute, the Bremen Senate as well as the information office of the *Land* of Bremen in Brussels

At the national level, the Federal Ministry of the Economy organizes regular meetings of the German EICs. The subjects examined in 1990 primarily concerned the charging policy and the specialization of EICs, as well as coordination of national meetings of EICs.

(c) Denmark

Two pilot EICs plus six from the extension phase.

The entire national territory is covered directly, with the exception of four provinces.

EICs are operative in one chamber of commerce (Herning), four regional or municipal organizations (Aarhus, Odense, Aabenraa and Vordinborg) and three national organizations (the Danish Technical Information Service, the Danish Chamber of Commerce as well as the Danish Crafts and Small Enterprise Federation).

The Aarhus EIC (DK-051) has located its offices in three cities : Randers, Silkeborg and Aarhus ; the EIC in Herning has developed a large local network that includes the Commercial Consulting Service of the municipal library, the Central Jutland Technology Centre, local chambers of commerce and industry as well as the technological information centre. The EIC will be opened in the Birk Centre Park, a vast complex that includes museums, two schools of higher education, research institutes, two institutes specialized in software. The park will be operational at the end of 1991.

EIC DK-055, with offices in Copenhagen, is the fruit of close cooperation between the Danish Technical Information Service (DTO) and the network of the Technological Information Centres (TIC). The DTO handles the administrative coordination of the network ; the 15 TICs constitute the decentralized EIC network. In each TIC, one person is responsible at local level for the dissemination of Community information and responses to questions. These officials have access to Community data bases through the DTO. Each TIC official receives specialized training in Community matters.

The EICs in Denmark are particularly active in the area of cross-border cooperation. They meet twice a year under the auspices of the Commission bureau in Copenhagen. The meeting has set up working groups which disseminate *ad hoc* training to new EIC personnel and handle the promotion of the network at national level. Subjects dealt

with in 1990 included the structural Funds (Envireg pilot programme), public procurement and the EEIG.

(d) Spain

Five EICs from the pilot phase plus 20 EICs established during the extension phase and one official satellite located in Oviedo.

EICs and their sub-networks cover all Spanish territory. Practically all provincial capitals have either an EIC or a sub-office. There are four EICs located in Madrid and three in Barcelona.

Numerous Spanish EICs are established within entrepreneurial associations (in Albacete, Barcelona, Logroño, Madrid, Santiago de Compostela, Seville, Saragossa and Oviedo). The others are set up in chambers of commerce (in Barcelona, Bilbao, Madrid, Toledo and Valencia), in national professional organizations, in banks specialized in development activities and at the IMPI, the Institute for Small and Medium-Sized Industrial Enterprises, which organizes national meetings on a regular basis.

The following can be noted in relation to sub-networks :

- (i) the EICs in Seville (ES-203), Albacete (ES-206) and Caceres (ES-210) operate throughout a large network of entrepreneurial confederations located in their region (the EIC network in Seville also covers the two Spanish territories in northern Africa, in Ceuta and Melilla);
- (ii) ES-217 (Malaga) provides a satellite for Gibraltar;
- (iii) ES-208 (Banco de Credito, located in Barcelona) has a sub-network that includes the 27 subsidiaries of the Banco de Credito Industrial in Spain, which will later be extended to other members of the group of Spanish public banks, for a total of 80 ;
- (iv) the EIC of the Cidem/FTN (ES-201, Barcelona) covers all of Catalonia through its host structure's 42 local offices ;
- (v) finally, satellites have been established at local level by the EICs in Murcia (ES-217), Toledo (ES-222), Valencia (ES-223), Valladolid (ES-224) and Saragossa (ES-225).

(e) France

Five EICs from the pilot phase plus 23 from the extension phase and five official satellites in Annecy, Avignon, Grenoble, Nice and Pointe-à-Pitre.

All regions of France are covered, including the overseas departments (Guiana, Guadeloupe, Martinique, Réunion).

In France, chambers of commerce and industry are of great importance : they host 24 of the 33 EICs. The others are hosted as follows : six EICs are in regional organizations and three in national organizations, namely Anvar, the Ministry of the Interior and Land Use and the French Centre for External Trade (Centre français du commerce extérieur—CFCE).

In 1990, the Ministry of Industry set in place several working groups to examine policy in the area of charging, the EICs missions and studies.

As far as sub-networks are concerned, it should be noted that the chambers of commerce and industry as well as the regional chambers had already established their own networks called 'Point Europe', which continue to operate.

Finally, as regards cross-border operations, it should be noted that the EICs in Lyons and Besançon as well as the Annecy satellite have established close links with similar organizations in Switzerland.

(f) Greece

Three pilot EICs plus 10 new EICs established during the extension phase, plus the EIC in Ioannina which was set up in November 1990.

Since the acceptance of the EIC in Ioannina, all regions are covered. The EICs are rather concentrated in Athens, however, given the country's high degree of centralization. The EIC in Mytilene (GR-159) covers the Aegean Islands.

Five EICs are hosted by Eommex, the Greek organization of small and medium-sized enterprises: the EICs in Athens (GR-151), Alexandroupolis (GR-154), Larissa (GR-158), Mytilene (GR-159) and Patras (GR-160). The other EICs are established in chambers of commerce (Athens, Heraklion, Kavala, Piraeus, Ioannina); entrepreneurial associations (Thessalonika for northern Greece, Volos for central Greece and Thessalia); and the Panhellenic Exporters' Association.

Greek EICs met for the first time at national level in December 1990.

(g) Ireland

Two pilot EICs plus four new EICs added during the extension phase.

Most regions are covered, particularly areas near large cities.

The Irish Export Board (Coras Trachta), an organization that promotes exports, hosts the Dublin EIC and cooperates with local chambers of commerce in managing four other Euro-Info-Centres (Waterford, Cork, Galway and Sligo). The EIC in Limerick is hosted by Shannon Development Company, a regional development agency.

Regular meetings are held between Irish and British EICs, as indicated in the analysis of initiatives for inter-EIC cooperation (see Part III). The Irish EICs also meet regularly at national level (the meeting in June 1990 was organized with the help of the Commission bureau in Dublin).

(h) Italy

Five pilot EICs plus 24 added during the extension phase.

For the most part, the EICs are grouped into two types of associations: chambers of commerce (15 EICs) and professional organizations. With

regard to the latter, Confindustria has an EIC in Brussels (IT-354) and cooperates closely with the EICs in Bologna (IT-355), Milan (IT-365), Turin (IT-376) and Vicenza (IT-378); the other national-based EICs are located in Florence, hosted by Confesercenti, in Rome, hosted by Confagricoltura, another in Rome hosted by Confcommercio, in Pesaro, hosted by the Compagnia delle Opere, in Brussels, hosted by the Lega Nazionale delle Cooperative e Mutue, and in Rome, hosted by the national administration for the coordination of Italian chambers of commerce (Unioncamere, in cooperation with the Mondimpresa and Cerved). Finally, four EICs are hosted by regional development organizations : in Bari (Finpuglia), Palermo (ME.SVIL SpA), in Turin (Federpiemonte) and Rome (IASM).

Most of the EICs that are hosted by chambers of commerce belong to a large network called 'Eurosportelli' that includes the Italian chambers of commerce and industry. Twenty-five cities also host a satellite of this network, among which are several official EICs. A similar initiative is implemented through the Confindustria sub-network.

National meetings of EICs are not a feature of the Italian system. Regular meetings are organized, however, at the level of chambers of commerce (sponsored by the parent organization in Rome); likewise, at the initiative of the Ministry of Industry, a cooperation agreement has been concluded among the four EICs in Rome.

(i) Luxembourg

One pilot EIC plus one EIC added during the extension phase.

Two EICs covering the entire territory of Luxembourg, the first hosted by the Chamber of Commerce and Federation of Industrialists, the second by the Chamber of Crafts.

Given their structure and location, the two EICs are naturally involved in transregional cooperation. The EIC hosted by the Chamber of Crafts is participating, with Diemen (NL-451) and Antwerp (B-002), in formulating a practical guide to public contracts.

(j) The Netherlands

Two pilot-phase EICs plus six additional ones during the extension phase.

Good geographical distribution on the whole; the province of South Limburg, which is not directly covered, has two sub-offices in Heerlen and Maastricht that are dependencies of EIC DE-107 (Aachen).

Two EICs are hosted by chambers of commerce (The Hague and Utrecht); four by regional development agencies (Helmond, Enschede, Groningen, Wijchen); one by an export bureau that is dependent on the Ministry of Economic Affairs (in association with the EC-Liaison Bureau, an information bureau specializing in EC R&D programmes); and finally, one (Diemen) by a regional institute specializing in SMEs.

The EIC in Groningen constitutes an original association that includes four chambers of commerce: Groningen, Veendam, Meppel and Leeuwarden.

The EIC in Wijchen is in the process of setting up a computer help desk that will be available in the chambers of commerce and certain public institutions: its scope is expected to be extended, in a subsequent phase, to universities and local development associations.

(k) Portugal

Two pilot phase EICs plus 8 EICs added during the extension phase and two official satellites, one in Coimbra and the other in Angra do Heroismo (Azores).

All regions are covered, including the islands (Madeira and the Azores). The principal industrial regions have several EICs.

EICs are hosted by four commercial and/or industrial associations (Porto, Aveiro, Lisbon and Coimbra); two coordination committees that are dependencies of the Ministry of Regional Planning and Administration (Coimbra and Faro); two financial institutions (the Banco de Fomento Nacional and the Caixa Geral de Depósitos, both located in Lisbon); two regional development associations (Evora and Ponta

Delgada); finally, two chambers of commerce and industry (Angra do Heroísmo and Funchal).

The Caixa Geral de Depósitos (PT-509) has sub-networks in Porto, Leira and Setubal. The EIC also has small extensions in Braga, Viana do Castelo, Guarda, Viseu, Aveiro, Castelo Branco, Coimbra, Evora, Beja and Vila Real.

A cooperative association has been established between Faro and Seville and also between Evora and Cáceres. There is also close cooperation among all four of these EICs.

Finally, the first national meeting of the Portuguese EICs took place in January 1991, in coordination with the Community Bureau in Lisbon; these meetings will be organized on a regular basis in future.

(I) United Kingdom

Six pilot EICs plus 17 from the extension phase and two official satellites in Bradford (UK-571) and Stafford (UK-572), linked respectively to the EICs in Leeds (UK-560) and Telford (UK-569).

Close coordination takes place among the EICs in order to cover the entire geographical area. Some EICs are responsible for large regions, such as all of Wales (Cardiff) or northern Scotland (Inverness). These EICs have implemented local communication networks which have proved to be extremely effective.

Nine EICs are hosted by chambers of commerce (Birmingham, Brighton, Bristol, Manchester, Norwich, Nottingham, Slough, Telford and London); ten others by regional development agencies or county councils. The United Kingdom also has the originality of having an EIC in a university (Exeter) and in a regional association of libraries (Leeds).

Like the Belgian and German EICs, British EICs have established a system of extremely sophisticated networks :

- (i) From Glasgow (UK-551), the EIC has access to all members of the Scottish Business Information Centre (SBIC).

- (ii) The Birmingham EIC (UK-552) works in close coordination with the local chambers of its target region. In April 1990, this EIC examined with the Hereford and Worcester Bureau of Economic Development the possibility of integrating the services offered by the EIC in these regions in exchange for financial compensation (similar negotiations have been conducted with the Sandwell library).
- (iii) The Belfast EIC sub-network (UK-555) is composed of regional bureaux of the Local Enterprise Development Unit (LEDU), the Industrial Development Board and the Industrial Science Division of the regional department of economic development.
- (iv) The Exeter EIC functions through five sub-offices (located in Cornwall, Devon, Somerset and Dorset).
- (v) In order to ensure coverage of northern Scotland and the islands, the EIC in Inverness (UK-559) has formed a consortium with 17 local authorities and enterprise agencies, thus creating a sub-network of 21 centres of local access with personnel composed of professional enterprise development consultants.
- (vi) The Leeds EIC has established a sub-network named Yorkshire and Humberside Euro Information Network, composed of the EIC, the Bradford sub-office (called the West Yorkshire European Business Information Centre—WYEBIC), the sub-office for Humberside in Hull and the South Yorkshire EBIC in Sheffield.
- (vii) Finally, EIC UK-561 (Leicester) has announced the establishment of a sub-network covering Northamptonshire, Derbyshire and Lincolnshire. Similar networks have been established in local chambers of commerce by the EICs in Manchester (UK-564) and Norwich (UK-565).

Conclusion

In conclusion, it can be noted that the EIC network is both very varied and very sophisticated. National patterns cut across regional traditions and methods of organization sometimes differ widely, which results in

a service that is both original and flexible. These characteristics correspond in turn to the extremely heterogeneous nature of European SMEs, both in their institutional set-up and in their areas of operation. It is precisely this diversity that the Commission aims to take into consideration in determining its enterprise policy.

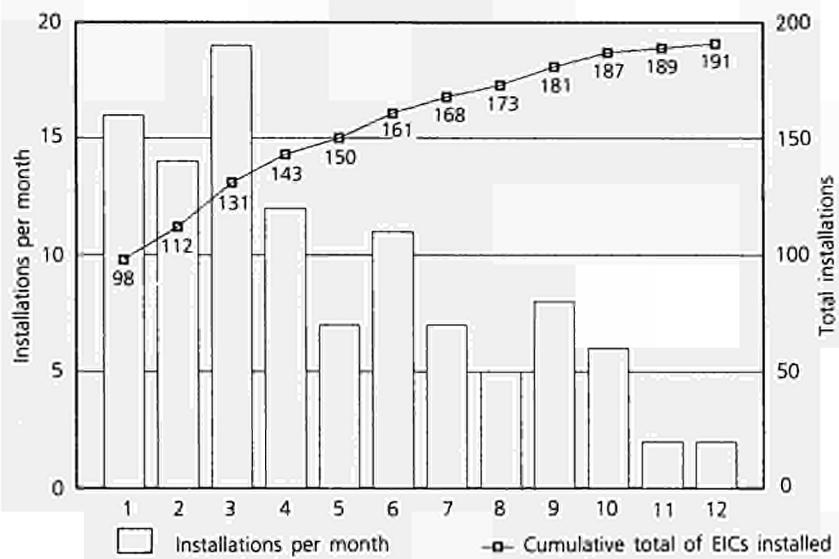
3. THE FUNCTIONING OF THE NETWORK AND TECHNICAL DEVELOPMENTS

At the end of 1989, 41 extension-phase EICs were operational from a technical point of view, in addition to the 39 pilot-phase centres. One year later, the total had risen to 191. All the EICs and their regional satellites in Denmark, Spain, Luxembourg, the Netherlands and Portugal are now operational. The preparation of the EICs in the new German *Länder* was begun in December 1990.

From a practical standpoint, the technical installation of the EICs involves :

- (i) connection to a work station which is designed specially for users of the network. This instrument ensures rapid registration of files (questions/answers) as well as rapid search for existing files;
- (ii) connection to the main Community databases (Celex, SCAD, Sesame, TED, EABS, Pabli, Agrep, Rapid);
- (iii) connection to the Eurokom electronic mail system. This system, also conceived specifically for the project, ensures three types of functions :
 - electronic mail, which allows written texts to be sent and received via normal telecommunication lines, as would be done in a conventional postal system. In addition, with Eurokom, messages can be written and transmitted to other users, responses can be sent to messages as soon as they are received in a terminal, etc.;

Graph 1
EIC installations
(by month, 1990)



- the transfer of files : Eurokom allows files prepared locally to be forwarded to other users (for example, files prepared using a word-processing programme or a spreadsheet programme);
- teleconferences : these are 'electronic meetings' during which authorized groups of persons examine and comment on texts via telecommunication lines. Two types of conferences exist : open conferences in which any Eurokom user can participate and closed conferences, access to which is defined by the organizer.

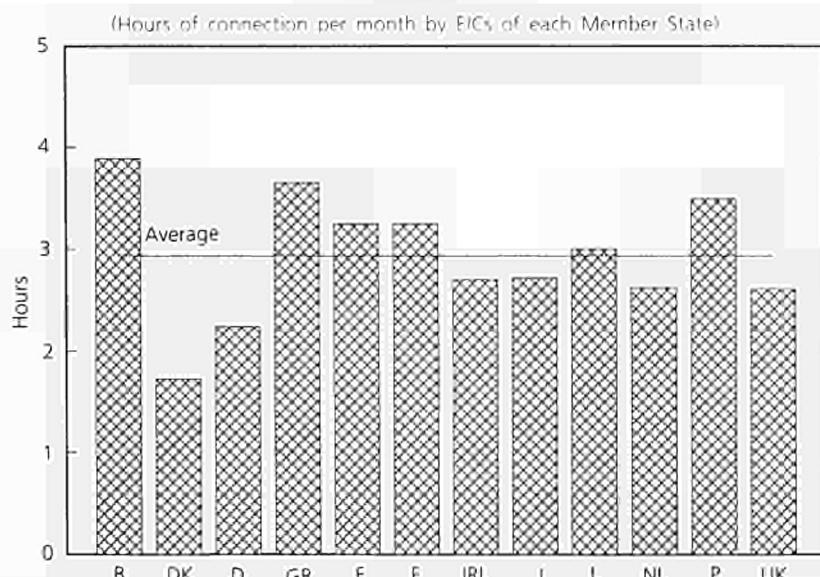
In 1990, several tens of thousands of messages were processed by Eurokom. A technical help desk, composed of five persons, is available on a full-time basis to EICs for any questions concerning technical aspects of the project.

Data available on the use of these instruments in 1990 enable several interesting conclusions to be drawn, as well as a forecast of technical developments for the future.

(a) Eurokom

A record of on-line time (by country, by month and by EIC) provides the following information on usage :

Graph 2
Eurokom EMS

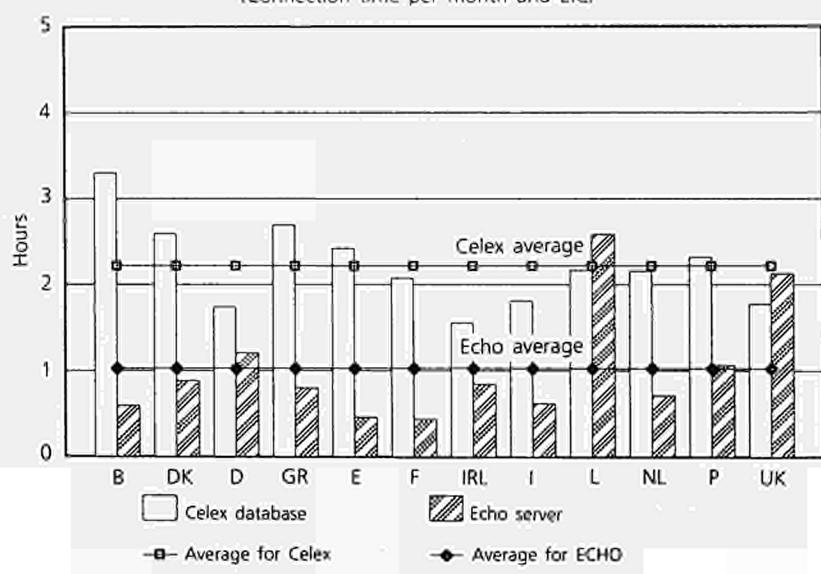


These data show that the electronic mail system is used regularly on a fairly standard basis by the entire EIC network. The higher level of use by Belgium, France and Portugal corresponds to these countries' activities in the area of inter-EIC cooperation (see Part III).

(b) Databases

As far as this second point is concerned, the information available to the central administration allows a comparison to be drawn of the use made by each EIC of the Celex database and the ECHO data retrieval system (the latter comprising 22 databases, including TED, Pabli and Cordis).

Graph 3
Celex database and ECHO server
 (Connection time per month and EIC)



The above graph indicates that the Celex base remains by far the one most frequently used by the EICs, while use of other bases depends to a great extent on the EIC's specialization.

Once again, the use of databases is particularly high in the United Kingdom, Luxembourg and Belgium, three countries that traditionally make great use of all the network's services.

(c) Towards workstation 4.0

A rapid, reliable and continuous flow of information is now assured among EICs in the network and between them and DG XXIII following the recent development of a new workstation, called the ERIC 4.0.

The ERIC 4.0 workstation is a software package developed for use with IBM-compatible AT personal computers. Its purpose is to enhance the management and retrieval of question and answer files and of documentation.

