Competence Development – Project for clusters of Small and Medium-sized Enterprises

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1. Purpose of this document:
To describe best-practice case from *SME-cluster Sjuhärad*

2. Country and Region:
Sjuhärad, Sweden

3. Issue:

Small and medium sized enterprises (SMEs) are most commonly focused on production and have not resources enough for competence development actions. A key area is the use of broadband services. A possible strategy for the SME companies is to join in competence development projects where they can create competence development projects and also to learn from each others in purposeful communities.

4. Approach/Strategies/Results:
The School of Business and Informatics at the University College of Borås (UCB) have in cooperation with the European Social Fund (ESF) run three assembled competence development projects for SMEs in the region. The purpose was to give individuals a chance to develop their competence to match the demands of working life today and to establish relationships between the university and companies in the region. The university researchers did perform interviews and analysis in order to identify the most needed competence gap. From that competence development programs was designed and implemented. The results were evaluated and a network of exchange of experiences between the companies was set up.

Each company has selected a project coordinator to lead and coordinate the project. The project coordinators were members in a competence network were we provided get-togethers with lectures and discussions around

current topics e.g. leadership, change management etc. During the projects we have used Microsoft's Solution Sharing Network (SSN) platform for handling all information and much of the internal communication.

5. Main Impact:

1.1.1. Analysis and development meetings

- Management perspective
- Individual perspective
- Present situation 1/3 focus
- Future 2/3 focus
- Sequence of meetings
  - o 1 Management perspective
  - o 2 Individual perspective
  - o 3 Management perspective
  - o 4 Individual perspective

Lessons learned
If we have done a sufficient job concerning information and group composition the meetings will normally turn out well. The more openness the easier it is to have a good dialogue with the employees. It is important to build a relaxed relationship and help the employees to feel relaxed and comfortable at the meetings. To start with, we should meet the employees in their own working environment, in the companies conference rooms they tend to be silent and reserved. In their own working area they are usually more relaxed; at this point they can describe and demonstrate how they work and tell us about common problems, hold-ups etc.

The analysis questions should be adjusted to suit each company and their goals. Depending on how the questions are asked the analysis could be manoeuvred in different directions. With assistance from the questions we have helped the employees coming up with innovative reflections concerning e.g. IT, internal routines, working environment and environment. It is advantageous that the questions are created by a neutral part outside the company; this contributes to an objective view.

It is essential that each employee attends at least two analysis meetings. During analysis number two they have had time to prepare and think about the questions and their working situation. At the second meeting new thoughts and opinions often will be shared. On daily basis employees usually do not think about the company's goals and aims. Thus, at analysis number two they have actually thought about the future and cultivated their considerations.

At one company in the ESF project the management had to have an emergency meeting after the first analysis. They realized that not even the management could answer the question about the company's five year goals; no one had a clear vision of the company's future.

During the analysis meetings problems unknown to the management will appear. One dilemma is how to handle criticism from the employees on the management. In some cases the management could not take in the criticism. If we decide to give attention to a specific problem it is our responsibility to control that the issue is dealt with and not ignored.

1.1.2. Back office - project team
- Analyze previous stage
- Continuously creating the action plan
- Little, but not too much, academic approach
- Prepare coming stage
- Iterative process

Lessons learned
The action plans from the ESF projects have been extensive and of good quality. Although, some may think that the approach is too strict and academic. We have not produced an entertaining action plan, but we have avoided to be too academic by excluding methods, theories etc.

The action plan could be made more entertaining and powerful by presenting more concrete examples and stories. If we decide to use that approach we should be more attentive to specific stories and anecdotes. It would be advantageous to tape record the meetings for better possibilities recreating the stories afterwards. It is important that the action plan is written from the company's perspective; they must feel that the action plan is theirs.

The competence development needs have in some cases been hard to match with an existent education. In many cases companies need custom built educations, which usually are adjusted for the specific business area and hard to find for an outsider consultant. Therefore it is important that the employees somewhat are engaged in looking for educations themselves.

The ESF-council thinks that we have spent too much time back-office in comparison to time spent at the companies. As a consultant the division of time should be approximately 50/50. The quality could have been improved if we were positioned at the company while working with their action plan. In that case the contact with the employees had been better; it would also been easier to have complementing meetings when needed.

1.1.3. Priorities meetings with management
- Report format
- Verify analysis and action plan
- Further development of action alternatives
- Prioritize

Lessons learned
In the ESF projects we have sometimes noticed that the management have a very vague perception of the organizational needs, but still the management take a lot of decisive decisions. Often the employees have the absolutely best knowledge about the customers' needs and organizational

weaknesses etc. An open-minded management could learn a lot from the employees

1.1.4. Decision meeting with management
- Present feedback from acceptance meeting
- Present final version of action plan
- Decide action plan

Lessons learned
In the ESF projects the action plan had to be accepted by the ESF-council before any funding for education and courses was disbursed. In a future project more time could be allocated for letting the companies take decisions around organizational changes or competence development. Many companies have not taken enough time for such assessments; instead they have hurried through important organizational decisions to finish the action plan as fast as possible. Management must allocate time for meetings where such important organizational questions could be discussed. Consultants could be used to force more honest and relevant discussions into management meetings

1.1.5. Bringing SMEs together in a competence network
- Prepare and train project coordinators for managing the competence development project
- Networking
- Exchange experiences
- Benchmarking
- Find new business opportunities

Lessons learned
We have had much positive feedback on the network activities. It was hard to motivate the project coordinators to engage and participate in the meetings, though. Such meetings tend to be low priority in many organizations. Nevertheless, those who attended the meetings were almost always satisfied with the outcomes.