The key capabilities of the ERIC 4.0 stem from powerful documentary retrieval software. They are :

- (i) The creation of files containing a question, an answer and related relevant information. Sources for this are :
 - information available locally (e.g. SME identity),
 - information extracted from the workstation's built-in database which stores all the EIC's own files,
 - material received by electronic mail (e.g. partial or complete answer received from an Information Officer in DG XXIII, information downloaded from an external database such as ECHO).
- (ii) The creation of files containing complete information on documents and publications. Sources for this are :
 - information available locally, such as the EIC's own library (known as local documentation),
 - material received by electronic mail from the Central Documentation Service of DG XXIII (known as 'central documentation').
- (iii) The temporary storage of incomplete files and the transfer of completed files to a built-in database. In this database, users may :
 - take advantage of previous work of the EIC (local capitalization) by means of powerful search and retrieval procedures,
 - extract completed files to make new ones (no need to input the same information twice).

- (iv) The manipulation of files so that they can be edited using either the workstation's own word processor or that preferred by the EIC. A preprogrammed module enables the user to send either all or parts of the file :
 - in letter format (reply to an SME's question),
 - as an electronic mail message (e.g. communication with an Information Officer or another EIC).

The workstation software package is built on a very powerful documentary retrieval system and this is able to process unstructured documents, such as the files, with high performance. Search for files may be carried out using individual criteria or combinations. A structured, multilingual (eight-language) thesaurus was tailor-made for the workstation to allow for the indexation and retrieval of files. The thesaurus is complemented by indexation/search options using predefined Celex codes and free keywords.

As mentioned above, a file may contain a question, an answer and related relevant information. This latter consists of a series of modules which can be linked to the file. These modules contain items such as the originator of the file, sources of information used, obsolescence date, etc. Searches are also possible on these linked modules.

In addition to these basic file management operations, the ERIC 4.0 workstation contains many utility features, offering a number of advantages over its predecessor, the ERIC 3.2. These include :

- 'window' menus and a technical help function,
- automated assistance with the creation of monthly activity reports,
- automatic generation of various kinds of statistics (based on the linkable modules—file creation date, file subject-matter, etc.),
- more efficient telecommunications with the central administration of DG XXIII and standard database hosts (ECHO, Eurobase, etc.),
- file-transfer facilities (from EICs to DG XXIII) for monthly activity reports and 'central capitalization' of question/answer files,

file-transfer facilities (from DG XXIII to EICs) for periodic diffusion of central documentation and updated versions of the thesaurus,

flexible interface with the various text-processing packages currently available on the market,

wide selection of printed lists which may be structured by the user in terms of content and presentation,

printing of adhesive labels for mailings.

It is foreseen that the ERIC 4.0 workstation will be operational in the spring of 1991.

4. ROLES OF THE EURO-INFO-CENTRES

Having thus described the tools made available to the Euro-Info-Centres by the central administration, the type of activities the EICs are actually asked to carry out are described below.

In 1990, five tasks were required on a contractual basis :

information to enterprises,

assistance and advice,

dissemination of Community information,

feedback to the Commission,

inter-EIC cooperation (the 'network effect').

(a) *Information to enterprises*

The Euro-Info-Centres provide information by answering the questions asked by the enterprises that consult them, whether on European Community policy regarding 1992, R&D programmes, financial instruments, company law or other matters.

The Euro-Info-Centres are also responsible for providing information to SMEs at the local, regional or national level (a great many questions concern, for example, national legislation or follow-up on economic indicators); they must also provide information on commercial practices in other Member States, through the contacts they establish with other EICs in the network.

(b) Assistance and advice

The Euro-Info-Centre provides information and advice to SMEs that come for consultations, particularly concerning participation in calls for tender, enterprise creation, the search for partners, the financing of projects or the promotion of cross-border cooperation.

The EIC may sometimes carry out market studies for its clients, particularly on the impact of Community policies. Services of this type generally involve a fee.

(c) The dissemination of Community information

The Euro-Info-Centre is responsible for providing an active EEC information service, particularly on :

- (i) activities of DG XXIII (partnership, subcontracting, venture capital financing, strategic training);
- (ii) calls for tenders: public contracts and research programmes;
- (iii) the internal market: standards, customs union ;
- (iv) other Community policies.

It also distributes Community messages to enterprises, helping to put Community information to practical use for the benefit of the regional economy by sending out fact-sheets, brochures and questionnaires. The EIC also plays a mailbox role for the Commission to the benefit of SMEs, by passing on messages and European awareness campaigns.

(d) Feedback to the Commission

This is one of the key elements in improving the effectiveness of the network's management. Each Euro-Info-Centre constitutes a reser-

voir of useful information for the Commission (information from SMEs, chambers of commerce, professional organizations, trade unions, the regional press).

Feedback is provided at present by means of monthly and annual activity reports submitted by the EICs, responses to questionnaires (particularly focusing on specializations) and the creation of a database of question/answer files.

The feedback function can be expected to take on growing importance as the network grows and uses the potential specific to each Euro-Info-Centre.

(e) Inter-EIC cooperation: 'the network effect'

These technical communication instruments coupled with the participatory training activities in the training seminars and the annual conference have actively contributed to the development of a 'network effect' among members of the project. This effect has been amplified by the multiplication and improvement of bilateral relations, including questions and answers, between EICs; by the regular meeting of cross-border EICs; by exchanges of personnel; by the joint organization of seminars and conferences (all initiatives that will be outlined in detail in Part III of the present report). It is this network effect which, to a great extent, has enabled the Euro-Info-Centres to develop a quality image among enterprises.

* * *

Having placed the network in its historical, technical and geographical perspectives, it remains to describe how it actually operated in 1990. In the following two parts of this report, we shall analyse, on the one hand, the effectiveness of the initiatives taken by the Commission with regard to the EICs and, on the other, the actions by the latter to assist enterprises.

II – The Commission at the service of the EICs : evaluation and perspectives

1. INFORMATION SERVICES

A – The Information Officers (IO) service : the system of questions/answers

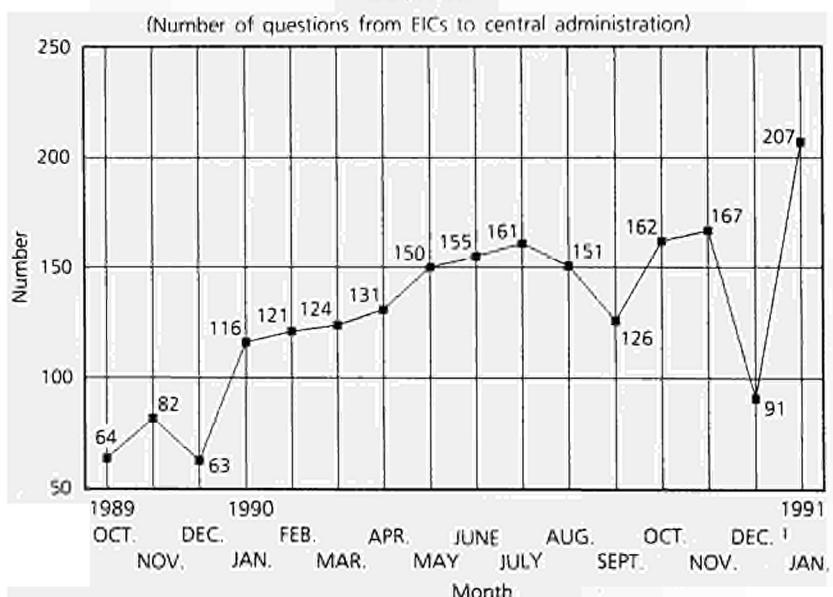
(a) Overall evaluation

Since one of the essential aims of the EIC network is the search for and dissemination of information, a research service was set up within the project's central administration in Brussels. Its function is to help EIC officials answer SMEs' questions. The team of Information Officers, made up of seven persons, is responsible for managing this service, through its contacts with the Commission and other Community institutions.

The year 1990 featured a significant increase in the number of questions handled by the IOs, due to the implementation of the extension phase of the project. For the year as a whole, 1644 questions were handled, in comparison to 723 for the preceding year, which represents an increase of 128%. The questions in 1990 came from 159 different EICs, which demonstrates a widely dispersed use of the network.

Graph 4 shows the breakdown of the questions by month :

Graph 4
EIC project



¹ Days of work limited to 2.5 weeks due to Commission holiday.

A breakdown of the questions by country of origin gives the following figures :

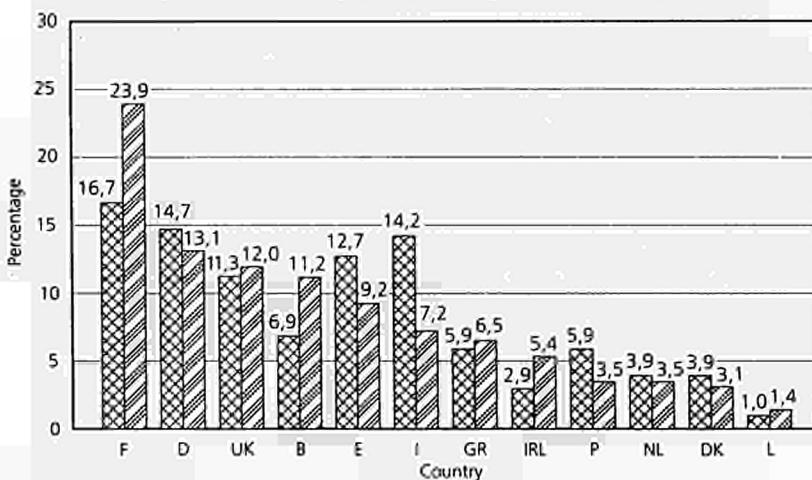
France :	393
Germany :	216
United Kingdom :	197
Belgium :	184
Spain :	152
Italy :	119
Greece :	107
Ireland :	88
Portugal :	57
Netherlands :	57
Denmark :	51
Luxembourg :	23

If an attempt is made to compare, on the one hand, each country's share of EICs in percentage terms and, on the other, each country's share of questions submitted to the central administration, the following correlation is obtained :

Graph 5

Comparison of the number of EICs and questions by country (%)

(204 EICs : 1 644 questions (January-December 1990))



Ratio between

number of EICs and

questions posed 1,4 0,9 1,1 1,6 0,7 0,5 1,1 1,8 0,6 0,9 0,8 1,4

Number of EICs by country (as % of total):

Questions posed to the central administration (as % of total)

¹ Not including the new German EICs (ex-GDR) and the new EIC in Ioannina (Greece).

This table confirms the information provided by the analysis of the technical data, i.e. that as far as use of the network is concerned, Ireland, Belgium, France and Luxembourg make extensive use of the services of the central administration, but the rate is still relatively low

for countries such as Spain and Italy. These data need to be complemented, however, with data concerning the rate at which each individual EIC uses the network.

Individual information

If the number of questions submitted to the IOs by the EICs in 1990 is itemized in absolute figures, the following classification is obtained for the main users, in descending order of magnitude :

1. BE-002	Antwerp :	84
2. FR-263	Clermont-Ferrand :	73
3. BE-009	Kortrijk :	37
4. FR-257	Basse-Terre :	33
NL-452	Helmond :	33
6. GR-157	Kavala :	31
FR-259	Blagnac :	31
FR-269	Montpellier :	31
9. IRL-304	Galway :	30
UK-564	Manchester :	30
11. FR-256	Amiens :	29
12. DE-111	Düsseldorf :	27
13. DE-111	Bonn-GEBI :	24
DE-123	Nuremberg :	24
UK-565	Norwich :	24
16. GR-153	Thessalonika :	23
FR-275	Poitiers :	23

Conversely, in 1990, 42 EICs submitted no questions to the central administration, excluding the new EICs created in November 1990. The non-use of the services of DG XXIII can be explained to a great extent by delays in certain EICs in becoming operational.

(b) Analysis by subject

An analysis of the 1 644 questions handled reveals certain trends in relation to the subjects of concern to the EICs. The breakdown by theme is as follows (in per cent) :

Industrial policy and internal market	19.2
External relations	15
Research and innovation, education, statistics	14.2
Social affairs	9.2
Environment, consumers	8.6
Regional policy	4.8
Company law	3.8
Freedom of establishment	3.5
Agriculture	3.4
Customs matters, free movement of goods	2.9
Competition	2.3
Culture	2.3
Transport	2.1
Taxation	2
Energy	1.7
Tourism	1.7
General and institutional affairs	1.4
Monetary policy	0.8
Fisheries	0.7

(c) Conclusions

Three types of conclusions may be drawn from the above data :

- (i) They reflect the concerns of the EICs themselves and not necessarily those of the enterprises consulting them (information concerning questions by SMEs is included in Part III of the present report). Thus the high proportion of questions on research and development can be explained by the fact that information concerning new programmes takes a certain time before being integrated into Commission databases.

- (ii) Likewise, the high percentage of questions on external relations is linked to the many requests made to the central administration in the first few months of 1990 concerning cooperation projects between Community enterprises and possible partners in Central and Eastern Europe. In the course of the first quarter, at a time when Community initiatives were themselves being formulated, the proportion of questions concerning these countries accounted for almost 40% of the total number of questions received at the central administration.
- (iii) For the rest, the diversity and lack of significant variations between the different subjects bears witness to the very heterogeneous nature of the EICs and their host structures. It is interesting to note, however, the relatively low number of questions related to institutions, transport and monetary affairs.

The following selection provides examples of the types of questions submitted to the IOs in 1990.

Customs union

What measures have been taken by national authorities to abolish customs services and excise duties after 1 January 1993?

What will become of Spanish customs officials in 1993?

Agriculture

Do Community subsidies exist to promote exports of olive oil to other Member States or third countries?

What regulations concern egg production in the EC?

Free movement of workers, social policy

May a joint German-Spanish subsidiary specialized in mechanical engineering hire Portuguese workers to set up a factory in Spain?

Does a Community subsidy exist for a project aimed at assisting unemployed single mothers?

What Community programmes specifically concern women?

May the EC grant loans or subsidies for the construction of a clinic for the elderly or handicapped?

Transport

What actions are being planned by the EEC to assist metropolitan areas, particularly as regards transport networks, traffic regulation, the quality of the environment and social services?

Is it allowed in the EEC to regulate the temperature of a cold-storage lorry in degrees Fahrenheit?

Taxation

How will the VAT rate applicable to mail-order sales evolve in the single market of 1993?

External relations

A bicycle frame manufacturer is faced with problems of dumping and counterfeiting on the part of a Thai competitor: how can the enterprise be assisted in lodging a complaint with the Commission?

What financial aid does the Commission propose for the promotion of investments in Poland?

Internal market

Do European standards exist on the subject of labels for 'green' detergents?

A major wholesaler in fish products would like to know if the Commission is preparing legislation concerning standards for the sale of fresh fish products.

An enterprise specialized in the production of pressure gauges would like to know what actions it can undertake against certain competitors from other Member States which do not comply with the manufacture and control standards fixed by Directive 86/217, although this Directive has been implemented by their Member States.

Environment/consumer policy

Does a research and development programme exist on the methods for purification of liquid and/or gaseous effluents containing fluoride obtained from the production of simple superphosphates?

Is it permissible to indicate 'Manufactured in the EC' on the label of products manufactured in the EC?

What progress is being made on the draft Commission regulation concerning provisions on the safety of motor boats?

Commercial law

An insurance broker would like to contact other brokers with a view to future cooperation. Does the EEIG constitute an instrument for this type of cooperation? If yes, under what conditions?

An enterprise that manufactures high-technology machinery would like to become familiar with the latest developments in the area of legal protection for software.

Research and development

May an organization that has already received a subsidy in the context of the Sprint programme apply for aid a second time with the same transnational partner?

Do specific programmes exist aimed at finding solutions to problems in the environment sector that are of particular concern to SMEs?

How does one participate in the Comett programme?

B – Information products

With a view to allowing the EICs to answer the questions asked of them, in addition to the documentation *per se* that it makes available to them (see Section C below), DG XXIII also provides a wide variety of

documentary sources. These are intended to provide officials of Euro-Info-Centres with comprehensive and precisely targeted information on the needs of SMEs.

*(a) The daily bulletin (*Info Flash*)*

This bulletin contains a series of subjects selected on a daily basis from among the activities of the Community institutions which can be of direct concern to SMEs. This information is gathered by an organization responsible for the publication of a journal specialized in Community affairs, then selected by the team of Information Officers.

To ensure speedy dissemination, the *Info Flash* bulletin is distributed on a daily basis, in French and English, via the electronic mail system.

In 1990, 220 daily bulletins were transmitted directly to Euro-Info-Centres in this way.

*(b) The bi-monthly bulletin (*Eurokom bulletin*)*

This bulletin, also published in the network's two working languages, contains information useful to the work of the EICs. It concerns :

the activities of the EICs (colloquia, seminars, etc.),

calls for tender (based on the Official Journal and the TED database),

international conferences,

a list of useful publications,

information provided by the Information Officers on latest developments.

Twenty-two issues were published in 1990.

Given their more urgent nature, the 'Seminars, conferences and workshops' and the 'Official Journal calls for tenders/for exchanges' sections are sent via the electronic mail system; the 'EIC communications' and 'Publications' sections are sent by the postal service.

(c) Info business

This is the project's 'glossy' publication, which is now produced every two months. The main subjects of the 1990 issues were :

Eastern Europe (April),

BC-Net (July),

Barcelona (October),

the new dimension of the Community policy to assist enterprises (December).

In addition, a special issue devoted to the annual conference in Sophia Antipolis was published in November.

The number of addressees rose in 1990 from 850 to 1 300.

(d) Fact Sheets

These are information sheets focusing either on Community legislation (regulations or directives) or on Community initiatives that are of particular interest to SMEs. The objective is to present a version of these texts in a simplified form for users unaccustomed to Community legislative language.

In the first part of the year, the first 12 issues were completely updated and published in the nine Community languages. They include the following subjects :

product liability (Council Directive 85/374 of 25 July 1985 on the approximation of the laws, regulations and administrative provisions of the Member States concerning liability for defective products);

franchise agreements (Commission Regulation (EEC) No 4087/88 of 30 November 1988 on the application of Article 85(3) of the Treaty to categories of franchise agreements);

liquid containers (Council Directive of 30 June 1985);

standardization;

know-how licences (Commission Regulation (EEC) No 556/89 of 30 November 1988 on the application of Article 85(3) of the Treaty to categories of know-how licencing agreements);

machine safety (Council Directive 89/392 on the approximation of the laws of the Member States relating to machinery);

seed capital (Commission Decision of 19 October 1988 concerning a Community pilot scheme aimed at stimulating seed capital);

construction products (Council Directive 89/106 of 21 December 1988 on the approximation of laws, regulations and administrative provisions of the Member States relating to construction products);

the audiovisual sector;

Eurotech Capital (Commission Decision of 21 December 1988 concerning the pilot project Eurotech Capital aimed at stimulating the private financing of cross-border high-technology projects);

programmes for the promotion of exports from the European Community;

Venture consort.

Five new Fact Sheets were also published in the course of the year:

- (i) legislation in the field of anti-dumping duties and countervailing duties (Council Regulation (EEC) No 2423/88 of 11 July 1988 on protection against dumped or subsidized imports from countries not members of the European Economic Community) (in July 1990);
- (ii) the structural Funds (Council Regulation (EEC) No 2052/88 of 24 June 1988 (in July 1990);
- (iii) the assessment of the effects of certain public and private projects on the environment (Council Directive 337/85 of 27 June 1985) (in October 1990);
- (iv) the recognition of higher-education diplomas awarded on completion of professional education and training (Council Directive 48/89 on a general system for the recognition of higher-

- education diplomas awarded on completion of professional education and training of at least three years' duration) (in November 1990);
- (v) the European Economic Interest Grouping (EEIG) (in December 1990).

C – Documentation

The documentation service was created at the same time as the pilot-phase EICs. Its essential objective is to ensure that the EIC network is supplied with all necessary documentation and also to serve as support for the Information Officers. It also assists other project departments, such as the promotion and training departments.

The bibliographical collection is essentially composed of works published by the Commission of the European Communities and other Community institutions.

This service is also involved in resolving the different problems related to the availability of publications and answers the specific questions of the Euro-Info-Centres which would like to have information over and above that which is automatically made available to them. With the extension of the project, the number of written questions received by the documentation service in 1990 rose by 135 %.

Major activities in 1990

1. Extension phase of the project

During the year, the documentation service had, in particular, to meet the specific needs of EICs arising from the extension of the project.

This required the preparation for distribution to the 171 new EICs and regional satellites of a list of basic works needed for the creation of bibliographical resources that could provide answers to the questions submitted by enterprises. This information was complemented for past years with Official Journal microfiche.

Steps were taken with publishing and distribution services so that the new EICs would also be able to receive current written information such as periodical or monographic publications, on the same basis as the pilot-phase EICs.

2. Contacts with the Directorates-General of the Commission of the European Communities and other organizations

In the context of the EIC project, it is absolutely vital for the documentation service to be informed of the activities of the Directorates-General of the EEC, which are in fact the main sources of information on Community policy.

It was in this spirit that visits were organized during 1990 to all the DGs. These visits revealed the interest on the part of the Directorates-General of the EEC in the EIC project, and allowed new sources of information to be discovered.

Further, during the year and especially with the establishment of the extension-phase EICs, the documentation service had to deal with new information needs focusing particularly on the activities of non-Community organizations (EFTA, OECD, ILO, etc.). Several of these organizations have consequently become associated with the project's documentation service.

3. Other work

In addition to its main function of providing assistance in obtaining information on the Community, the documentation service contributed actively to the extension of the services offered to the network as a whole. Its activities in 1990 particularly focused on :

- (i) the search for new data bases that could be of use to SMEs;
- (ii) the publication of a document on the acronyms and terms used in Community language contained in written information;
- (iii) the inventory of works published by DG XXIII and the EICs;
- (iv) the publication, in cooperation with the Information Officers, of a guide for investment in Eastern and Central Europe.

2. TRAINING

(a) Objectives

As part of its service, the central administration provides training for EIC staff in a number of fields. While each EIC undertakes, as part of its contract, to provide at least three full-time staff with expertise and knowledge in appropriate fields, DG XXIII undertakes to complement these skills with appropriate training programmes.

The areas of expertise covered by EIC staff are :

experience in information matters and enterprise consultancy ;

knowledge of European affairs ;

knowledge of at least two Community languages ;

ability to use and consult databases.

The training provided by DG XXIII is intended to enable EIC personnel to perform their duties more efficiently within the framework of the EIC project. With this overall objective, its main purposes are :

to ensure a working knowledge of Community matters ;

to ensure mastering of the management tools made available to EICs ;

to ensure professional training for the work of EIC personnel in their role of consultants to SME management.

(b) Actions undertaken in 1990

To fulfil its undertakings on the training of EICs, DG XXIII carried out a series of programmes during 1990 :

basic training on Community affairs (two sessions in January and March) ;

specialized training on business cooperation (May 1990) and on export opportunities (October 1990);
training on the use of databases.



EIC training session, Brussels, Borschette Centre, 17-19 October 1990, on 'Export opportunities'.

The group of participants.

After every training session evaluation questionnaires completed by the participants were analysed by the training team and taken into account in the preparation of subsequent sessions. The feedback obtained from these evaluations indicated that while the EICs obtained considerable benefit from the training in Community matters, their preference was for more in-depth training on specific areas of interest. Hence the development of the specialized training sessions. There was also a positive appreciation of the move towards smaller working groups, with an emphasis on case studies. The opportunity for interaction between EICs was particularly appreciated and individual EICs became more involved in participating in and leading discussions.

(c) Basic training on community affairs

The two sessions on Community affairs undertaken in 1990 completed the basic training of the 147 extension phase EICs, two earlier sessions having been undertaken in 1989. Each of these five-day sessions was attended by about 75 people, two from each EIC. The content of these courses was mainly directed towards improving the audience's knowledge of Community affairs, the focus being on subjects of interest to SMEs, including financing, public procurement and research and development programmes. The method of instruction was a combination of plenary sessions and working groups.

(d) Specialized training

The sessions on specialized subjects were developed in conjunction with the EICs and respond to their need for specific information to assist SMEs. The subjects were selected with the help of questionnaires sent to all EICs. Representatives from half of the EICs attended each session, which lasted for three days.

The first specialized session on business cooperation focused on such Commission initiatives as BC-Net and the Business Cooperation Centre and on the practical aspects of subcontracting, franchising and other forms of business cooperation. The second, on export opportunities, concentrated on the practical aspects of developing an export plan using available export promotion incentives and sources of export finance and insurance. It also described the characteristics of different export markets throughout the world. The themes of these courses have led to the development of further specialized programmes in 1991 on finance and standards.

(e) Database training

To assist EICs in the use of databases, which are an important source of information for SMEs, extensive training was provided throughout the year in a series of courses in Brussels, and in each of the Member States. The training covered the main Community databases such as Celex, TED, Rapid and INFO 92.

(f) Self-training packs

Due to the turnover of EIC staff in the first year of the extension phase, the need for training of replacements was important. It was decided that a series of self-training packs would be initiated during the year whose purpose would be to replace the basic training in Community affairs which all EIC personnel had received initially. The subjects covered are similar to those delivered in the initial training sessions, namely :

the Community institutions

the internal market

company law

structural funds

financing

social policy

standardization

tax

external trade

competition

transport policy

research and development

The full set of these self-training packs will become available to the network during 1991.

3. THE ANNUAL CONFERENCE

The first Annual Conference of the EICs was held in September at Sophia Antipolis, near Nice, in the South of France. The choice of location—Sophia Antipolis is one of the foremost science parks in

Europe—was particularly fitting for the futuristic theme of the conference : European Enterprise in the Year 2000.

This was a significant event which, bringing together for the first time the whole of the EIC network, celebrated the completion of the extension phase. There were over 300 participants, with representatives from each EIC, the Commission, the European Parliament, professional organizations and the press. On the morning of the first day the theme of information was introduced by Commissioner Antonio Cardoso e Cunha and taken up by the Director-General for Industry in the French Ministry for Industry and Regional Development, Mr Christian Marbach. The two keynote speakers, Mr Tom Peters and Sir John Harvey Jones, extolled the virtues of SMEs for their flexibility and speed of response in an era of continuous change (see boxes).

THRIVING ON CHAOS

Economic change has never been so rapid, declared Tom Peters, international management consultant and author of the celebrated book *In search of excellence*. In the space of 10 years, half the enterprises featuring in the hit-parade of fortune have changed. But what about the future?

In the face of strengthened competition, businesses will opt for new organizational methods, reduce the number of hierarchical levels, see the advantage of flexibility rather than economies of scale, and move closer to the market and to consumer tastes. And information technologies will modify all, he added, with no hesitation in speaking of chaos.

This period of world-wide economic restructuring would last between 25 and 50 years, but would be followed by lengthy consolidation. In the current context, speed of reaction is of the essence. In this respect, SMEs would be better placed, according to him, than the sleeping giants !

In the afternoon the EICs broke up into working groups to discuss key issues affecting SME activities that need to be addressed during the next decade. These subjects which had been prepared in the months preceding the conference by a panel of EICs, included :

- *the legal framework* and its impact upon the competitiveness of EICs ;
- *production*, with special emphasis on the issue of subcontracting ;
- *innovation*, with particular reference to the funding of research and development ;
- *training* and the development of human resources in the face of changes in technology and organization ;
- *management* and the need to adopt the enterprise culture to a more complex and dynamic environment ;
- *finance* and the needs of SMEs.

Each subject was presented to the working groups by an EIC which had previously researched and prepared their presentations on the basis of their specialization. An additional dimension was brought to the debates by the fact that each working group was hosted by one of the enterprises located *in situ* in Sophia Antipolis.

The findings of the working groups were debated by a panel of experts the following day.

FORMING RELATIONS

In the opinion of Sir John Harvey-Jones, former chief executive of the chemical giant ICI, and presently Director of *The Economist*, the twenty-first century is destined to be the century of Europe and Europe's success depends on economic success. This is where SMEs have a crucial role to play.

The EIC network allows economic actors to gain 'added value' without foregoing their distinctive features, he stressed. Its purpose is not only to provide answers but also to encourage the development of flexible business relations.

Europeans need to share a dream which goes beyond their differences, added this Englishman, whose own philosophy is strongly European. And to conclude: tomorrow's businessmen would do well to listen to the views of people around them, rather than restrict their judgements to their own beliefs!

Conference conclusions

In his summing-up of the conference, Mr von Moltke, Director-General of DG XXIII, referred to three main themes:

- (a) What will be the environment facing enterprises in the year 2000?
- (b) What can enterprises do to be more competitive and meet the challenge?
- (c) What can the Community and those who work with it, including the EICs, do to help?

The enterprise environment in the year 2000

The magnitude and speed of changes indicate that enterprises are no longer confronting conditions similar to the past. A prime moving force is that markets are becoming, if anything, more diversified rather than more homogeneous: there are more services, more multinationals, more diverse tastes to cater for, and also more possibilities for catering to diversity, for production technologies are no longer concentrating on mass production but are permitting diversification in production at relatively low cost.

It is thus in the interests of the large enterprise to try to acquire the advantages of the small one, whether as concerns flexibility, adaptability, capability of responding to customer preference, or ability to innovate and stimulate the creativity of individuals.



Mr Heinrich von Moltke, *Director-General DG XXIII*.

In the context of the SME, these trends are reinforced by a move towards internationalization, growing complexity and technology. There is also a transformation towards services, subcontracting and networking. Intangible functions like quality, compliance with standards and delivery deadlines are growing in importance and even supplementing older factors like wage costs. At the heart of this changing environment is continuous world-wide expansion.

European enterprise and the challenge

If, for our part, we have a good chance of being competitive, it is because our basic training is good, and because continuing training has little by little become a habit. It is consequently in connection with infrastructure that improvements need to be made, particularly as concerns the nerve systems.

It is management that is playing a central role here. In fact, it is establishing a horizontal function in the enterprise. The management

function is going to become more diluted at all levels. This development is being felt, once again, particularly in large enterprises, where there are too many layers of management. This means that many positions have become superfluous; leaving scope for managers to become entrepreneurs.

Hence the ideas of integration, coherence, efficiency, which are the key words for tomorrow's entrepreneur. There has to be less hierarchy in enterprises, more creativity, more stimuli, which calls for lighter-handed and more flexible management methods. An analysis of the automobile sector in Japan, and in particular of the competitiveness of Japanese producers in this field, shows that the advantage the latter have is that long before us they were using extremely light-handed styles of management, so audacious that probably few Europeans would have dared to take the risk of using them. However, since many management systems were devised in Europe, have been improved in Japan, and have come back to Europe in another form, there are conclusions to be drawn here for developing our own creativity in this essential and absolutely unpredictable function. Using the existing instruments to enable people with relatively few qualifications to do complicated things is also an interesting element in this evolution.

Action for the Community and its partners

This subject consists of a number of sub-components :

- (a) As concerns first of all the *legal framework*, stimulation of innovation should be encouraged by a proper intellectual property structure (i.e. protection through patents or copyright). Intellectual property is of fundamental importance for SMEs, for creativity is possible only as a result of large investments, and it has to be possible to protect them through appropriate legislation.
- (b) Upstream from intellectual property, there is *research and development*. Much here depends on the enterprises themselves, but the State also has a role to play, particularly at the level of basic research. It is under this heading that one finds precompetitive

research—this is a choice area for Community research programmes; then there is the development of new products for local markets—much less a role of the Community than for Eureka and the enterprises themselves; lastly there are the banks—and here there is broad agreement in recognizing that this is not their business, except perhaps as concerns risk capital or a few other such instruments.

Procedures need to be improved to enable all enterprises to have access to Community programmes: it is not so much a matter of increasing funds for innovation as of improving procedures, particularly as concerns existing funds. We know that the Member States will not be able to keep on increasing funds indefinitely, so we have to make better use of the money we have available. We need to see, in particular, if we should not implement a two-stage procedure for examining research projects, to shorten response time. For one of the problems SMEs have is the long delay that may occur between their investing in a project and the time when the final decision is taken. With a screening system, those who have no chance could be informed very quickly, or conversely, those who have good projects but no funds could be prevented from getting discouraged. We could, for instance very quickly invite the latter type of enterprises to take part in the workshops we hold.

- (c) Where *education* is concerned the issue is one of improving an enterprise's knowledge of the business environment. While there may be a need of broadening horizons, lack of expertise prevents the Community from participating other than indirectly.
- (d) Finally, there is the perennial question of *financing*. Decentralization has always been our concern. We have a financial instrument, in this connection, the New Community Instrument, of which the fourth slice amounts to ECU 1.5 billion. The object of this slice is not so much infrastructure as the enterprise itself, and the SME in particular. Financing is carried out to a large extent through the

system of overall loans, which are administered by the decentralized banks in the Member States.

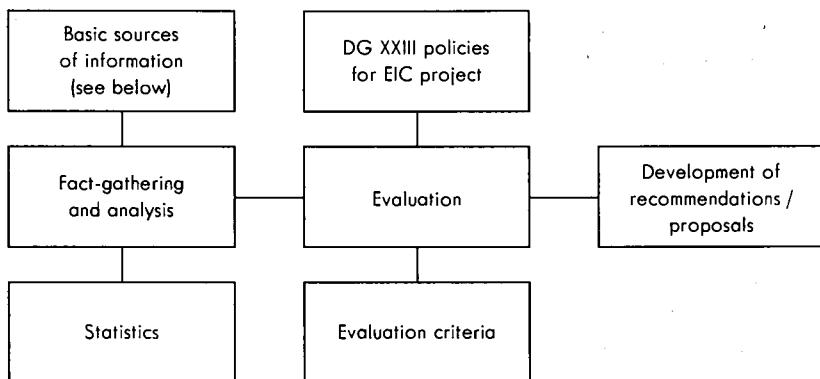
There is much discussion as to the role of the EICs. This issue has in a way been the guiding theme of the Conference. Two observations define and qualify this role. What really counts in an environment dominated by the service sector is interfacing—face-to-face contacts in business relations. Of equal importance are the roles of the various people involved. On this point, the EIC officials do have a specific assignment. Their mission is many-faceted and really starting to bear fruit. It is from this point of view that they are an irreplaceable instrument in the changes which are taking place.

4. EVALUATION SERVICES

Among the services provided to EICs by the central administration, evaluation plays a special role. During 1990 the Evaluation Services focused their attention on three specific areas: the services rendered by the central administration of the EIC Project to the EICs; the services provided by EICs to SMEs; and the effective functioning of the network.

This evaluation resulted in several reports published over the year. Of particular importance were the quarterly reports on the functioning of the EIC network and the central administration in which recommendations and proposals for policies were included. Extensive reports were also produced following visits to a selection of EICs in five Member States. Statistical reports were presented on a regular basis. In addition to these major reports on EIC operations, reports on specific subjects such as EICs' sources of finance and specializations were issued. During the course of the year specific evaluation meetings were also held which discussed the proposals and recommendations formulated in the quarterly and visit reports.

The following diagram outlines the methodology followed in completing the evaluation reports.



Basic sources of information for the quarterly reports consisted of :

- monthly reports of the EICs
- annual reports of the EICs
- visits to EICs
- questionnaires to EICs
- regional meeting reports
- feedback from the different service groups in the central administration

As is clear from the above the major part of feedback on the services by the central administration is provided by the EICs themselves.

(a) Monthly reports of EICs

One of the major sources of feedback is the provision of monthly reports by the EICs addressed to the central administration. These monthly reports have a standard format which consists of qualitative and quantitative (statistical) information. Qualitative information concerns documentation systems used by the EICs, the documentation provided by the central administration, training sessions, databases, reactions from SMEs, contacts with other organizations and countries,

activities, promotion, suggestions for improvement of the project or a certain aspect of the project and so on. Statistical information is provided on the subject and source of the questions posed by SMEs.

Information obtained through these monthly reports enables the central administration to follow closely the development of the project and to react rapidly and effectively to any tendency, need or problem that occurs.

Based on these monthly reports, four quarterly evaluation reports on the EIC network were published with recommendations for policy changes. The latter have been made available to the EICs in order to give them feedback in turn on their monthly input.

(b) Annual reports of EICs

The EICs are under the contractual obligation to send an annual activity report to DG XXIII. These reports follow the same format as the monthly reports with the addition of a financial statement. As these reports tend to be of a more analytical nature than monthly reports because of the longer period covered, they provide ample suggestions for and comments on the management of the EIC project.

(c) Questionnaires to EICs

Another important source of feedback consists of specially designed questionnaires on specific subjects sent to a selection of EICs. During the course of 1990 two questionnaires were sent out which covered information products, promotion, training and external relations. Recommendations made on the basis of the results of these questionnaires have already been followed up during the course of the year. Examples of these are : new subjects for Fact Sheets, the production in nine languages of said Fact Sheets, and the production of the Eastern Europe Brochure which met the request for factual information on East European countries.

(d) Visits to EICs

During the course of 1990 a selection of EICs was visited in five Member States. Visited were: in the United Kingdom, UK-551/Glasgow, UK-552/Birmingham and UK-553/Newcastle; in Greece, three EICs in Athens, namely GR-151/Chamber of Commerce, GR-152/Eom-mex and GR-155/Panhellenic Exporter's Association; in France, FR-352/Bordeaux, FR-253/Metz, and FR-274/Paris (Chamber of Commerce); in Italy, IT-352/Napoli, IT-353/Brescia, IT-373/Genova and IT-379/Vicenza; in Spain, three EICs in Barcelona (ES-201/CIDEM, ES-208/Banco de Credito and ES-209/Chamber of Commerce), as well as ES-203/Sevilla.

The main objective of these visits was to obtain information on the local, regional and national environment of an EIC and to gather feedback on the EIC project. The EICs were interviewed on the basis of a structured questionnaire which covered all aspects of the activities of the EIC and the central administration. These visits were usually well received by the EICs concerned.

Following these visits, extensive reports were written with comments and suggestions by the visited EICs. Some general observations were made on particular aspects to the EICs operating in each country.

British EICs

EICs in Britain prove to have difficulties, as do those in some other countries, in convincing SMEs that 1992 will have an effect on UK product markets and consequently on British companies. In 1990 the UK EICs were still at the stage of creating awareness about 1992. The provision of general information on 1992 had proven to be insufficient to cause SMEs to react. The EICs had to operate on sector-by-sector level. Consulting services, which logically follow information, could not yet be fully developed.

A major advantage the UK EICs have over their colleagues in most other Member States is the use of the English language as one of the official languages of the project. All information, documentation and training is in their own language. British EICs can easily communicate

with other EICs and do not have to translate any information before passing it on to their clients.

Greek EICs

On the other side of the spectrum, foreign languages clearly pose large problems to most Greek EICs. Much information and documentation arrives in other languages which then needs to be translated into Greek. This language problem is real and should not be underestimated.

Greece is also technically less developed than many of its EC counterparts. There are frequently problems with technical installations; few national databases; and the Greek Calex system runs at 300 baud instead of the 1200 baud rate used for the other languages. These factors combined tend to slow down performance and reduce efficiency.

French EICs

In France, information on Europe is highly developed and integrated into the thinking of the host structures. The EICs visited play mainly a regional role. Well developed contacts exist with the Commission, either through the host structures or through regional representations in Brussels. The EICs receive information in their mother tongue, form part of influential host structures, are of a public nature and have at their disposal highly developed technical facilities such as Minitel.

Italian EICs

Like in France, information on Europe is highly developed and integrated into the thinking of the host structures. The presence of sub-networks helps the EICs to provide better and selected information to their clients. All EICs visited also displayed a high degree of computer literacy.

Spanish EICs

Since all major regions have at least one EIC, Spanish EICs appear to focus on their own region, and develop close contacts with their regional government. The SME climate and the level of development of SMEs differ strongly from region to region. Regions and EICs' functions

can therefore not easily be compared. Most EICs still spend most of their time creating awareness of the Community with the enterprises and stimulating them to make use of the possibilities offered by the internal market.

(e) EIC regional meetings reports

During the extension phase, the organization of national meetings of EICs added an important dimension to the network. These meetings examine and coordinate the services offered both by EICs and the central administration. Such meetings have been held in France, Denmark, Germany, the United Kingdom, Ireland and Greece.

Beside these national meetings, some EICs participated in meetings on a regional/international level. One of these groupings of EICs calls itself ERIC North and consists of pilot EICs from Denmark, The Netherlands, Belgium and Germany. Subjects that feature most often at these meetings are financing and charging policies, specialization and promotion. Meetings of this nature are attended by DG XXIII officials as observers.

Other transregional initiatives are the regular meetings of British and Irish EICs. A meeting of Spanish and Portuguese Centres is also planned for the first time in February 1991.

* * *

Having reviewed the services rendered to EICs by the central administration, we turn next to an overview of the services provided by the EICs to the SMEs themselves. This section will largely follow the description of the role of the EICs as identified in Part I.4 of the present report.