We need to consider how we could improve our support for the project coordinators. We need to coach them more and give inspiration through the network meetings. One common problem have been that the project coordinators get almost no support from the management when coming back from a network meeting full if innovation and new ideas. This is probably due to that the companies often pick the "wrong" person for the role as project coordinator. The project coordinators need to have enough mandates to lead the development project forwards.

The competence network has been a valuable part of the development project. We could have used the network better for establishing valuable contacts between UCB and the companies in the area. We also have to consider how we should coach the project coordinator when we only have one company at a time requiring our consultant services.

1.1.6. Equipment

- Portal work environment
- Question guide
- Questionnaire
- Action plan, based on analysis documents

Lessons learned

The question guides could preferably be modified according to the project's nature, aims and business goals instead of strictly following the ESF themes. The participants have requested the opportunity to share documents, information about meetings, to find new business opportunities and to communicate electronically with other members. Solutions like SSN could give projects like this an infrastructure and it gives the participants an opportunity to have a larger influence on the project's events. One issue we have to handle is to get the project coordinators to use the SSN portal in a higher extent. The project coordinators often have a low level of computer maturity; thus the SSN-portal environment could feel unfamiliar and intimidating. It is a new environment for most people. Sometimes even person familiar to computers finds it hard to use the platform; therefore we need to allocate a lot time of to get them used to the portal. Concerned parties must understand the intention and the advantageous. SSN should be demonstrated as the main distribution channel for information in the project. The platform should be built in line with our work procedure. It has been a weakness that we haven't been able to log the frequency of project participants using the SSN.

5. Relevant keywords:

Competence development network, purposeful community

6. Conclusions and Summary Recommendations

A mixture of funding from an outside part and own company investments seems to be the best alternative when performing competence development projects. Funding, even if it doesn't cover all expenses, is a really good motivating factor, especially for small companies, to join a development project like this.

It is extremely important to employ the right personnel for the consultant role. When working with manufacturing companies, consultants needs to have an understanding about the working environment in a factory. Consultants and employees must speak the same language; it has been an advantage that the consultants in the ESF projects have been relatively non academic people with earlier experiences from manufacturing etc.

We have realized that presenting success stories from our previous participants are a good way to sell similar projects to companies in the future. In the beginning of a competence development project we must make clear where the company is today and what expectations the company have on the project, what outcomes they want and what role we are supposed to take. Our role will vary from company to company. Sometimes companies

need a management consultant, but if they don't expect us to be one there may be serious misunderstandings. It is also important that the employees know what role we have and what issues we could assist with. If they come to us with problems that we can not handle they may lose their confidence in us.

When presenting a development project we like the comparison between a project and a journey where the current position and the destinations of the journey, including the travel route to reach the final destination, will be demonstrated. The project may be promoted as a development project with proposals of different themes e.g. competence development, business intelligence, process mapping, information system development etc.

It is important that the decision makers/ management are present at the early meetings and that they give efforts for anchoring the project into the whole organization. The employees must feel that sense of urgency; otherwise they may not give the needed efforts. We could motivate the employees by illustrating an entertaining journey portray and clarify the benefits from an individual perspective. It requires creativity from us to present positive outcomes even for personnel that are utterly satisfied with today's situation and are sceptical about changes. The project will go on smoother if the employees are positive and intellectually prepared for what is coming. For the same reason we need to have two analysis meetings for each group. At meeting number two the employees are more prepared and have had time to think about the different questions that we discussed during the analysis.

More efforts should be spent on employing the right project coordinators. One big obstacle for many companies in the ESF-projects has been that the project coordinators were no strong leaders and didn't have enough mandates to force the change efforts forward. The employees did not listen to the project coordinator and the management did not have the necessary sense of urgency and attitude against the project. We must constantly encourage the project coordinators to join the competence network where they will be coached.

It could be advantageous to spend more time at the companies when working with documentation of the action plan. With consultants positioned at the company we could get a tighter contact to all employees, a greater trust will be built and we will get more opportunities to collect stories and anecdotes to include in the action plan. We believe that the quality of the result will increase the more time we will spend positioned at the company.

The prioritizing process is extremely important and more resources should be spent on that. To gather managements from several different companies, at a conference, is a good way for forcing them to spend time on the prioritizing process. At the same time they got possibilities to create new contacts and to share experiences and considerations with other people in similar positions. It is important to let the prioritizing with management and acceptance with employees is an iterative process.

We have had some problem with the utilizing of the SSN-portal. In the ESF projects we did not implement SSN until later in the project and then the project coordinators did not use the portal properly. We think that the SSN would have been more widely used if we, from the beginning of the project, had presented it as a tool for communication and sharing. To force people to use the solution, the meetings should be booked directly into SSN. We should also use it as the only information channel in the project, at least to the project coordinator.

Development project similar to the ESF projects should be followed up some time after e.g. the competence development is finished. In previous competence development projects for SMEs (see Ellström & Nilsson, 1997) follow-ups have been performed with visible effects like increased motivation, better atmosphere, increased confidence from customers, economical effects etc. It is important to meet the employees at the companies again and to verify what happened with the identified competence- and organizational development needs. The participating companies in the ESF projects have requested a follow-up but they will not get any funding from ESF to perform such proceedings and none of them have enough resources to pay for it themselves.

Confirmation of publishing allowness

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