III – The EICs at the service of enterprises

1. THE PROCESSING OF INFORMATION

Although information is preselected by the documentation service of the central administration, each EIC is responsible for disseminating and targeting this information to meet the needs of SMEs. This implies not simply the translation of this information which is received in layman's language, but also its adjustment to the specific needs of enterprises on a regional as well as a sectoral level. This service consequently requires an in-depth understanding of the local economic environment and the individual needs of enterprises : for this reason, it constitutes one of the most innovative and interesting aspects of the project.

Within the project, the regional aspect is reflected by considerable differences in economic, geographic and cultural levels. But this phenomenon also has repercussions on a crossborder level : it is often the case that regions located in different States show stronger similarities with each other than they do with other regions within their respective countries (see, for example, the cooperation between Luxembourg, Saarland and Lorraine ; between Galicia and the north of Portugal ; between the Alentejo and Extremadura ; between the Algarve and Andalucia ; between the French and Spanish Basque countries : all regions where there is at least one Euro-Info-Centre).

The present chapter will begin with an analysis of the questions handled by the EICs as a result of their day-to-day contacts with SMEs ; it will then continue by describing the techniques used by the EICs to disseminate information to enterprises ; it will conclude by describing

the synergies that are being progressively created among the different sources of information.

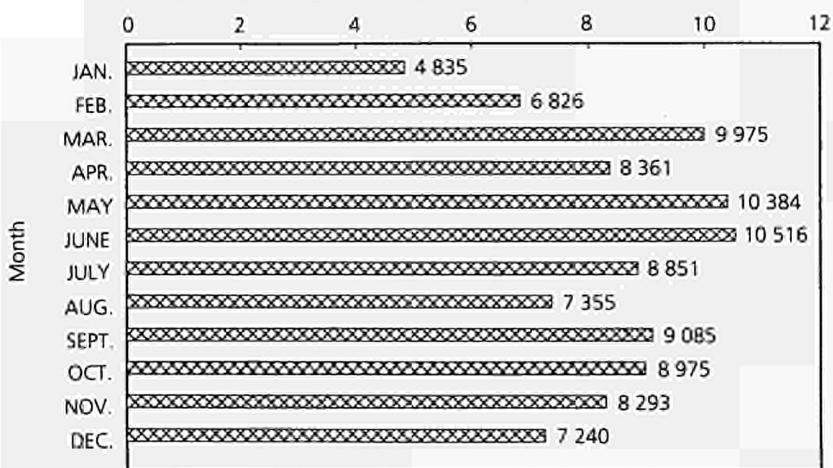
(a) EIC questions/answers

A monthly breakdown of the questions handled by the EICs in 1990 is given in Graph 6.

Graph 6

EIC Project — January to December 1990

(Total number of questions reported by EICs, in thousands)



Total : 100 696 questions reported.

These figures should, however, be seen in the perspective of the trends noted in the monthly reports: during the first quarter, the 21 636 inquiries recorded are based on the results of the reports provided by an average of 113 EICs per month; for the second quarter, the figures were, respectively, 29 261 questions and 132 EICs; for the third quarter, 25 291 questions and 125 EICs; and for the fourth, 24 508 questions and 134 EICs. Taking into consideration the reports received by the central administration and the number of EICs inaugurated during the course of the year, it can be estimated that more than

160 000 questions were dealt with by the entire EIC network. The high proportion of questions noted in the second quarter is due to the fact that many EICs were opened during the first months of the year.

Table 1 — Celex sectors

Code	Celex sector	1990	
		1989	(%)
16	Research, information, education, statistics	21.6	25.9
13	Industrial policy, internal market	18.5	16.9
01	General, financial, institutional matters	8.8	9.4
02	Customs union, free movement of goods	7.1	4.7
14	Regional policy, coordination of structural instruments	6.5	5.2
06	Right of establishment, freedom to provide services	5.6	7.6
15	Environment, consumers	5.0	4.2
17	Company law	4.7	4.6
11	External relations	4.7	4.5
05	Freedom of movement of workers, social policy	4.1	4.6
03	Agriculture	3.8	3.0
08	Competition policy	2.9	3.0
09	Taxation	2.0	2.2
10	Economic, monetary policy, free movement of capital	1.4	1.6
07	Transport policy	1.4	1.4
12	Energy	1.3	0.8
04	Fisheries	0.7	0.4
		Base : 52 793 questions	Base : 10 535 questions

This is why the figures for the third quarter are relatively high in comparison with the traditionally calm period during August and early September. It can be noted that the EICs active at this time are also those which have developed the most effective sub-networks.

As far as classification by subject is concerned, two types of classification may be made; one on the basis of Celex codes (Graph 7); the other on NACE codes (Graph 8). In both cases a surprising similarity may be noted with the results of the preceding year, as is shown by Tables 1 and 2.

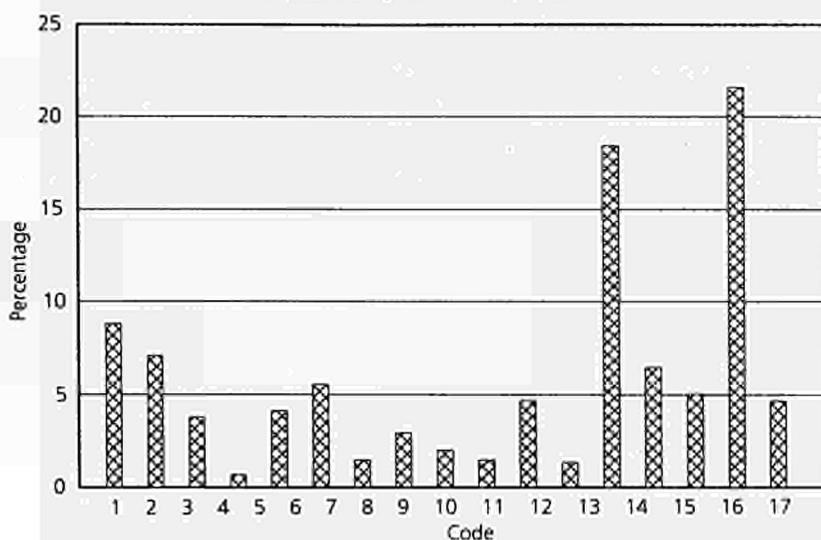
Table 2 — NACE sectors

Code	NACE sector	1990	1989
		(%)	(%)
8	Banking, finance, insurance, business services, repairs	16.5	18.1
3	Metal manufacture, mechanical, electrical, instrument engineering	16.0	14.4
4	Other manufacturing industries	14.1	14.4
0	Agriculture, hunting, forestry, fisheries	8.5	2.2
6	Distributive trades	8.3	7.9
5	Building, civil engineering	5.2	5.2
2	Energy, processing of non-energy minerals, chemical industry	3.9	3.9
7	Transport, communication	3.1	4.3
1	Energy, water	2.1	1.8
9	Other services	22.4	27.7
		Base : 45 928 questions	Base : 20 420 questions

Graph 7

EIC project — January to December 1990

(Questions by EC sector (Celex))

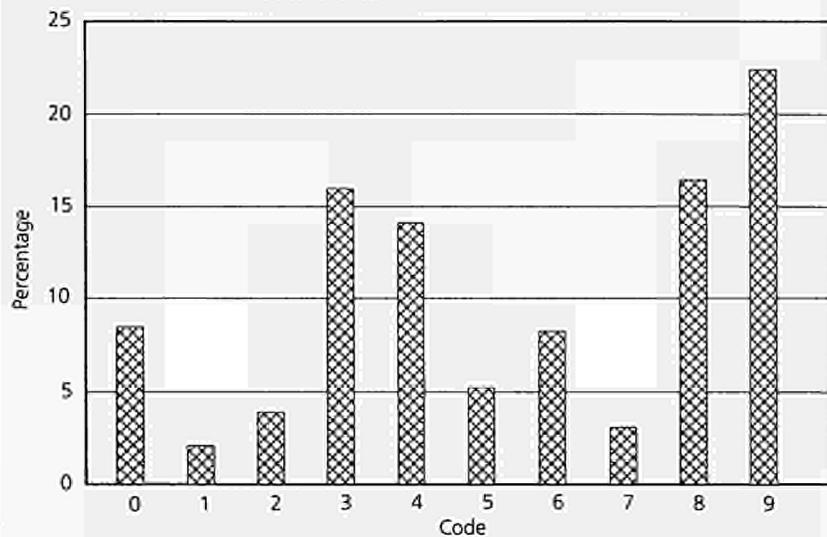


Base : 52 793 questions with an identified sector.

Code 1	General, financial, institutional matters
Code 2	Customs union, free movement of goods
Code 3	Agriculture
Code 4	Fisheries
Code 5	Freedom of movement of workers, social policy
Code 6	Right of establishment, freedom to provide services
Code 7	Transport policy
Code 8	Competition policy
Code 9	Taxation
Code 10	Economic, monetary policy, free movement of capital
Code 11	External relations
Code 12	Energy
Code 13	Industrial policy, internal market
Code 14	Regional policy, coordination of structural instruments
Code 15	Environment, consumers
Code 16	Research, information, education, statistics
Code 17	Law relating to undertakings

Finally, the data provided by the EICs can be classified according to the size of the business, detailed here in Table 3, which attests to the fact that the majority of EIC clients are small businesses.

Graph 8
EIC project — January to December 1990
 (Questions by industrial sector (NACE))



Base : 45 928 questions with an identified sector.

Code 0	Agriculture, hunting, forestry, fishing
Code 1	Energy, water
Code 2	Extraction and processing of non-energy minerals, chemical industry
Code 3	Metal manufacture, mechanical, electrical, instrument engineering
Code 4	Other manufacturing industries
Code 5	Building, civil engineering
Code 6	Distributive trades, hotels, catering, repairs
Code 7	Transport, communication
Code 8	Banking, finance, insurance, business services, renting
Code 9	Other services

It should be noted that a number of the questions included in Graph 9 were, in fact, handled by members of the sub-networks. The EICs do not, then, always have precise information about the size of their clients, not having themselves made the initial contact. This explains why there are fewer data about the size of enterprises. Once again, however, Table 3 confirms the lack of change from the preceding year's figures.

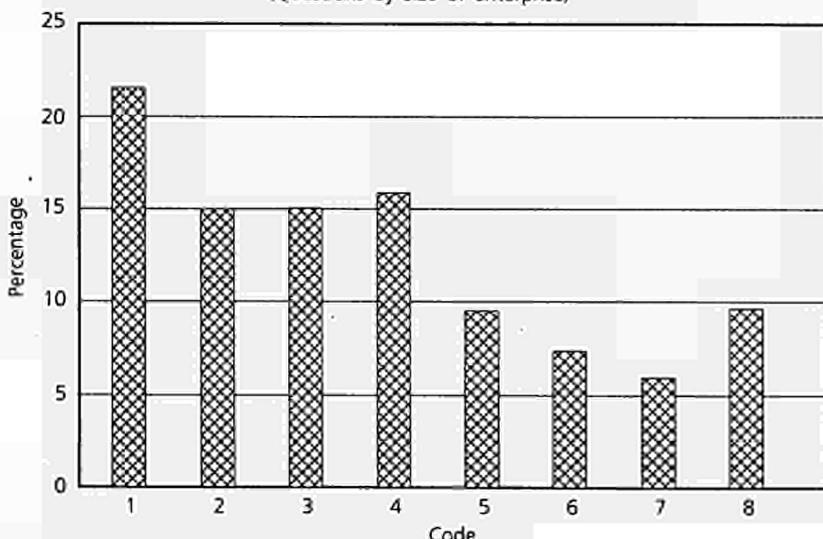
Table 3 — Size of enterprise

Number of employees	1990		1989
		(%)	
1-4		21.6	19.6
20-49		15.9	16.7
10-19		15.0	16.0
5-9		15.0	15.0
500≥		9.6	6.5
50-99		9.5	10.4
100-199		7.4	7.8
200-499		6.0	8.1
	Base : 30 619 questions		Base : 14 989 questions

Graph 9

EIC project — January to December 1990

(Questions by size of enterprise)



Base : 30 619 questions with an identified size.

- Code 1 1-4 employees
- Code 2 5-9
- Code 3 10-19
- Code 4 20-49
- Code 5 50-99
- Code 6 100-199
- Code 7 200-499
- Code 8 500+

**(b) Information tools employed by the EICs :
the importance of specialization**

In fulfilling their task of disseminating Community information to SMEs and targeting the specific needs of these businesses, the EICs make use of a series of instruments that constitute a useful supplement to the information provided by the Community itself. These range from the publication of newsletters (in Trier, Lahr, Glasgow, Newcastle, Belfast, Slough, Limoges, Poitiers, Dijon, Amiens, Blagnac, Rouen, Milan, ...), to other, much more sophisticated means, of which the following are a brief selection :

the EIC in Aveiro (PT-503) has produced a series called 'Eurocahiers' on European topics of interest to SMEs. This EIC also produces 'Euro-Infoaida,' a sector-based information pamphlet.

Strasbourg (FR-255) has contributed to several editions of 'Clés pour l'Europe' ('Keys to Europe') (including '93 questions pour 93' and 'Bruxelles, mode d'emploi' ('93 questions for 93' and 'Brussels, user's guide'), a series of pamphlets distributed by the Ministry for European Affairs.

Birmingham (UK-552), in conjunction with the Education Department of the local council, has undertaken an extremely extensive study designed to evaluate the needs of different sectors of industry in preparation for the single market. The aim of the project is to produce a series of 16 sector-based reports that will be published at regular intervals as special 16-page supplements to the *Birmingham Post*.

With the assistance of the Belgian Secretariat for Europe 92, Antwerp (BE-002) has published a brochure about financial aid possibilities for businesses. Similar initiatives, based on regional perspectives, have also been set up by the EICs of Valencia (ES-203) and Nantes (FR-254).

Aabenraa (DK-053) has concentrated on Central and Eastern Europe and publishes a bulletin on investment prospects in these countries.

The EIC in Mulheim in the FRG (DE-101) has published a guide to investment in Greece and Spain in parallel with the organization of

seminars on this theme. The 110-page report is intended to inform investors about the situation in these countries.

Diemen (NL-451) is preparing, in conjunction with Antwerp (BE-002) and Luxembourg (LU-402), a guide to public contracts and SMEs.

Alicante (ES-207), in cooperation with the London Business School, is compiling a European business directory which will contain, for the use of heads of businesses, country-by-country information on professional associations and organizations, institutions (including those of the Community) and national databases.

In certain cases, the information provided by the EICs goes beyond the written, taking the form of databases. The box (below) contains a selection of EIC initiatives in this area.

Liege (BE-010) has set up an 'information brokerage' system, that allows client companies access each month, through the host structure, to a selection of databases.

Stuttgart (DE-106) and Hanover (DE-116) have set up two specialized databases for SMEs, the first concerning export and the second research.

In the field of public contracts, local databases have been set up by several EICs, including Bilbao (ES-202), Luxembourg (LU-402), and Glasgow (UK-551).

Patras (GR-160) has produced a strip cartoon comprising information about all the enterprises in the region (the Peloponnese and North-West Greece). This information is available free to all the EICs in Greece, which are invited to add their own information. The same system has been used by the Dutch EIC in Wijchen (NL-457) on a sectorial basis. It offers a very complete service to chambers of commerce and other intermediaries, including a list of the activities of the BC-Net, details on the TED database, and automatic searches for Community information.

Finally, EIC IT-374, the result of cooperation between Cerved, Mondimpresa and the Unioncamere, has set up a database called Sintec (Sistema Informativa sulla Tematiche Comunitarie) to which Italian chambers of commerce and organizations specialized in export are connected.

The very diversity of this information raises the question of the specialization of the EICs.

As expressed in the contract with the Commission signed by each host structure, the task of the EIC is general in nature. Each Euro-Info-Centre is supposed to be capable, through the diversity of its documentary resources and the programme of continuing training set up by DG XXIII, to deal with a wide range of questions. As a result, most EICs have to face not only a range of inquiries concerning all entrepreneurial sectors and functions (legal, economic, administrative and financial), but the geographical scope of the questions has also been considerably extended, notably due to the type of information provided by the host structures (essentially related to the Community at the start, the subject of questions has expanded progressively into international law, national legislation, even regional or local regulations).

As a result, in parallel with their general tasks, the EICs, in terms of their geographical situation, the specialization of their host structure, the predominance of certain industrial sectors or the training of their personnel, have gradually begun to specialize in certain areas. In this way, for example, by virtue of the events taking place in Central and Eastern Europe at the beginning of 1990, the German EICs are progressively becoming the network's specialists in this area, notably for contacts, seeking partners or export facilities. The same is true for Denmark for contacts with the Scandinavian members of EFTA; for certain EICs in the South of Europe due to the possibilities offered by the ERDF and the European Social Fund; for certain German EICs whose special area is research. Certain countries such as the Netherlands, and to a lesser extent Belgium, have even suggested a division of tasks, on a sectoral basis, so as to eliminate competition.

In November 1990 the central administration began a rationalization of specializations by sending out a questionnaire. The results are expected early in 1991. The aim of the exercise is not to break up the network into a set of well-defined categories—any enterprise will always be able to submit any question to the nearest EIC—but rather to optimize the network by taking advantage of the particular capabilities of all its members. EICs specialized in a particular area may be invited, should the need arise, to exchange their experiences, to coordinate their activities to the benefit of the entire EIC network, and to participate in pilot programmes set up by the Commission. The first indications are that there is little specialization on a national level (except, perhaps, for a certain concentration by German EICs on research and public contracts, and good general knowledge of Community law on the part of French EICs), but rather an extensive complementary effect in the competences of the EICs within a single country.

(c) Synergy among sources of information

The final part of this section deals with the contribution made to the network by the EICs' relationships or those of their host structures with others providing information. These sources are made up of a great variety of organizations (regional development bureaux, industrial associations, ministries, university libraries). In most cases, the EICs' outside partners are specialized in areas in which the EICs themselves have little or no experience. Increasingly, this type of relationship is formalized by the conclusion of cooperation agreements or the establishment of sub-networks.

Among recent examples, the following might be mentioned :

Mons (BE-011) : signing of a cooperation agreement with the CIRI (Centre Hennuyer d'information pour la recherche et l'innovation technologique) ;

Nuremberg (DE-123) : agreement with the Landesgewerbeanstalt Bayern (LGA) and the Technische Hochschule Zwickau (THZ) for cooperation in the field of technology transfer ;

Besançon (FR-258) : meetings with representatives of Info-Chambres, a Swiss information centre on European affairs (EEC, EFTA), the goal of which is the development of a liaison system between the EIC and the chambers of commerce in French Switzerland and Tessin ;

Dijon (FR-264) and Cork (IR-303) : close cooperation with their universities ;

Lisbon : (PT-509) : conclusion by the Caixa Geral de Depósitos of cooperation agreements with the most important professional associations in the northern part of the country.

The conjunction of the various elements (electronic mail system and databases made available by the central administration; enlargement of the latter's documentary resources to other Community institutions and other international organizations; extension of EIC relations with a variety of organizations, including in non-member countries; greater activity of the sub-networks; availability by the host structures of their own sources of information and their own means of communication) has allowed the Euro-Info-Centre network to become the central link, within the regions, of Community actions to assist enterprises, simultaneously with the 'network of networks' in which information from a multitude of sources is exchanged.

The role of the EICs is completed, within their sphere of activity, by promotion and consulting services.

2. PROMOTION AND ADVICE

As intermediaries for the SMEs, EICs provide information not only following a formal request, in the form of questions and answers, but also by vehicles such as newsletters, brochures, mailings and press articles. Other activities include publications, promotion of EIC activities or a Community programme, presentation, the organization of conferences and participation in fairs.

A selection of EIC promotional activities is described below:

DE-106/Stuttgart carries out monthly mailings to a total of 11 000 SMEs in its region. The mailings include a report on export and notices on EC policies, programmes and regulations, e.g. Brite/Euram II, liberalization of the transport market, EC programme Force, liberalization of life insurance, etc. The subject of the notice differs each month.

DE-108/Berlin (BAO) and DE-103/Bonn had a joint stand at the employers fair 'Deutsch-deutscher Marktplatz'.

DE-113/Bremen was responsible for a local support programme for SMEs set up by the Senate of Bremen. This programme aims at assisting SMEs to prepare for the internal market by strategic consulting, acquisition of public tenders, training and participation at European fairs.

IT-352/Napoli organizes courses for young entrepreneurs in international marketing and Community affairs.

PT-505/Coimbra distributed pre-paid postcards with its promotional package encouraging companies to ask questions.

UK-552/Birmingham has approached a regional newspaper with the idea of a 'problem page'. Companies will be encouraged to write in with their particular 'European' problem, which will then be published anonymously with the answer provided by the Centre.

UK-553/Newcastle toured the region with the EC Mobile Information Unit. The EIC contributed its own leaflets and stocks of other literature. The unit generated a great deal of interest.

UK-560/Sheffield organized a course aimed at local SMEs called 'A practical introduction to the single market'. This course was followed by a three-day visit to Brussels.

As a promoter of the Community idea the EIC has a role of stimulating SMEs just as much as informing them. This role has proved essential at this stage of the construction of the internal market. Enterprises'

interests still need to be triggered to make them take advantage of the opportunities offered and to make them prepare for the changing market. This is more the case in certain Member States than in others. In the UK and Spain, as we have already seen, EICs still have to spend a lot of time in triggering enterprises' interest and creating awareness, whereas in Denmark, Belgium and France enterprises already appear much more aware of the developments and effects of the internal market and the opportunities that certain programmes may offer.

The difference between the level of awareness and involvement of entrepreneurs can be measured by the type of questions clients tend to ask. In Member States with a very low level of EC awareness and little involvement in EC developments, questions tend to be very general and vague. Questions also often follow a promotional action of the EICs rather than a news item. The EIC then has the task of informing the client about the EC and explaining better the possibilities and effects for his/her particular case. These clients usually come back later with a more pertinent question. The client usually will be included on a mailing list so that in future he will receive more information on activities, new programmes or legislation that could be of interest to him.

3. FEEDBACK OF INFORMATION

The active involvement of the EICs in local, regional and national affairs, in many cases supported by their host structures, make them, as we have already mentioned, a prime source for feedback on local and regional development and the SME climate. The role of the EICs as providers of feedback has been developing gradually after the EICs have become more established. Both national governments and the European Commission have increased their contacts with EICs in order to obtain this kind of feedback.

Towards the end of 1990 the Commission started a series of pilot projects for feedback from the regions. EICs from each of the Member

State were invited to meetings (which started in January 1991) where they were asked to provide feedback on progress observed in promoting the 'European idea' in their region, the awareness of EC development programmes within different sectors as well as the success of certain EC projects.

A quick overview of the business environment of some of the EICs invited to these meetings provides the following picture which gives a general idea of the diversity of the regions in which EICs are operational :

The region of Nordrhein-Westfalen (D) contains about 450 000 enterprises. There are four official EICs in this region and eight satellites.

The catchment area of the Thessaloniki (GR) EIC in North-Western Greece contains about 65 500 enterprises. The EIC served 2 735 clients during the three years it has been operational.

The catchment area of the Birmingham (UK) EIC contains about 78 000 enterprises. The EIC is the only EIC in its area and has helped about 4 000 clients since its inauguration in 1987.

The catchment EIC of Cork (IRL) contains about 1 300 enterprises. The EIC is the only one in the region. It served about 300 clients during the eight months it has been operational.

The Algarve region (P) contains about 15 000 enterprises, served by the Faro EIC. It has helped 166 clients during its six months of operation.

The EIC of Groningen (NL) covers 55 500 enterprises. This EIC has been operational since the autumn of 1990.

The catchment area of the EIC of Odense contains about 14 000 enterprises. The EIC is the only EIC in the area, but there is also a satellite of the EIC of Copenhagen (DTO). The latter concentrates on R&D matters.

Finally, Luxembourg contains 18 000 enterprises. It has two EICs, one hosted by the chamber of commerce, the other by the chamber of

crafts. The latter covers the 20 % of enterprises engaged in arts and crafts industries.

4. COOPERATION AND PARTNERSHIP

This is the last of the roles performed by the EICs, but one which has acquired growing importance. In this final chapter, three types of cooperation are covered :

- (i) cooperation between enterprises
- (ii) inter EIC cooperation
- (iii) cooperation with third parties and non-member countries

(a) Cooperation between enterprises through EICs

One of the main services an EIC offers to its clients is the possibility for cross-border partner search. In this capacity, it is able to act as agent for the services provided by the four main instruments developed by DG XXIII, on the one hand, and to use the system set up by the EICs themselves, on the other hand.

(1) BC-Net

The Business Cooperation Network (BC-Net) is a network of 600 business advisers throughout the Community linked up by a computerized system. This network permits rapid and confidential identification of potential partner firms in other Member States or regions in response to a specific offer or request for cooperation ; 154 EICs are members of the network. The BC-Net members analyse the cooperation opportunities proposed by the enterprises, forward them to the central unit in charge of the matching operation and occasionally participate in the negotiations leading to agreements between enterprises. In 1990, BC-Net was extended to third countries (Brazil, Mexico, Tunisia) and it is foreseen to develop further, in 1991, to several EFTA and Central and Eastern European countries (Poland). Many other third

countries wish to have access to the BC-Net (Hungary, Czechoslovakia, Canada, Australia, United States of America, Turkey, Israel). The main feature of BC-Net is its confidentiality.

(2) *BCC*

The Business Cooperation Centre—new instrument—covers several types of cooperation: technical, financial and commercial. The BCC service is a means for SMEs to ensure the widest dissemination of their offers or requests for cooperation. It handles non-confidential cooperation opportunities and operates through a network of professional correspondents located in the Member States and in third countries. Because of its non-confidentiality, it complements BC-Net and offers direct access to enterprises as well as direct distribution of cooperation opportunities. Here again, a large number of EICs serve as BCC correspondents.

(3) *Europartenariat*

The aim of the Europartenariat programme, also jointly organized by DG XVI and DG XXIII, is to promote the development of less developed regions and regions in industrial decline within the Community by increasing possibilities for SMEs in those regions to cooperate with enterprises situated in other EC countries. Practically, this is arranged by the identification and selection of 150-220 firms from the region concerned: the publication of a multilingual catalogue; a wide distribution of the catalogue and the organization of two business-contact days, with prearranged meetings among businessmen.

After successful experiences in Dublin (1988) and Andalusia (1989), the third Europartenariat initiative took place in Cardiff on 14-15 June 1990. Many EICs have reacted very positively to the content and organization of the meeting. They carried out extensive promotion campaigns in their own regions, including mailings, newsletters, videos, and press articles.

In 1991, the Europartenariat programme will be held in Porto on 17 and 18 June 1991; then in Leipzig on 2 and 3 December 1991 for the five new East German *Länder*.

(4) Enterprise

The success of Europartenariat has encouraged DG XXIII to promote the development of local, regional and national actions targeted to stimulate contacts among entrepreneurs and to create partnerships among SMEs.

Enterprise, which stands for initiative to encourage partnerships among industries and services in Europe, was launched in 1990. It includes two types of programmes : either the creation of direct pre-established contacts among entrepreneurs, or the setting up of programmes (conferences, business meetings, partner-search programmes) which stimulate business contacts in a more general manner.

Since its launching in the summer of 1990, two programmes have involved EICs :

- (i) the one, grouping the EICs in Groningen (NL-456), Enschede (NL-455), Bremen (DE-113), Osnabrück (DE-128) and Aabenraa (DK-053), together with the Britain/European Department of Cleveland County Council aims at bringing together companies looking for partners in Northern Europe. The project, entitled Nordküste Messe 91, will take the form of a fair to be organized in Osnabrück on 14-15 May 1991;
- (ii) the other, grouping the EICs in Antwerp (BE-002), Mulheim (DE-101) and Helmond (NL-452), promotes the organization of business days within the regions of Southern Netherlands, Flanders, Nordrhein-Westfalen and Eastern Germany.

(5) Eurokom

Alongside the specific programmes launched by DG XXIII, the EICs themselves have set up partner search opportunities by using their own network. Within Eurokom, the electronic mail system which connects all EICs, special partner search conferences have been set up. Some EICs prefer their own Eurokom system or use it as an addition to BC-Net and BCC because of the human element behind the network.

Partners in other EICs are personally known and they are trusted that they will personally take care of the EIC's clients. The Technical Help Desk within the central administration of the project helps to control the quality of the cooperation profiles.

Examples of EICs using these tools for partner search :

UK-551/Glasgow employs a full-time member of staff for business cooperation on Eurokom.

BE-008/Hasselt started an active promotional campaign towards partner search in August. It sent a mailing to 520 companies explaining the importance of SME cooperation as a way of preparing for the internal market. A cooperation profile was sent with the letter. Since this campaign, a number of companies have incorporated this type of cooperation into their 1992 strategy.

Overall utilization figures show that the search for partners accounts for about 30 % of the EIC's use of Eurokom.

(b) Inter-EIC cooperation

As was already mentioned, EICs tend to establish particular relations with their counterparts in transborder regions. In order to improve inter-regional business contacts, EICs promote and facilitate cooperation between SMEs in their regions by informing them on differences in regulations, business opportunities and searches for partners in the neighbouring region. In this way EICs are actively contributing to the establishment of the internal market.

In addition to occasional cooperation between EICs, EICs have a tendency, especially since the extension of the EIC project, to establish formal subnetworks with other EICs in order to be assured of partners in other Member States. ERIC North is a good example of this close

cooperation. A second inter-EIC network has been developing recently consisting of BE-001/Namur, DK-052/Odense, DE-124/Saarbrücken, ES-202/Bilbao, FR-262/Châlons-sur-Marne and PT-501/Oporto. A first working meeting took place on 24 September 1990. Subjects discussed were working methods and practical projects to develop.

Other EICs prefer to sign individual cooperation agreements with fellow centres. ES-203/Seville, for example, met with the EIC of Aarhus (DK-051) to discuss the possibility of a formal cooperation agreement and joint projects. Both signed an agreement with IT-379/Vicenza. IT-379/Vicenza in its turn signed formal cooperation agreements for the exchange of information on national legislation with the EICs of Ghent (BE-007) and Bristol (UK-557). PT-501/Oporto, for its part, signed a 'twinning agreement' with the EIC of Bordeaux (FR-252).

Finally, it should be noted that in October 1990, FR-252/Bordeaux hosted a meeting for EICs participating in an economic club of cities in Europe entitled 'Eurométropoles' which is intended to exchange information, experience, research and expert reports as well as organize joint activities. The Bordeaux EIC will act as a 'letter box', by Eurokom, for exchanges between the members of the club and will devote special attention to requests from EICs in these cities. Cities in the club are: Amsterdam (EIC of Diemen), Antwerp, Barcelona, Birmingham, Leipzig, Manchester, Marseilles, Milan, Munich, Oporto, Stuttgart, Toulouse (EIC of Blagnac) and Turin.

(c) Cooperation with third parties and non-member countries

EICs are often visited by delegations from organizations or ministries of non-member States, because of their interest in the EIC network or in order to establish contacts for investment or cooperation in the region. With the opening up of the East European countries, EICs received many visits from delegations from these countries.

The host structures also play an important role in the external relations of the EICs. They often have extensive contacts and networks abroad on which the EIC can draw. This also allows the EICs to be able to provide information promptly on most countries in the world.

The results of a questionnaire on external relations sent out to a selection of EICs in June 1990 revealed that 29 % of the EICs had undertaken projects in European non-member States ; 43 % were planning a project in the near future. Few EICs (14%) had undertaken projects in other non-member States and 14% intended to do so in the near future.

Of all non-member States, most contacts existed with Switzerland, the USA, Sweden and Austria. Most EICs had, however, been operational for too short a period to have actually carried out projects in non-member countries.

The first three months of 1990 saw a predictable increase in contacts between EICs and East European countries. German EICs reported that developments in Eastern Europe diverted attention from general Community matters.

To adapt to this new situation German EICs concentrated on the development of contacts with East Germany and other countries in Eastern Europe and on the provision of information to enterprises in both West and East Germany. Other EICs also had to become more involved with the East European development to respond to the growing number of requests on this subject from their clients.

Regarding specific initiatives towards Eastern Europe, the following activities were reported :

BE-001/Namur organized a training course for East European students in cooperation with the Ecole Bernard Tapie.

BE-004/Bruxelles (CCI/Fabrimetal) organized a meeting on the East European countries with 300 participants. Speakers came from universities, the EC Commission, embassies of East and West European countries and large companies. For 1991 one of its host structures, Fabrimetal has planned a series of visits to all the Eastern Bloc countries.

DE-108/Berlin (BAO) organized a seminar on the internal market for East German workers and a presentation on EC-Poland developments for a Polish group within the framework of a series of marketing seminars for CMEA (Comecon) countries.

DE-109/Berlin (DIN) gave a series of presentations, within the framework of a DG I project and the Yugoslav Institute for Standardization (FIS), at the FIS and the Belgrad CCI, on standardization in the EC, GATT and the EIC project.

ES-221/Santiago de Compostela organized a meeting with company managers and a committee from the Hungarian Embassy in Spain to discuss the possibility of sending Spanish managers to Hungary and creating Spanish/Hungarian joint ventures as well as the setting up of chambers of commerce. The EIC also received a committee from the USSR Embassy in Spain to discuss the completion of certain projects with senior members of the Confederation of Galician Entrepreneurs.

Finally, ES-225/Zaragoza organized a trip for seven entrepreneurs from different industrial sectors to Hungary, Poland and Romania to establish business contacts. The EIC also organized several meetings with commercial advisers from East European countries to discuss investment possibilities.

A selection of the activities between EICs and other non-member States is given below.

BE-004/Brussels (CCI/Fabrimetal) received a delegation of 30 persons from American SMEs exporting toys, sports articles and clothes. This meeting took place within the framework of 'Matchmaker Benelux 1990, how to find potential importers', organized by the American Embassy in Brussels.

DK-051/Aarhus participated in the largest subcontracting fair in Northern Europe, the Elmia fair in Jonkoping, Sweden. The EIC had a stand at the fair, together with eight companies from Aarhus and one of its host organizations. The aim was to attract subcontracting contracts from Scandinavia to the Aarhus area. The Scandinavian countries are very interested in having their own information centres or at least

having closer links with the existing EIC network. The EIC would be interested in bringing about this cooperation.

DK-058/Vordingborg had a meeting with the chairmen of the Regional Labour Exchange and of one of the committees of the Nordic Council of Ministers to set up a common project for export to Sweden.

DE-103/Bonn (DIHT) received the president of the European Information Service from the Federation Romande des syndicats patronaux in Geneva. The Federation wanted to learn about the organization of the DIHT. The Federation already has a cooperation agreement with the EIC of Lyon.

GR-157/Kavala was visited by a representative of the Committee on Industrial Development of the Ministry of Industry of Cyprus. Much interest was shown in the setting up of an information centre in the Republic of Cyprus.

Finally, FR-253/Metz was visited by a representative of the EC office in Sao Paulo responsible for the promotion of investments and industrial cooperation between European and Brazilian SMEs. This visit was planned in the framework of the opening up of a European information centre in Sao Paolo.

Towards the end of 1990 a further development in relations with third countries was taken with the decision (Commission communication of Mr Cardoso e Cunha of 12 November 1990, supported by Messrs Andriessen and Matutes) to establish correspondence centres, particularly in EFTA countries and countries in Eastern and Central Europe and the Mediterranean.

Conclusions

The purpose of this report has been to provide an account of the activities of the Euro-Info-Centres during 1990. Their activities are many and diverse, the sign of a dynamic network.

The original objective of the promoters of the project, the dissemination of Community information to businesses, has been progressively enlarged to encompass other roles, a reflection of the willingness of the Euro-Info-Centres to respond to the concerns and needs of enterprises. In this way, advisory and cooperation activities have steadily developed. DG XXIII for its part has not been inactive : it is now developing the means to use the vast amount of data available to EICs on regional and local economies. This latest development, which in a sense completes the information cycle, will undoubtably be the major challenge for 1991.

The EIC network has created its own momentum : cooperation links have been established at all levels and for all sorts of reasons. More than anything else, it is this new type of contact, the network effect, which provides the project with the best assurances for its future development and growth.

The year 1990 was in that respect only a step ; 1991 should open up a whole new dimension.

Annex

**First Annual
Euro-Info-Centre
Conference**

**'The European enterprise in the year 2000:
roles and perspectives'**

(Sophia Antipolis, France, 14 and 15 September 1990)

Proceedings of the Conference



**CONFERENCE ANNUELLE DES EI
EIC ANNUAL CONFERENCE
EIC-JAHRESKONFERENZ**

ANTIPOLIS
EMBER 1990

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First Annual Euro-Info-Centre Conference, Sophia Antipolis, 14-15 September 1990

Representatives of DG XXIII: from left to right, Mr Ristori, Head of Unit, Mr Bombassei, Director, Mr von Moltke, Director-General, Mr Rijssenbeek, Head of Unit, Mr Haber, Head of project.

Opening address

by

A. Cardoso e Cunha

Member of the Commission of the European Communities

For the past four years, supporting the activities of SMEs has been a project of the highest priority for the Commission. We are glad to note that the project got under way and has become successful very quickly: after a pilot phase with 39 centres, we now have 187 centres, and in addition 17 regional satellites. Today we reach every region in the Community, and cover all sectors of business. The Task Force we started with has given rise to a structured Directorate-General, DG XXIII, which in a way symbolizes recognition of the pioneers who launched the project four years ago. There is, however, a perfectly simple explanation for this success: we had a good idea, and we have made contact with the heart of Europe, namely the business world. One must not forget that the Community itself is founded on coherent thinking: had it been otherwise, the Community would not be the success that it is.

Europe does have areas of common interest, even between regions apparently distant from each other, and despite very different traditions, cultures and problems.

Yet, in this Community, there are 13 million small and medium-sized enterprises, and this significant fact, as I see it, symbolizes the social structure of the EEC. Enterprises are indeed the basic elements of the European Community, whether they are small, medium-sized or large, whether they take the form of traditional companies, cooperatives, friendly societies, or joint stock companies: all these enterprises represent the efforts of working Europeans, engaged in complex



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First Annual Euro-Info-Centre Conference, Sophia Antipolis, 14-15 September 1990.

Left, Mr Cardoso e Cunha, Member of the Commission, in conversation with Mr Bom-bassei, Director of DG XXIII.

business and interacting with one another. In their work these enterprises are both customers and suppliers to other enterprises : here we really are talking about the heart and the life-blood of an economy and a society.

But the Community is not alone : it is surrounded by an outside world with an economy of increasingly international and worldwide scope, intensifying local, regional and worldwide competition and developing technology ; this drives us to further reflection, to greater rationalization of our resources, and to acceptance of new ways of acting : new ways of dealing with enterprise management problems, with production methods, and especially with factors external to the enterprise, namely marketing networks and methods of financing. This is why the theme of this first Annual Conference is very appropriate, in my opinion. Its location in a science park provides an ideal framework for the analysis of the environment facing European enterprises. That environment has its strong points—I am thinking here of the overall concept, in Europe as a whole, of what quality means, of the ability of our enterprises to adapt, of the fact that there is a much higher level of vocational training for middle management and workers here than exists in some other areas. But let us not forget, either, that we are working in 12 completely separate national markets, that the competition we face is on a practically continental scale, and that we are consequently forced into wasting some of our R&D resources into duplicating, both in technical and in financial resources. Let us not lose sight, either, of the fact that the third millennium is looming up already : we are living in a rapidly changing world, and this means we have a duty to devote a special effort to thinking about the future, not just in terms of cash management but in terms of management of our own destiny.

The Community, which is not a national government nor even a European government, has responsibilities mainly of a medium-term nature : Our function is to help national administrations, entrepreneurs and citizens to visualize what Europe will be like tomorrow. In this fundamental task the EIC network is an irreplaceable tool. The infrastructure for information and business cooperation is the main

responsibility of the network. A subsidiary responsibility is to act as a catalyst in cooperation activities, either regional (covering Community territory as a whole) or sectoral (covering all sectors of the economy).

I would like to conclude with a message for EIC officials : It is my hope that, when the proceedings of this conference are over, they will continue their reflections at home. The EICs are the latest generation of the Commission's activity, a laboratory to help the Community to have a presence in society, not according to its traditional image as dispenser of cheques or subsidies, but as one with the ability to open doors onto reality and to harness the energies within the system. It is precisely in channelling these energies that the EICs play a prime role.

Europe at the dawn of the third millenium: opportunities and perspectives – The contribution of the EICs

by

Christian Marbach

*Director-General for Industry
Ministry of Industry and Regional Development, Paris*

What reasonable way can there possibly be for telling people and enterprises what the world will actually be like at the beginning of the third millenium? How can we say to men and enterprises: 'Get ready, transform yourselves for tomorrow, for something we know nothing about, even though we are the ones building it'? The Europe of people and enterprises, with the single market and with the Treaty of Rome fully implemented—this Europe still does not quite exist, but tomorrow it will exist, and tomorrow it will be in action; it will exist and it will form the juridical and economic environment of European enterprises, and our role in the drama being acted—but being made up as it is played—is supposed to consist of being able to tell enterprises what that environment is going to be like, what rules have been made and what rules are still in the works, where its territory and its new borders are, what certainties it holds, and what questions remain.

I would like to make a rough sketch of that world of tomorrow for which the EICs have to help enterprises to prepare:

1. Internationalization

Today, and this is a fact, you can go around the world in a few hours, get to any market in a few hours, any competitor can come to try his luck in our countries, any capital can be invested in our enterprises in a few hours, any professional can move between enterprises in a few days or a few weeks. The extreme mobility of goods, investments and people is something literally and very plainly visible. The enterprise is thus less and less often restricted to a regional market. A new type of enterprise is emerging, and the common base is certainly Europe—maybe the world, too (there has been enough harping on the opportunity that the emergence of a European market is going to give our enterprises : a market based on the same standards and the same trading regulations). But let us not delude ourselves, either : differences in culture, consumer habits, differences arising from a certain number of national regulations that will be kept on whatever happens, will leave a certain number of difficulties in the markets when the other barriers are gone. Enterprise will then constantly have to shuttle between uniformity and diversity, and will only be able to resolve the conflict through apprenticeship and the development of know-how on a truly European scale.

The winners among enterprises are the international ones. Last year we carried out a series of studies at the Ministry of Industry, one of which was called PMI-90. We found to our great satisfaction that enterprises that want to be winners consider that they will be successful only if they become international. So there is a whole new linguistic unity—standardization, certification, quality—a manner of speaking devised and developed by people and enterprises who have the ability to shuttle back and forth continually between diversity and uniformity.

2. Technology

What will technological Europe be like in the years to come? We have to say, in all modesty, that we have no idea. We know that a certain number of techniques will develop at a voracious rate ; that there is a

flood of new materials and computer science ; that there are going to be radical changes in communications ; that there are going to be even bigger explosions in biotechnology than there are today ; but the combination of all the different branches of technology is such that nobody can predict how fast they will come together.

So we have coexistence between what there is now and what is to come : we have a mixed bag of concerns—quality, price, but environment and safety as well ; coexistence of market and market requirements ; but social requirements and collective needs as well ; we have the dual faces of technology, as a constructive factor, but also as a factor in the destruction of competition.

The European Community should be thanked for having for so long proclaimed that cooperation between enterprises would be achieved through technology. We ought to thank it for having obtained from governments ever larger budgets in this sector of ever greater priority.

3. Complexity

This is one of the characteristics of Europe, and also of the field in which enterprises are involved. We see that the wide open spaces into which we used to be able to step saying 'This is mine', and the styles of management in which one could forecast 'I'll invest X amount and I can calculate profitability for the next 10 years' are all things of the past. The European enterprise exists in a world that is far more complex and difficult to typify. Non-uniform technical systems are on the move ; organization and enterprise systems are regularly called in question ; fiscal, administrative and regulatory systems are being amended all the time. Moreover, enterprises are confronted by a truly impressive number of authorities (regional, national, Community and international—all having a legitimate right to make a few rules or propose a few changes in the rules of play). Considerable complexity, therefore, which reflects equally on trade systems and methods of financing. The old ways are finally being swept away : it is getting

difficult to hang on to them, and as the arguments crumble away, people end up taking a more modest stance.

The response to complexity will have to be organization, partnership and quality, and asking questions. And in one sense, it will be up to the EIC officials to find the answers. In so unstable a world, one discovers that instability creates opportunity, and that the latter in turn stimulates freedom. Only two years ago, in discussions on what sort of world there was going to be, it was said the future belonged to the Pacific area. A year ago, the trend was reversed, and all the talk was of Eastern Europe. Today the crisis in the Gulf is the main topic. So there is utter instability in every field. As a result, business executives find themselves facing new responsibilities, and effective management has become ability to cope with difficulties in the midst of instability and change rather than ability to manage success in steady growth.

But instability does not affect only them; it also affects competition, and consequently affords them a certain number of openings and liberties. It is up to the EICs to help them find these openings and liberties. When everything is complicated, when everything is moving very fast, information is obviously the hub of power.

Enterprise executives, and also their management teams as a whole, must consequently spend more time listening, observing, reading, becoming aware of the many information resources. For today, information truly is their raw material. The Community had fully realized this when it decided on the EIC network and set it up. It is a chance and a risk, consequently, for tomorrow's enterprises, on condition that the information is properly prepared for them. The French Government is therefore very grateful to the Commission for having set up the Euro-Info-Centre network.

In conclusion, I take the liberty of making a few proposals as to what the network should be like.

EIC officials have several assignments among their job specifications : a consciousness-raising mission, a general information mission, the questions/answers role. All these duties are supposed to enable them to act

simultaneously as mail box and information desk. But in view of their number and diversity, the EICs will need to be supported by other structures outside themselves. The EICs are indeed 'one-stop offices' for information on Community matters at a regional level, but they cannot expect to be one-stop offices for information on all techniques, all markets, all administrative regulations, all standards. The advice I would give them is this : the EICs should continue to give enterprises advice, but they should also be getting it themselves, using others—other enterprises and the other information centres. Care should be taken to avoid any competition between their centres (which must command recognition) and other centres existing in the same region, in the same town. They must ensure that complementarity is achieved.

As regards the French government, its action in support of SMEs is organized around four lines :

The first is training : the priority given SMEs by French politicians as a whole is obvious : it has been demonstrated through recent studies, like PMI-90, mentioned above. We know that the prime problem enterprises are having is in finding skilled personnel for all levels—for the middle management level, and also for the operative and shop personnel level. Consequently, we plan to step even harder on the accelerator regarding this type of training. At the Ministry of Industry we are directly confronted with it, through the École des mines (Mining College), which is under our immediate administration. We are also counting heavily on the Chambers of Commerce and Industry to develop their training efforts. Lastly, we are counting on enterprises themselves to take part in the training network and in devising the programmes. Enterprise executives cannot then say that the training is not always done properly, while showing no interest in the way that it is actually carried out.

The second line is technology. It should be noted, by the way, that the Ministry of Industry's budget for 1991 will be decreased for a certain number of positions, but that it is to be substantially increased in connection with technology. We are emphasizing, in this field, three essential items : the first is Community programmes, particularly the

ones carried out within the framework of the Eureka programme ; the second is programmes in aid of innovation ; the third, dissemination of techniques—to enable SMEs to get used to existing techniques and technology and master them, in particular in the fields of electronics, new materials, computerized planning, or transition technology.

The third line concerns financing. SMEs, more often than larger enterprises, encounter a certain number of handicaps and specific difficulties. This has to do with the structure of their capital, which sometimes forces them into complicated acrobatics in order to set up and to transfer a business ; this is because of their recourse to credit, which is difficult to get and which so far as the banking community is concerned, has to be justified by the nature of the risk assumed.

The last point relates to information *per se*. The French Government has already carried out a certain number of operations in this field. It does so through its own services or with help from those of the Chambers of Commerce ; it does so in matters of foreign trade, in connection with standards, patents, scientific and technical information. It does so—and will continue to do so—concerning Europe, and this is the essential role of the EICs, so as to enable French enterprises, and more generally, European enterprises as a whole, to prepare for the deadlines ahead of them.

The future of enterprise: a mission for the year 2000 an American view

by

Tom Peters

Writer, business management consultant

As time goes by, looking at relative sizeable commercial institutions—be they in North America, Europe or Japan—my pessimism about their vitality and their ability to change themselves grows significantly. Over time, the sort of things that come to my mind as possible solutions have become more and more radical. Partially this is driven by the American experience—it would certainly not be unfair to say in an American context, and probably also in a world context, that Fortune 500 is a bit of a symbol or even a metaphor for industrial myth (this seems to be particularly true for the first 25 years or so after World War II). During the decade of the 1980s, 46% of the companies listed in Fortune 500 disappeared from the list. This does not mean that these companies were actually destroyed, but that they were bought by someone else, broken up, spun off, or supplanted by something new. Regardless of the reasons, however, there has never been as much volatility within the Fortune 500 list as during the last 10 years. All of the forces that were unleashed, that caused almost 50% of our biggest firms to disappear in some sense, have barely begun to exert themselves. I do not know which 50% will disappear in the 1990s but only a fool would suggest that that number would be lower. And it is amidst this sort of turmoil that we walk into the process of change.

As to the handling of our subject, I would like to refer to a number of statements which I have entitled 'Guiding hypotheses'.



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First Annual Euro-Info-Centre Conference, Sophia Antipolis, 14-15 September 1990.

Mr Tom Peters.

1. Nations which use markets as their guiding organizing principle outperform those that don't

This is hardly a very audacious statement in the 1989-90 period, as we watched the collapse of the non-market-oriented economies, particularly in Europe. On the other hand, it is a pretty audacious statement. If one looks at the Fortune 500 companies in the US, I do not know of many of them who seem to like markets very much. In fact, they avoid competition if at all possible. The best statement that I have happened to come across in 1990 came from the Head of the Cartel Office , who described strategic alliances as 'voluntary renunciation of competition'. Indeed, when I see Ford and Fiat get together to build trucks, or Mitsubishi talking to Daimler Benz, I cannot help myself feeling extremely perplexed.

I have become a great admirer of Michael Porter's *Comparative Advantage of Nations*. Despite the fact that the book comprises 855 pages, I believe it is possible to reduce it to three words: vigorous domestic rivalry. What Porter really talks about, whether in Japan, Italy, Switzerland or the US, is in fact very competitive industries which seem to be more or less led by areas that look a lot like Silicon Valley. The power of Silicon Valley is that it is hopelessly entrepreneurial and hopelessly disorganized. Secrets cannot be kept for more than five minutes; coffee breaks, but even more pubs and bars seem to be an important part of the network. In fact, most intellectual knowledge transfer associated with the semiconductor industry occurs in bars within the 300 square mile area called Santa Clara County, California. While this sounds like a nice example, this is really what happens. In fact, in each case today where a nation had an industry that was dominating on a global basis, what they found was some sort of a Silicon Valley equivalent. So what Porter calls 'vigorous domestic rivalry' means that not only are nations important but more so the vitality and competitive energy within regions. In this sense, the intellectual property rights in the US seem absolutely appalling: in an era of fast paced change, what seems paramount, on the contrary, is an as unfettered as possible transfer of knowledge.

Another point to be mentioned under this topic is that of size. As an American, one of the requirements today is that one must agree to be obsessive about the Japanese. As a result, no American seems to know anything about what is really going on in Germany. I believe, however, that the West German story is at least as powerful and that there are at least as many lessons to learn from them as from the Japanese. Part of my own experience in this field took place in 1989, when *Business Week* published a list of the 1 000 largest companies in the world, publicly traded. The list included 353 American firms, 345 Japanese, 60 or 70 French, 80 or 90 British, but only 30 German. And yet, here is a nation that has per capita exports amounting to 2.5 times those of Japan, that enjoys a trade balance that soars over that of Japan. The reason is that, despite the presence in that list of Siemens, BASF or Badischer, the real power of Germany is the unseen strength of the

'Mittelstand' which is unidentifiable by name. The middle-size company, which may represent in the USD 250 million to a billion in size may be a unit that is almost ideally sized for the future. This type of company is big enough to make a difference, but small enough to be able to change course with some degree of rapidity. One of the problems we have in America in defining this type of firm is language: There is actually no equivalent in English to the word 'Mittelstand'. It seems as if the American vocabulary only knows two words: small and big—big being Exxon, small a corner grocery store. But the whole middle size of the economy—that is arguably the most dynamic—has no label. And as we all know from the linguistic standpoint, unless there is a label, there is no policy, no coherent focus and so on.

2. Companies which emulate markets inside their organizations outperform those that don't (hence the importance of subcontracting, violent market injection strategies, *perestroika* within the firm, flatness, information sharing, maverick-workshop etc.)

This second hypothesis means that what we are seeing are entirely new shapes of organizations—network styles of organizations where one does not have to emulate the traditional British/American approach which says that the only kind of integration that counts is the vertical one.

In the computer industry in the US, sales per employee at Apple Computer are approximately USD 400 000; sales at IBM are USD 139 000; sales at Digital, USD 89 000. But what is actually Apple Computers? It's a technology and market-oriented network that essentially owns very little of the productive facilities that add up to the computer. I would thus argue that Apple has a better chance for the future because of its ability to move and adjust more rapidly as a result of this strategy.

Violent market injection strategies is a difficult element to summarize. I do not believe that it is possible for sizeable institutions to wake up

unless they insist that the market winds force their way into every area of the firm. Every unit within the institution—whether purchasing, accounting, management, or information systems—should test itself against the market, just as any production or R&D unit would naturally be inclined to do. Out of all the big companies I have had a chance to study, I should like to point out one which reflects what I actually mean : MCI. MCI is today a USD 7 billion firm, the particularity being that it functions with less than 17 000 employees. It is as technologically advanced as any institution I know, but it does virtually none of its R&D itself. The R&D department consists in fact of a small group of travelling professionals who pursue any company of any size and in any corner of the world that can provide new technology to hang on to the network in order to solve customers' problems fast. I am not suggesting that there should be no central laboratories ; I am just saying that there are many ways to cut this specific pie.

3. Innovation (of the new product/service variety) is the number one problem confronting the modern corporation in a more competitive, less regulated world (genuine renewal for big firms is next to impossible)

One of my obsessions these days is to know what the strategies are that can bring an institution to change and I tend to believe that the only ones that are plausible are very vital financial markets and extraordinary competition which in fact forces giant institutions to face the music.

In the summer of 1989 I was speaking in Barcelona to a group of managers of a large European automobile company. We were talking about the market. I had the audacity to warn them about the consequences that the launching of the Toyota Access and the Nissan Infinity would have for Mercedes and BMW. I was virtually laughed out of the room. In January 1990, the Toyota Access was introduced in the US and has already, in nine months time, surpassed Mercedes and BMW in that market. That is how fast things can happen !

4. For the first time since the industrial revolution, brand new organizational forms ('in degree' that become 'in kind') will lead the way to adapting/renewing/surviving—or not

I go around regularly claiming 'Hierarchy is dead'. Of course, it isn't dead. Firms will continue to have somebody in charge and still have a couple of layers of management. But when one goes from a 15-layer firm to a 3-layer firm, one does no longer have a hierarchy such as we have known for the last couple of hundred of years. I have come across this phenomenon recently, with the American Railroads. After deregulation, the Railroads had to face up to a series of problems that had been piling up for decades: one of these companies, the Union Pacific Railroad decided in a course of 120 days to reduce the number of levels in its operation areas from 10 to 2. What catastrophe occurred without the thousands of managers on the job? The only 'catastrophe' was ... tighter adherence to budgets, better safety records, and more profitability. The surprising element is that virtually all the tenets of management up to the 1950s in the Western world were built by the American Railroads between 1840 and 1870. One hundred and twenty years later, we are thus in a process of literally destroying them. Totally new organizational forms are thus definitively called for.

5. The market is the world, although differences in tastes will not disappear, but will increase

I would hereby like to react violently against such issues as Ted Levitz's notion of 'global brand', or some of the pronouncements I have heard about so-called Euro-brands.

The notion of homogeneous taste is completely inconsistent with the time. In the US, there is only one trend today, and that is micrization, i.e. radical decentralization of even extremely centralized firms, in order to pay more attention to regional tastes.

Hence, whether we talk about Procter & Gamble's advertising or Nissan's product development, it is interesting to note that when

Europe is talking about consolidation, companies like Nissan which are belatedly moving from being exporters to true multinationals—or multilocals—, are giving more and more power to (a) the national unit and (b) the local units within the nation to develop their own activities.

This is an age of variety. I have no problem, hence, in dealing with the idea that small companies can go global. On the contrary, it appears that Germany's strength is, precisely, composed of 200-person companies which dominate a small niche all around the globe.

6. Centralizers will lose

The words speak for themselves. No comment needed.

7. 'All-at-once' change in organization structure is probably the only way for sizeable firms to renew

I am an avowed incrementalist—or, rather, I used to be. I am now an avowed radicalist when it comes to organizational structure (culture change, as we call it in corporations). Changes in structure, I believe, must be made rapidly and all at once.

There is no way, to use an area which we have already talked about, in which a 13-layer organization can effectively compete with a 3-layer organization in this new age of speed. The best example of this evolution is probably Sears & Roebuck. There is probably no prouder firm in the US than Sears & Roebuck, no firm that illustrates as perfectly the image of the American dream. This did not prevent it, however, during the 1980s, from being literally destroyed by Wal-Mart. When we introduced Wal-Mart in our '*Search for excellence*' in 1982, it was a USD 600 million company; when we did our research in 1979, it was a USD 300 million company; today, Wal-Mart is a USD 36 billion company, and yet, they still have only three layers in management.

8. A period of volatile/violent corporate/national economic restructuring (globalization, Europe 1992, Pacific Rim) will last for 25 to 50 years, followed by massive consolidation for a while

This may seem an obvious point, on the one hand, but if one reads history, we are in the midst of the most significant change to occur in the last 200 years. The history of such change is that it may be ugly, messy, but that in the long run, when the story is written, it is those who have proven to be more capable of handling the chaos who will come out of the mess. Fifty per cent of the Fortune 500 companies, we have seen, will disappear in the 1990s, and probably another significant amount in the decade after that. Hence, the more corporate raiders we have, the more flexible financing we have, the more venture capital we have, and the less restrictions on intellectual property we have, the more likely we will be able to come out on top of the heap. Jim Follows, one of our best journalists, recently wrote a book called *More like Us*. It was a battle cry for Americans to go back to be what they had been. In a sense, it is true that the magic of the US economy has been its disorganization. Follows' two key chapters are entitled 'The American talent for disorder', and 'The Japanese talent for order'. I am a great admirer of the Japanese. Over the long haul, however, I do believe that their time in the sun will have proven to be relatively short, and that those who have pursued disorder vigorously have, if not a good chance, at least a better chance than the others.

9. In the absence of the Cold War, frictions between Japan and the United States will grow, with serious adverse consequences for both

I will add with sadness that what scares me most about Europe and even more about the US is that given this necessary turmoil, the chances for protectionism have never been higher. In the US, the degree of rancour against the Japanese has become really frightening, and I spend a lot of my time in Washington testifying in Congress

against the absolute insanity, neo-populism, fairly disguised racism which exists against the Japanese and Asians in general.

And this is how I would like to conclude: I think this is the most exciting time for enterprise in the last 200 years. Those who are called to manage at this time are the luckiest people since those who were in charge in the UK at the time of the industrial revolution. Today, there are simply no rules. No one has any idea of what is going on. When I started my formative years during the 1950s, it was probably the most depressing time for American managers ever. We knew for certain that we knew everything about everything. Our market share in the world was approximately 100 %. But because of this market share we made the mistake of thinking that this was because we were smart. As soon as our institutions were challenged by more agile competitors, 50 % of them collapsed in 10 years. The vitality of America is the vitality of Compaq, Apple, Wal-Mart, Federal Express, and a few hundred firms like them that are trying to wake up our sluggish companies. This is the example we have to follow if we are to survive.

The European Enterprise in the year 2000: the European perspective

by

Sir John Harvey-Jones

Former President of ICI, President of The Economist

The first element I would like to mention is that the sheer increased competition, which will result from the single market could make the twenty-first century the 'Century of Europe'. There are good reasons why this might be so. Let us be clear: the success of Europe can only be based on economic success, and this is where it will find its *raison d'être* for the future. Another point, where I tend to agree both with Tom Peters and Michael Porter, is that the twenty-first century will be seen as the century of the SME: it is definitively not going to be the century of the large company.

I believe indeed that most current individual and consumer trends play to European strength. We have major opportunities, because so many things have changed. The sustainable comparative advantage by having a unique opportunity to produce has thus almost vanished: any firm that thinks it is going to survive in the future by just being a cleverer producer is wrong. Technical changes in business are massively reducing the cost of producing different products and enabling more and more products to be made. Again, I agree with Tom Peters that people do not want the same things. As a matter of fact, I have been predicting for a long time that the single homogeneous market in America would begin to regionalize, and this is precisely what is happening.



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First Annual Euro-Info-Centre Conference, Sophia Antipolis, 14-15 September 1990.

Sir John Harvey-Jones.

Studies carried out by *The Economist* recently investigated the possibility of providing homogeneous products in Europe. We actually found out the obvious, i.e. that French people tend to like things the way they have had it, and the same applies for all countries within the continent. If there was a day where it was believed that a single market would enable one mighty company to turn out one product that everybody in Europe would buy, this is not going to happen. Because the advantage in our continent is our diversity of cultures, tastes and designs, if we go for a soggy, homogeneous lowest common denominator, then we will be failing miserably. This is why I am particularly interested in the work of the Euro-Info-Centres. The latter have to find ways, by networking, of getting value-added for the whole lot without losing their individuality. And the network which is being set up is not designed to provide a single answer, but rather a flexible working relationship where the differences between each EIC

are mutually respected and where there is an underlying common belief which enables them to help this exciting process which Europe is going to be about.

The challenge of tomorrow's world for most of us is that we have to help the process of increased openness, exchange, and interchange between people. The problem is that alongside our diversity we also have some historical suspicions. We expect that we are similar, but it is our differences which are actually the key. We hence have to take into account the existence of this element of conflict, but on the other hand we must also try to master and assimilate it, and not allow it to go beyond the level where speed and movement is created.

I differ (slightly) from Tom Peters as to the reasons behind some of the changes which are taking place today. There is no doubt, first of all, that the biggest single change in the last 15 years is the belated realization that speed is a major source of comparative advantage. And this realization has undoubtedly been brought to our attention by the Japanese. Every organization, be it large or small, is working nowadays to reduce the development time, to reduce the amount of stock held, to try and get more new products onto the market, and at an accelerated speed. One of the problems we have is that when we look at the world, we do not actually realize how fast things are changing—and this is nothing compared to how things are going to move in the future. It's sometimes only when one looks back that one realizes the importance of the changes which have actually taken place. Before the War, to give one example, the difference in price between a custom-made shirt and a mass-produced shirt was 8 or 9. Today, the ratio lies somewhere between 1.5 and 2. This shows how fast the economics of manufacturing have been moving.

Another element worth mentioning in the context of breaking up the forces of inertia is the question of size. I would like to add a few considerations to Tom Peters' remarks on this point. The real problem in this area is to know how we are going to get the advantages of the large enterprises while still enjoying those of the small ones. For if it is possible at all for an SME to establish a global niche, this will inevitably

be in a narrow field. We are then confronted with a double evolution where large companies tend to think global while trying at the same time to act local, and smaller companies are forcing themselves, in some manner, to look global, due to the tremendous increase in development costs. It is inevitable, of course, that we are going to be left with some large companies, perhaps flexibly organized in interdependent organizations, and here I do not quite follow Tom Peters' arguments on this point. But what will change for any company, be it large or small, is the means of attacking the market. And in this manner, what one should start to do away with is the myth I was eventually brought up with, and that is the belief that one can command everything.

I am also a fan of Michael Porter's *Comparative Advantage of Nations*. I believe that Europe has every opportunity of creating just that sort of environment. If one looks at what we have got in the field of centres of learning, universities, centres of excellence, there are indeed major areas of world business which are still dominated by Europe as a whole. Michael Porter incidentally wrote an earlier book where he mentioned that people who enjoyed a comparative advantage were actually those who had a holistic view of their business, rather than those who tried to optimize through functions. Again, the old giants believed in optimizing every function and the belief was that, if you did, you were bound to optimize the profit at the end. What we are therefore proposing for the future, and in order to enhance Europe's chances, is improvement in communication, improvement in being able to be in each other's minds, improvements in being able to actually work together.

I am actually a fan of activity costing. The old way of costing an industry was suited only to a stage where the major cost of a product was in fact the cost of manufacturing. This indeed has considerably shrunk and is due mainly to the existence of information technology. Here again, I believe that the EICs have a major role to play, because they bring along the advantages of cultural diversity, which is, again, the comparative advantage of Europe as a whole. If one wants to work across borders with different backgrounds, different historical beliefs,

different ways of discussing, you need a shared vision or a dream which transcends the inevitable differences. In business terms this is absolutely vital, because just as the theory of chaos to which I wholeheartedly subscribe means avoiding optimizing everything, in a company, chaos means working towards a dream and a common commitment.

In the past, companies used to write down loads of agreements, which were meant to establish the rules of working together. One cannot, however, prescribe the future. What is needed, therefore, is openness, trust, mutual respect, patience, and a sense of realism. None of the latter come automatically, nor do they ensue from the commitments of a book. All these elements have to be worked for, and this is where the skill is going to play. You need norms and standards, but they must be enabling standards, that facilitate the flow of information and above all prevent the amplification of distrust. What we find in Europe today is not mutual trust. There is mutual trust between individuals (and this is done by using a skill that had almost been forgotten in the industrial world, and that is the skill of listening). There is hence a lot to be done in order to achieve this trust in the field of business. And this is, once again, where one spots the role of the Euro-Info-Centres. The EICs have as advantage that, when they communicate, whether by phone, or via electronic mail, there is a personal element connected to every operation, something similar to an emotion. And that is what communication is all about : Communication is about building bridges, about being in other people's minds. This comes by knowing, by respecting, by enjoying cultural differences.

Being the traditional comparative advantage of this continent, it is this element, then, which will give Europe, if correctly mastered, the best chances for the years to come.

Debate

**Sharing views with Tom Peters
and Sir John Harvey-Jones
on
THE FUTURE OF ENTERPRISE**

Iannis Stavrou, EIC Thessaloniki

Q : *The recent developments in the energy crisis showed that big companies are more able to react to this kind on international crisis than small companies. Can you comment ?*

TP : I should like to make three points :

1. I believe we haven't learnt anything from the 1973 and 1979 experiences. I spoke of the Japanese record for order and the American passion for disorder. It is a fact that the Japanese got organized around the necessity for oil conservation. They had no option since they have no oil. Their conservation record, as a consequence, has been phenomenal. Ours, in the US, because of our reserves of crude oil, have been non-existent.
2. The most important factor today to judge the future of enterprise (including small enterprises) is the Silicon Valley phenomenon. Silicon Valley is the oil of the 21st century. The ability of a small firm to do well in the future is hence linked to the fact that a smaller firm can often act as a larger firm nowadays, and have access to databases in a proportion that was unthinkable a few years ago.
3. In developed countries, the proportion of human beings involved in manufacturing has dropped significantly. On the

IBM payroll, for example, only 6% of the employees are involved in manufacturing, the remaining 94% in the service sector. Today, 75% of Americans, 65% of Japanese and 60% of Germans are working in the service sector, and even this proportion is irrelevant, as many of the people who are actually not working in the service sector are nevertheless concerned by it. Value-added through information is the essence of what is going to go on in the 21st century, and I believe that small companies will be reacting more rapidly. I do not want to overlook what is happening in the Gulf, but I do believe that the age of oil is actually behind us.

SHJ: I would tend to believe that we needed a higher price of oil, because the current level did not encourage conservation. The difficulty in fact is not price, but the speed of change. My belief is that smaller organizations can adapt faster to increasing oil prices than the larger ones. This could also be an opportunity for them to develop new energy saving devices.

Niels-Erik Andersen, EIC Arhus

Q: *We are a country of very small companies. How can the Community and the EICs help to create this 'chaos'?*

TP: I already spoke of the commonality of bars and the use of telephone. The value of bars is people in an informal setting exchanging high value information between each other. In this sense, it can be said that the issue of Silicon Valley has a strong social component. The Japanese have difficulties to do so. But Europe has a chance and this is also what EICs are all about.

On the telephone issue, I am also a believer in some of the attributes of new technology. But technological applications such as electronic mail can only work where people already know each other. This is literally the underlying tone of any relationship.

SHJ : The whole business communication shows a main problem in Europe, which is that we basically remain strangers to each other, despite the fact that we travel more. What we are trying to do in 1992 is to enable groupings to occur outside our national boundaries, but in different ways than those we have had in the past. The EICs are enablers and builders of these bridges. They are honest brokers, and that is where their originality lies.

Michael Coyne, EIC Leicester

Q : *We are all in favour of flexibility. But the difficulties arise when one tries to define this concept. In many ways, Tom Peters' interpretation of flexibility is a reworking of the American dream. This, however, does not seem to apply to Europe, where a lot of consideration is given (a) to the short term and (b) to externalities. 1992 seems, in this context, to be based on a restructuring of European industry in order to take advantage of the economies of scale. Do you think we are embarking on the wrong train ?*

TP : In some ways, yes. I believe that economies of scale are dead. I don't even believe that John Kenneth Galbraith believes in economies of scale anymore. There is such a thing as market power, but this will be seen in the future as something very different from what we have seen in the past, i.e. something more and more linked to a kind of network operation. The success of Japan today is not linked to its vertical integration ; it is linked to its research and marketing capabilities. And that is precisely the hope for Europe, i.e. that the value-added of the future will be connected to the fact of being able to produce goods conceived and tailored for different tastes. This is once again the comparative advantage of the Community, which it should by all means take into account.

SHJ : I do not agree with the formulation of the question : the aim of 1992 is not agglomeration. I believe 1992 consists in opening up markets and enhancing competition. As a result, there will be a reduction in the number of players and a concentration on niches. If my assumption is correct, i.e. that verticalization is a thing of the past, then you might very well end up with only two car production lines in Europe, but producing a variety of models. Those two car production lines could in turn be serving 100 or 200 motor producers whose skill will be specification, in order to produce the variety required.

The question thus refers to the wrong model, or at least to a model of the past. Tomorrow's model is totally different. I tend to believe that the effect of 1992 will be extremely beneficial. But the scary thing about it is that so many small firms throughout Europe think they will not be affected by the change. I have to stress that nobody will remain unaffected.

In a typical market segment in Europe today, one usually finds up to five times the number of firms than in the United States. This is because each country has tried to preserve through its own competition laws enough competition within its own market. Sometimes the competition has been tough, and you have the Michael Porter syndrome ; and sometimes people have just been preserved by artificial means. The real competition today, however, comes from those who happen to be in a specific niche. This is the type of world that we are building.

Wolfgang Zscherlich, EIC Bonn (GEBI)

Q : *'Mittelstand' firms tend to operate like small multinationals, with branches in different countries. But they remain on the other hand small companies with usually less than 50 employees. This creates problems, particularly in the field of communication. How can one relate the perception of these types of companies as the companies of the future with the fact that their managers are not able to communicate because of language barriers ?*

SHJ : I do not believe that language constitutes a problem nowadays. The teaching of languages has transformed itself, and one does no longer need as much time to actually study a language. The problem lies rather in our minds and this is particularly true for certain countries. I believe that Europe on this matter will follow more and more the Swiss or Dutch model, with an ability to at least master the basics of several languages, rather than the British one, which tends to be too perfectionist.

TP : There are other elements connected to this issue. If one considers Japan, for instance, one finds a large number of American firms established in that country. Their managers usually do not speak Japanese, but what they have done is to establish a network and develop the necessary relationships.

My only comment concerning 'Mittelstand' in general is that these firms have one great unassailable advantage, and that is that there are more of them. The same is true for Japan : in every industry where Japan outperformed the Americans, the Japanese concentration ratio was lower than in the US. This means more competitors, and not less. I think this is indeed a key to the future.

Antonio Vas, EC Press and Information Office, Lisbon

Q : *You seem to argue against big companies. But what about smaller countries? In the Community, we seem to have our Californias, but we also have our poorer regions. How can they survive?*

TP : I have no inherent bias against big institutions, but rather against the manner in which big institutions have been managed during the 90 years or so since we invented professional management. Big companies need some form of cleaning up. This is the reason why I tend to be a fan of corporate raiders

and hostile takeovers. It is the under-performers who get taken over, not the over-achievers.

Concerning the question : I am convinced that there will be a marginalization of labour rates in Europe, and that no area will be able to survive in the next 20 years without playing the game of value-added products.

In the US, we had an underdeveloped region called the South. Dupont and a few others moved there to profit from low wages. By the time the plants were built, the wages had evened out. They were then faced with the problem of high wages, and undertrained or unskilled labour (this tendency has in fact rectified itself in the last 20 years). Concerning Europe, wherever a firm may be, it will have to play the game in the developed countries' manner, which means in a value-added fashion. And the game, I believe, will go to those who behave in a smallish manner. Germany, as we have seen, has few big companies ; Italy has even fewer. It is not surprising, hence, that these are the countries that are referred to as the models of tomorrow's Europe.

Also, one must not forget that we are in the era of the service sector. Speed is all about distribution and communication. This is, as Kenichi Omae puts it, the 'age of the brain-based economy', which means : value-added through high-skilled people. Where these people are actually living and working does not really matter.

SHJ : I happen to be the deputy chairman of a company which is the largest leaser of aircraft in the world. It probably also owns more aircraft than any other company in the world. The surprising element is that it employs exactly ... 284 people, all based in Limerick, Ireland. At any given moment, however, over half of the total staff will be spread throughout the world. And we touch base in almost all countries. I think that nothing would stop a country from applying similar strategies, except (a)

its aspiration and (b) a mistake that is often spread throughout small companies, and that is the belief that the role of business is to create jobs. The role of business isn't to create jobs. It is to create wealth, and the wealth in turn may create jobs. One of the things that worries me about countries that think of themselves as being on the periphery of Europe is that they look at their geographical situation as a major disadvantage. This is not so. The problem in a country like Portugal is that there is not enough integration between university and business and that there is not enough aspiration to make the necessary changes. I would like to convince the Europeans as a whole that the future is there for all of them if they look at it with broad enough eyes. We have to narrow the niches in order to be, each in our own field, the best in the world.

TP : To reinforce this point, I would like us to remember what Silicon Valley was 40 years ago : it was pruneyards and apple orchards, and a small number of people with passion. And this is the hope for a country like Portugal. When I look at the US today, I clearly see two economies : One of them I consider the economy of the past : it is comprised in a circle composed of Washington DC, Boston, New York and Chicago. The other economy is completely underreported by the national press. It spreads from Richmond, Virginia to Atlanta, Georgia ; Tampa, Florida ; Dallas, Texas ; Phoenix, Arizona ; San Diego, California ; San Francisco, California, and up to Portland, Oregon. This axis, which I have described as the Golden Crescent, contains the hopes of the US, and maybe of the world, for the decades to come.

Roundtable

What will the enterprise of the year 2000 be like? Development of functions

Moderator: John Palmer, Brussels correspondent, *The Guardian*

Panel:

Ed Bolk, Marketing Director, Randstad Uitzendbureau, Diemen
Gérard Debrinay, Vice Chairman, Algoe, Lyon
William Kingston, Professor, Trinity College, Dublin
Jean-Claude Millet, President, Imaje Company, Baux-les-Valence
Christian Rovsing, Member of the European Parliament

Working group 1 : The legal framework

Rapporteur: Martine Dronval, EIC Bordeaux

- Q : *Within the Community, enterprises can operate in two ways :*
- (i) either by choosing an established structural framework (company, EEIG, etc.) (in this field Community harmonization actions are already advanced or in progress), or*
 - (ii) by giving the preference to partnership, through a number of relationships.*

Enterprises are increasingly incorporating the 'networking' strategy. And the EICs for their part are well-equipped to further cooperation among enterprises (Europartnership, BC-Net, Eurokom, etc.).

But then what? There is a prevailing feeling of legal insecurity in these potential relationships. Now legal insecurity is an obstacle for the business owner.

Hence our question :

What actions does the Community plan to undertake to give business owners a minimum of legal security for trading within a Community framework ?

GD : I am not going to dwell on the problem of the legal insecurity of contractual relations as such. Only what strikes me when there is talk about partnership, networking, and so on, is the impression that a certain number of schemes are being sought as a substitute for more basic kinds of enterprise contracts. In reality, it seems to me, there is more at stake: European enterprises need to make a much firmer commitment as regards their future, and that calls for more stable ways—and probably more traditional ones, too—of operating.

CR : I believe that EEC contracts that cannot be altered by big companies, and which are used in Brite, RACE, etc., give a sufficient amount of protection to the smaller companies. If these conditions would prove not to be satisfactory in their legal structure, this should be reported to the Commission, and I am sure that an appropriate protection would be built in. Having had a personal experience in dealing with the Community, whether in my capacity of head of a small company, or as responsible for a big firm, I do tend to believe that this type of contract is satisfactory. If one looks at some of the undertakings presently discussed at the Commission, such as the protection of software, intellectual property rights and so on, I believe that we are working towards common understanding. And if we want better protection, I think the Commission response nowadays would probably be encouraging.

WK : I am personally very sorry not to have been able to discuss this point with Tom Peters, because I tend to be in utter disagree-

ment with him about the assumption that one should get rid of intellectual property. On the contrary, it seems to me that what SMEs need is the best kind of intellectual property possible. I agree with Tom Peters that the present regulations are outdated. It is in effect quite surprising that we are still working with a system of patents, trade marks and designs that dates from 1883! There have been numerous attempts to change these laws, but nothing has really happened.

I think the real issue here is that of market power. There are actually three kinds of market power: There is the market power capability, which is market power you get from being able to do something better than somebody else; there is the market power persuasion, which derives from having a bigger advertising and marketing budget than anybody else; and there is the specific market power, which for our purpose today is intellectual property. By definition, the SME does not have the market power capability to any extent; it does not have the market power persuasion to any significant extent, and cannot have; consequently, if it is to survive and develop, it must rely on the third type of market power which in our context, I repeat, is intellectual property.

Working group 2: Production

Rapporteur: Marzio De Lucca, EIC Bologna

- Q: 1. *Production systems throughout the EEC demand:*
(a) *flexibility,*
(b) *availability of work-force,*
(c) *quality.*

Accordingly, cost effective access to a network of qualified subcontractors is needed. How can the EICs effectively meet this need? What do you suggest?

2. *Removal of internal barriers opens the road to imports (a single standard reduces development costs). Are we going to need trade barriers against third countries where labour costs are one-third of those in the Community, with the same final quality?*

On the first question

JP : I recently attended a Commission-sponsored conference on problems and challenges raised by European subcontractors of Japanese companies. This was an eye opener to me in terms of quality, standards, flexibility and rapid response which Japanese firms expect from their European subcontractors. I was struck by the fact that notwithstanding some complaints, people who had experienced this system thought it had improved considerably their competitiveness and prospects.

EB : I would like to link this issue to the more global problem of changes in the working environment. As everyone knows, 60 % of the present work-force in the Netherlands is employed in the service sector. This requires a new way of managing a company, i.e. transforming the manager into a kind of project manager. A lot of flexibility and availability is required from the work force, but even more so from the people who have to actually manage the product. What is really required, then, is education. Relating this to subcontracting, I would say that the problem in this field is less looking for someone who can do the job, than for someone who you can work with, who you can share responsibility with, who will do the thing that you think is right. This is consequently more of a cultural problem than a technical one.

On the second question

CR : One thing is sure : the European Parliament will not support the erection of barriers, because it believes that the Community will

be competitive in the future. This is a question, globally, of skilled labour, infrastructure, on-time delivery, right technology, right quality control, right communication systems. Our task in Europe should therefore be to focus on the ways to meet these demands. And there are two ways to do this: one is to erect barriers and to protect oneself behind these lines; the other is to improve the infrastructure of the Community altogether. The Commission, for instance, is presently taking steps in order to enable smaller companies to communicate with cheap means. The technology information centres also have to educate small companies to communicate electronically with their partners.

- JP : I wonder if we do not need to move even beyond information culture through technology to joint problem-solving through these means. An electronic round table system could enable SMEs to contact partners in other countries and actually solve joint marketing problems together.
- GD : I would like to make three comments on the North/South problem as brought out in the question :
1. To begin with, I am not sure that competitiveness problems come in the first place from countries where labour costs are lower than in Europe.
 2. Putting up customs barriers, in any case, is not much use : ways can always be found to get around them.
 3. Enterprises need to have access to the best input, wherever they are located in the world. Putting up barriers at that level would therefore be penalizing European enterprises too. If innovation is the decisive factor in competitiveness, it is achieved by implementing very high standards and norms, whether in product performance, safety or environmental protection. Obliging European enterprises to meet these standards consequently appears to me to be a far better way of supporting the competitiveness of European enterprises than withdrawing behind some hypothetical inside walls.

JCM: I am entirely in agreement with this viewpoint. Setting up customs barriers would in any case have only short- or medium-term results; it is always preferable, too, to take advantage of the regulatory effects of imbalances. So long in any case as international trade is not restricted to trade among Europeans, difference in costs does not in the long run have exclusively negative effects. There are two arguments to add to this point of view: first, it seems very dangerous to me, in a worldwide and highly interactive system, to act on one parameter only; secondly, we must not lose sight of the fact that growth in the countries referred to in the question, which are capable of producing quality goods at lower cost, is also our concern, to the benefit of the world economy as a whole.

WK: I tend to be more pessimistic than Mr Rovsing. He said that he does not foresee severe problems in the future for the Community, because it will increase its international competitiveness. But will this really be the case? I recall a speech by Mr Wisse Dekker, the President of Philips, in 1984. He felt very exasperated at the time about the slow pace of the evolution towards the single market. I remember him questioning the audience: 'What will Europe look like in the year 2000 from the point of view of the Pacific Rim?'. And the answer came, bluntly: 'America will feed the world, Japan will provide it with products, and Europe will be their playground'. To a certain extent our reflection should help us to find ways to prevent this evolution. But in some areas the figures are clearly against us, one of the major examples being the ground lost recently in the field of semiconductors.

Working group 3: Research and development

Rapporteur: Peter Wolfmeyer, EIC Mülheim

Q: *The Group agreed that SME participation in R&D (either through national or Community programmes) will become increasingly important during the next decade.*

However, the Group identified a number of obstacles to SME participation in R&D,

- (a) in programmes :
the requirement for transnational cooperation;
the lack of early information about forthcoming programmes;
the limit of 50 % funding*

and

- (b) more generally,
the banking systems which exist in some Member States
which prevent the financing of R&D (and other long-term
investment).*

*What does the panel think can be done to overcome these
problems?*

WK : I would like to make two suggestions :

1. I am a great admirer of what I consider the best programme in the world designed to make R&D available to SMEs, i.e. the US small business innovation programme, which goes back to 1982. The programme starts from the following consideration : All evidence around the world shows that what counts in R&D from a financial viewpoint is not public money or money spent by public authorities, but the fact that for products sold in the market-place, R&D must be funded and controlled by the firms. This means that where one finds large amounts of public expenditure on R&D, the Americans have spotted that there is a considerable advantage in diverting part of these sums to the private sector. In consequence, and by virtue of the Law of 1982, all large R&D government spending organizations in the US must divert 1.25% of their total funds into a small business innovation programme.

The programmes divide the money available in two sections : the first is comprised of grants of USD 50 000 for the

very start of the investigation of an idea; of the applicants 1 out of 9 succeeds in obtaining a grant. The second stage provides for the allocation of awards of up to USD 500 000. Here the ratio of beneficiaries is approximately 1 out of 2. The total sum of money which is diverted in this manner amounts at present to about USD 400 million a year, which is designed to bring new competitive products onto the market. This programme only concerns, however, firms of up to 500 employees. I believe the Commission should look into the possibility to adapt this type of programme. The present initiatives, such as those developed in the Brite programme, do not go far enough. There is indeed a good base for such an initiative, due to the preponderance in Europe of expenditure through public sector R&D organizations. If we could divert some of these funds into ventures similar to the Business innovation programme, this would be an excellent source of R&D funding for the kind of firms we are dealing with.

2. Concerning the banking system : We must recognize first of all that the banking system can do very little about this problem. I get very exasperated when I hear politicians urging people in business to do things that are not rational for them, and it is not rational for a banker to invest in R&D.

If one looks at the money made available for a new idea, the evidence is clearly that the distribution of results does not conform to any curve to which we could apply the law of numbers. In other words, one cannot ensure a final success on the basis of a portfolio. One cannot even insure that there will be one success that will pay for a lot of others. If this is the case, we must, once again, make radical changes in the way we finance the early stages of R&D. Since these early stages depend not on rationality but on irrationality, there is only one way of dealing with this issue, and that is chance. We must once and for all abandon the idea of

allocating the money rationally, and since chance plays such an important element, one must, I believe, allocate the money by lot. I am convinced that this method would do at least as well as the present arrangements, and that it would put an end to the tendency of politicians to exhort bankers to do something fundamentally irrational while they are typically rational people.

CR : One should consider the different levels of research. The first is basic research, conducted in universities, and largely funded by the EC. This, I believe, is a mistake, because it is encouraging Ministers for Finance to cut down State budgets for R&D. Basic research is the prerequisite for the building of prosperous industry in the future. Today, a larger and larger proportion of funds in the Esprit programme is being converted into research programmes where the Commission pays 100 % of the expenditure to the universities concerned.

If we then look at the precompetitive area, we see that in the last call for Esprit, 50 % of the requests came from SMEs and small university organizations. The evidence of SME involvement in developing technology which will form the basis of the new infrastructure in Europe is undoubtedly a healthy sign.

GD : I would like to make a few comments from a study that was carried out at the Ministry of Industry on the extension of SMEs in France.

1. On the R&D problem, I would like first to remind you that though R&D is one of the determinant factors of innovation, it is not the only one. We are finding, in fact, that it is not necessarily the enterprises investing most heavily in R&D that are the most efficient, the most innovative, or the most international, but in fact the ones that have managed to get a good mix of all parameters of intangible investments (what is known as 'corporate wisdom'), which includes information, training, vigorous marketing, and management.
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2. There is an unfortunate tendency to over-simplify as soon as small and medium-sized enterprises come up for discussion. Now, if there is one thing that characterizes SMEs, it is certainly their diversity. So expecting to have *one* policy where SMEs are concerned has something caricatural about it. To my surprise, in the abovementioned study, it was found that the size criterion is actually far more important than had generally been supposed in accounting for the differences in performance in SMEs. Traditionally, in France, the cut-off point between the large enterprise and the SME was set at 500 employees. Today, it is seen that this cut-off is no longer appropriate at all. On the other hand, it has been noticed that there is a critical threshold between 50 and 100 persons, and that it corresponds to the threshold of technical background in management. So I wonder, when I see a certain number of small enterprises launching into very active technological policies, about seeking to put at their disposal methods of financing to encourage them to consume a lot more R&D, and urging them to get into international trade. That seems very dangerous to me, and if there is indeed an important matter at stake in regard to policy regarding technology, it is the need to be much more selective in the choice of policies as well as of recipients. Something else that strikes me within the Community is the tendency to feel that it is a homogeneous market we are dealing with. Now I am struck by the extreme diversity of the technology support policies within the various member countries. You can get a very positive impression from saying that the Community is a fantastic laboratory for testing the effectiveness of policies implemented by the various authorities; I am much more concerned, on the contrary, about the distortions that that can lead to.

Working group 4: Training and human resources

Rapporteur: Gauthier Pierens, EIC Lille

Q : *In view of what is at stake in 1992, is there not some special training effort (and not only as regards information) that should be made at every level (secondary, advanced, continuing, etc ?) on the facts as regards enterprises in an environment under constant change ?*

EB : As a Member of the Chamber of Commerce of Amsterdam I was on a Committee for Education and Labour Markets and one of the big problems we faced is that we were unable to reach those who actually need training most. As to the question, there is of course a major difference between big and small companies. The former have usually already introduced a lot of training in their systems and it is not incorrect to say that constant training is one of the conditions to survive economically. As for SMEs, they are faced with a remarkable problem, because of the discrepancy between their perception of training needs on the one hand, and their lack of possibilities on the other. The question of time and emphasis on the short term plays of course a major role. But this does not compensate for the need to adapt, through training, to the changes in the market.

JCM : There certainly is a huge effort to be made in connection with training, but the mistake that is often made is in looking upon the enterprise as an isolated body, whereas it should actually be considered as a constituent part of society as a whole. Consequently training must restore economics to its rightful place, which is to say as a means and not an end. All the indications today, however, are that economics is still a determinant of the basic values to which man is attached by his very nature. Economics is a vector that can be used to enable different peoples, in the course of trade contacts, to try to understand each other. But there is more to it than that : so education should be all-embracing, and should include

philosophy, history, languages, human geography, ecology. In other words, there is an effort to be made, and it should bear on the ends just as much as on perfecting the means.

Working group 5: Management

Rapporteur: Salvador Curcoll, EIC Barcelona (CCI)

Q : *As EICs, in our 'observation post' role and in our task of helping SMEs, we have found that between now and the year 2000 the complexity of the enterprise environment and the speed of change will tend to become more pronounced. This calls for a new enterprise 'culture' and a new managerial approach. This transforming change has been defined as a change which will not overturn the structure of the enterprise, but arises, on the contrary, from its ordinary operation. Moreover, this kind of change does not create any internal conflicts, but strengthens the cohesion of the organs of enterprise management instead.*

Hence our question :

In your opinion, how might enterprises be able to control this transforming change, and what actions would you like the Commission to undertake to stimulate the process ?

JCM : The subject of management is peculiar in that it is not a speciality. In a way it is the speciality of specialists. Consequently, for management in the enterprises of the future, one need only consider, in my opinion, the fact that the system approach has already begun to permeate our whole society, and that as a result the effort that needs to be made is a training effort to help the permeation along. All future training should therefore be focused as much on the interfaces as on the various components.

EB : I believe that there are indeed big changes to be expected in the field of management. If my assumption is correct about the

evolution in the service sector, one will have to reckon with a totally new organization of the company. One of the elements of this evolution is that in order to enhance creativity, the organization must be more and more horizontal. One cannot, in other words, expect people to be creative and have them wait at the same time for several weeks or even months in order to see their proposals decided upon. The organization of the company of tomorrow will thus have at the most two or three layers of management. In this sense, one can say that we are moving towards some kind of co-ownership, at least in the service sector.

JCM : I am a firm believer in the creation of opportunities for the expression of abilities or capabilities in enterprises, completely across the board, that are, so to speak, much more of the order of enzymes or catalysts than of heavy or hierarchical structures. In my own enterprise, the human resources dimension works on the basis of three considerations ; the first is an integration consideration, aimed at permitting effective integration of the management structure as a whole ; the second is a coherence consideration, put into practice through internal consultants at all operational levels ; the last, which is the efficiency consideration, corresponds to the traditional situation of the personnel services which have to manage programmes pre-established by the company itself as a whole. As concerns trends, then, I will very definitely be in the ranks of those who recommend more horizontal functions.

JP : I wonder if we couldn't connect this notion of a more 'flat' or 'horizontal' organization to the concept of 'play at work'? I refer here to the whole idea of people working at totally flexible hours, corresponding to the unpredictable cycles of creativity : should management not be particularly sensitive to this?

CR : This is exactly what is happening today. People take their computer home with them, do their domestic budget on it, let

their children play with it. This is a matter of education which is slowly gaining weight : to use and to play with one's working tool.

Working group 6: Marketing

Rapporteur: Niels-Erik Andersen, EIC Aarhus

Q: *The Group's discussions were very much focused on the marketing efforts of the EICs themselves and the interface with SMEs as to what products EICs can offer SMEs in this area.*

Due to geographical and cultural differences the Group did not reach any joint conclusions, but we agreed to put the following question to the panel, which covers more than just marketing :

How can a public-sector-driven information network compete against the large resources of purely private consultants ?

EB: The problem, I think, should be tackled from another angle, and that is, once again, the difference between the manufacturing and services industries. In the production sector, one can try to work on the quality of a product; its superior quality can be demonstrated. In the services sector, marketing is done by face-to-face contact. You need a personal relationship because what you have to achieve is trust. Of course, you need a mission, and even a mission statement. By whom this mission is actually accomplished—be it the public sector or private consultants—is actually not important.

CR: I fully agree that it all depends on the people. We have talked a great deal of the needs of the SMEs. These are : easier access to the market, less bureaucracy, increased business opportunities, education, training facilities. If these tasks can be performed better by private consultants, so the better.

Working group 7: Financing

Rapporteur: Marion Schooler, EIC Newcastle

- Q : *In view of the gaps in the availability of Community funds to small enterprises due either to their location or sector, would the panel be in favour of the establishment of a simple and fast disbursing fund with easy access to fulfil the unmet needs of small enterprises throughout the Community and to enable them to go international (e.g. for language training or to establish an office abroad) and if so, what should be the terms of finance made available from such a fund (e.g. grant or special scheme loan)?*
- CR : It is a fact that the programmes that we have initiated in the Community have not so far been as effective to SMEs as we would have liked them to be. On the question itself, I would like to mention that the Community cannot just disburse funds without evaluation. In other words, it cannot give funds away just because a company applies. We have hence to find ways of integrating more SMEs in Community programmes, and put forward changes in the Community procedures which would increase the productivity of smaller firms.
- WK : I really wonder, for my part, why every discussion of new initiatives within the Community comes down to a question of getting more money from Brussels. The present system should be looked at all the more carefully, because transfers of resources from Brussels are not really achieving their results—particularly as concerns the structural Funds—so that what starts off as an attempted transfer from the rich core to the poor periphery ends up in practice in a continuing and indefinite transfer of resources from the periphery to the core. There is, however, an alternative, and this must be seen in terms of law. That is: If we get the law right, we shall no longer have to worry about financial transfers. If the manage-

ment of SMEs had a reason to go international, if it was secure about intellectual property rights, then it could go across national boundaries without problem. All the other elements (funding, training, setting up of offices abroad) would stem from the grounds of legal security. I think this point should be reflected upon.

Overall conclusions

by

Heinrich von Moltke

Director-General of DG XXIII

It is certainly no easy matter to summarize a debate of such intensity. In attempting to do so, I shall refer to the three issues with which in my opinion it has come to grips, namely:

1. What will be the environment facing enterprises in the year 2000?
2. What can enterprises do to become more competitive, in other words to meet the challenge?
3. What can the Community and those working with it—including the EICs—do to provide them with the required assistance?

1. The environment facing the enterprise in the year 2000

We have had a fascinating debate on this subject. It is my impression that the debate turned mainly on the destiny of the large enterprise and that the two speakers felt the need to reform it. One of them thought it could be done, the other felt it was an impossible task and that large enterprises would have to be broken up instead.

Why this impression? Both speakers spoke at length of ambient changes, and the speed of these changes, which are showing up, it must be admitted, in a somewhat unexpected direction. All these changes seem to suggest that large enterprises are finding that conditions are no longer the same for them as in the past, in particular as concerns homogeneity. Markets, it must be admitted, seem to be

moving toward greater diversity: there are more services, more multinationals, more diverse tastes to cater for, and also more possibilities for catering to diversity, for production technologies are no longer concentrating on mass production and are permitting diversification in production at relatively low cost.

It is thus in the interests of the large enterprise to try to acquire the advantages of the small one—whether as concerns flexibility, adaptability, capability of responding to customer preference, or ability to innovate and stimulate the creativity of individuals. The two speakers had different approaches to this point—one revolutionary, the other gradualist—but both drew the same conclusions as concerns the future of the large enterprise.

What interested me particularly during the round table discussion was that certain speakers reached conclusions identical to those mentioned above, though approaching the problem from another starting point—that of the SME

It was interesting in this connection to note in the second context, more specifically reserved for SMEs, there was also talk of internationalization, of growing complexity, of technology—Tom Peters' three key words, in fact. Mention was also made of transformation toward services, subcontracting, and the network effect. As concerns the latter point, we have seen that it is the 'intangible' factors (quality, compliance with standards, etc.) which are growing in importance and which are even supplanting the eternal issue of salaries. Finally, the last point of agreement: the worldwide expansion factor. A large number of similarities of viewpoint can be noted, consequently, among the various speakers, both on the first and second days, as to what the environment of the enterprise of the year 2000 will be like.

2. The European enterprise and the challenge

There was, to be sure, wide-ranging discussion on the subject of whether we would be able to meet the challenge. Two opinions have

been expressed : one rather more sceptical, the other more optimistic. The more sceptical one tended to have the large enterprise as reference point (in this connection, Professor Kingston, for example); the other was based rather more on the future of the SME.

If for our part we have a good chance of being competitive, it is because our basic training is good, and because continuing training has little by little become a habit (Mr Bolk pointed out the contributions made by Chambers of Commerce in this field). It is consequently in connection with infrastructure that improvements need to be made, particularly as concerns the 'nerve systems.'

It is management that is playing a central role here. In fact, it is establishing a horizontal function in the enterprise. Over the past 2 days I have been picking up the idea that the management function was going to become more diluted at all levels. This development is being felt, once again, particularly in large enterprises, where there are too many layers of management. This means that many positions have become superfluous; I hope for my part that the managers will become entrepreneurs.

Hence the ideas of integration, coherence, efficiency, which are the key words for tomorrow's entrepreneur. There has to be less hierarchy in enterprises, more creativity, more stimuli, and for my part I subscribe to the notion of 'play at work' of which Mr Rovsing spoke, and which calls for lighter-handed and more flexible management methods. I used to work for DG III before taking over my present duties. There I made a lengthy analysis of the automobile sector, and in particular of the competitiveness of Japanese producers in this field. The advantage the latter have is that long before us they were using extremely light-handed styles of management, so audacious that probably few Europeans would have dared to take the risk of using them (this difference has now been largely levelled out). However, since many management systems were devised in Europe, have been improved in Japan, and have come back to Europe in another form, there are conclusions to be drawn here for developing our own creativity in this essential and absolutely unpredictable function. Using the existing

instruments to enable people with relatively few qualifications to do complicated things is also an interesting element in this evolution.

3. The action of the Community and its partners

The third item consists of a number of components :

- (a) As concerns first of all the legal framework, stimulation of innovation should be encouraged by a proper intellectual property structure. The debate seemed on this point to invalidate Tom Peters' argument that we should get rid of this type of regulation. I personally share the opinion that intellectual property is of fundamental importance for SMEs, for creativity is possible only as a result of large investments, and it has to be possible to protect them through appropriate legislation.
- (b) Upstream from intellectual property, there is research and development. Here, much depends on the enterprises themselves, but the state also has a role to play, particularly at the level of basic research. It is under this heading that we shall find precompetitive research—this is a choice area for our research programmes; there is the development of new products for local markets—much less a role for us than for Eureka and the enterprises themselves; lastly there are the banks—and here we have seen broad agreement in recognizing that this is not their business, except perhaps as concerns risk capital or a few other such instruments.

One of the things I shall remember from the discussions on this point is that procedures need to be improved to enable all enterprises to have access to Community programmes. Such is the message I received personally : it is not so much a matter of increasing funds (except perhaps for adapting the American business innovation programme for Europe) as of improving procedures, particularly as concerns existing funds. We know that the Member States will not be able to keep on increasing funds

indefinitely, so we have to make better use of the money we have available. All this, incidentally, was the subject of a recent Communication from the Commission to the Council. We need to see, in particular, if we should not implement a two-stage procedure for examining research projects, to shorten response time. For one of the problems SMEs have is the long delay that may occur between their investing in a project and the time when the final decision is taken. With a screening system, those who have no chance could be informed very quickly, or conversely, those who have good projects but no funds could be prevented from getting discouraged. We could, for instance, very quickly invite the latter type of enterprises to take part in the workshops we hold.

- (c) The big debate on education has kept all its promises. Should we improve an enterprise's knowledge of the business environment? There were two points of view on this, one favourable, the other guarded. Several participants, however, stressed the necessity of broadening our horizons, and from a holistic standpoint, too. In this debate, however, lack of expertise prevents the Community from participating other than indirectly.
- (d) Finally, there is the everlasting question of financing. Should the Community set up a single fund in this field?

There has been a many-sided response. It is not always a matter of funding, several speakers have observed, but of the overall framework, which should be more productive. As to the structural Funds, Professor Kingston has brought out that they do not always go to those whom they were intended to support.

I have to say that decentralization has always been our concern. We have a financial instrument in this connection, the New Community Instrument, of which the fourth tranche amounts to ECU 1.5 billion. The object of this tranche was not so much infrastructure as the enterprise itself, and the SME in particular. Financing is carried out to a large extent through the system of overall loans. The loans are administered by the decentralized banks in the Member States. It may be that under these

conditions banks do grant loans to those they like and refuse them to those they dislike, and perhaps that is inevitable. Consequently I share somewhat the doubts of certain members of the round table panel as to the way in which the resources are allocated.

These, then, are a few of the issues which have been debated. There was also much discussion, naturally, as to the role of the EICs. One might also say that this issue has in a way been the guiding theme of the Conference. From the whole of the observations made on this subject, I shall pick out two which define and qualify this role. The first refers to a comment made by Mr Bolk, according to whom the thing that really counts in an environment dominated by the service sector is interfacing — face-to-face contacts in business relations. The other relates to one of the conclusions of the group on marketing, and concerns the missions of the various people involved. Now, on this point, the EIC officials do actually have a specific assignment. They do also have the 'mission statement' mentioned by Mr Rovsing and Mr Bolk. This mission is many-faceted and really starting to bear fruit. It is from this point of view, in my opinion, that they are an irreplaceable tool for the changes which we are recommending.

European Communities – Commission

Euro-Info-Centres – Annual report 1990

Luxembourg : Office for Official Publications of the European Communities
1991 – 158 pp., 9 graphs, 16 photos – 14.8 × 21 cm

ISBN 92-826-2752-7

Catalogue number : CT-70-91-209-EN-C

ISBN 92-826-2752-7



OFFICE FOR OFFICIAL PUBLICATIONS
OF THE EUROPEAN COMMUNITIES
L-2985 Luxembourg

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