



## DOCUMENT TITLE:

### **REPORT ON 2<sup>nd</sup> FOCUS GROUP, 19-20 September 2018**

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**Project: Green ICT Development**

**Acronym: GIVE**

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PU	Public	X
PP	Restricted to other Programme participants	
RE	Restricted to a group specified by the consortium	
CO	Confidential, only for members of the consortium	

## INTRODUCTION

The 2<sup>nd</sup> Focus Group, having as a subject Barriers of SME Internationalization was held between the 19<sup>th</sup> and 20<sup>th</sup> of September in Sofia, Bulgaria, being organized by the Automotive Cluster from Bulgaria. The Focus Group was held in the framework of the 2<sup>nd</sup> work package of the **Green Ict deVElopment (GIVE - Reference: 783398 — GIVE — COS-CLUSINT-2016-03-01)** coordinated by the responsible Project Partner (Cluj IT Cluster).

The present report gives an overview on the focus group scope and objectives in connection to the main aims of the project, as well as, offers details about participants, methodology and topics addressed. Furthermore, it describes the way the focus group was delivered and presents in detail the results obtained. Finally, it offers conclusions and recommendations that can be taken into consideration as regards future steps to be taken in order to maximize results.

### Focus group scope and objectives:

The **overall goal** of the 2<sup>nd</sup> Focus Group under the 2<sup>nd</sup> Work Package of the project with the acronym GIVE was, according to project aims to create a common knowledge base for internationalization and marketing among cluster managers and SMEs. Nevertheless, the event had a very **practical objective**, as well. Namely, to analyze the most critical barriers of internationalization of SMEs from the automotive, ICT and green technologies domains from the targeted countries, in order to be used in the last Focus Group, as well as to feed in valuable information into the Market Intelligence Report.

This was done through following some subsequent steps:

- Identification of key areas for internationalization and linked sub-areas,
- Identification and prioritization of the main barriers linked to each key area and sub-areas,
- Definition of potential actions, interventions that can/should be taken in order to overcome most critical barriers.

In line with the project objectives accent was put on interaction of and cooperation between stakeholders representing the three different areas – automotive, green technologies and IT&C – and, as much as it was possible, interaction between different types of organizations.

### Focus group topics:

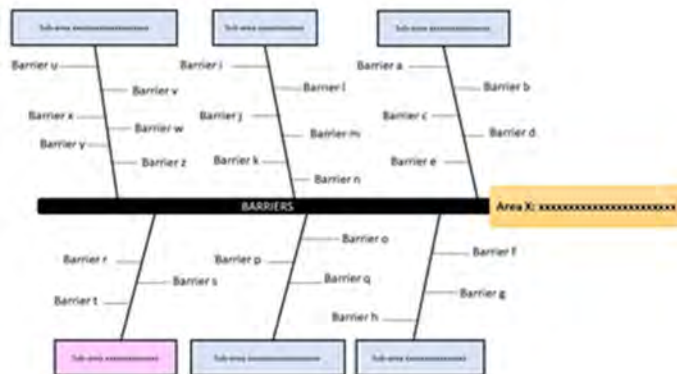
The focus group on barriers on SME internationalization concentrated on the following topics:

- Key areas of internationalization and linked sub-areas, namely Skills and knowledge of the core team, Financial readiness of the company, Readiness of the company in terms of knowledge and information, Participation in networks that facilitate internationalization, as well as Product and Product-service readiness,
- Barriers for each sub-area of internationalization in the three areas targeted by the project,
- Potential solutions for the most critical barriers.

The final **agenda** of the focus group is under **Annex 1**.

## Focus group methodology:

The methodology of the focus group was chosen in such a way to achieve the best possible results taking into consideration the project objectives and deliverables, but also to raise its impact, as well as put the bases for the multiplication of its results. Additionally, accent was put on interaction between stakeholders, co-creation and design thinking.



stakeholders coming from the three different sectors, as well as, a balanced representation in each group of various types of key actors, i.e. representatives of clusters and companies, as much as it was possible.

The most important **instruments** and **methods** used were the fishbone diagram, the 5 WHY?-s method.



## Mains steps for each session:

### 1. Warm up and discussion about key areas of internationalization:

Participants were introduced to key areas for internationalization for an SME, as well as sub-areas linked to each key area. The presentation was followed by an interactive group discussion about the sub-areas proposed in order to express views on each area, i.e. to identify new sub-areas, as well as, if necessary to identify sub-areas that were irrelevant.

### 2. Identification of barriers for internationalization:

Participants were split in smaller groups and were distributed equal numbers of key areas, in order to identify the main barriers linked to each of the sub-areas under a key-area, following a structured identification process (cause-effect analyses) and using a “fishbone-diagram” as an instrument.

### 3. Stratification of identified barriers for internationalization:

For each group, a “moderator” was allocated from the participants involved in the generation of fishbone diagrams. The moderator presented the barriers identified for each of the key-areas, while members of the other groups generated new insights, challenging the moderators in

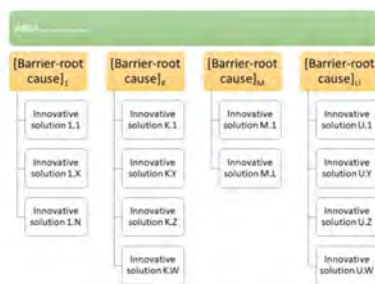
discussions. The aim was to get new insights regarding identified barriers, as well as to complete the list of identified barriers through an interactive process.

#### 4. Evaluation of barriers for internationalization:

This session had two main parts, i.e. an interactive prioritization and ranking of identified barriers, including analyses of results, and identification of the root causes for each of the most important barriers using the 5 WHY?-s procedure.

As regards the first part each participant, depending on the sector represented, got differently colored bullets to vote for the most important, critical barriers from the point of view of the area represented and also a set of bullets with another color to mark the barriers considered less important. Voting was followed by joint analyses of results, through which the most and least important barriers under each of the key areas for internationalization were identified together.

For the identification of the root causes participants were again split in groups and were instructed how to use the 5 WHY?-s procedure. Each team was distributed an equal number of barriers in order to analyze the main reasons lying under the most important barriers.



#### 5. Identification of solutions for overcoming barriers:

Participants, split in the same groups conducted structured discussions in order to identify based on the root causes the most innovative solutions for overcoming current problems and challenges that should be turned in actions and interventions.

### Changes in methodology:

There was only one small change that had to be introduced, being requested by participants. Group work has been done in three bigger groups (each of approximately 5 persons), instead of splitting participants in 5 smaller groups (each of approximately 3 persons), as planned. The reasoning behind this change asked for by participants was that in bigger groups they could manage to have a better and more detailed overview on barriers, roots and solutions, coming up with better overall results.

### Detailed presentation of focus group activities. Key findings and results:

The focus group started with a welcome speech on behalf of Automotive Cluster Bulgaria and an introductory round in order for participants to become familiar with each other. This was especially important since representatives of SMEs from automotive sector were invited and they did not participate in project activities up until now.

Especially for them a short introduction into the rationale, scope and objectives





of the project was given, as well as the aim of the focus group presented and links with prior and upcoming activities underlined.

Information regarding the project was delivered in the form of a Power Point presentation that contains also the detailed presentation of the methodological aspects that were presented at the beginning of each session.

This **presentation** is to be found under **Annex 2**.

## INFORMATION ABOUT PARTICIPANTS

In total 16 stakeholders attended the Focus Group. The vast majority of participants represented the cluster organizations that are partners in the project.

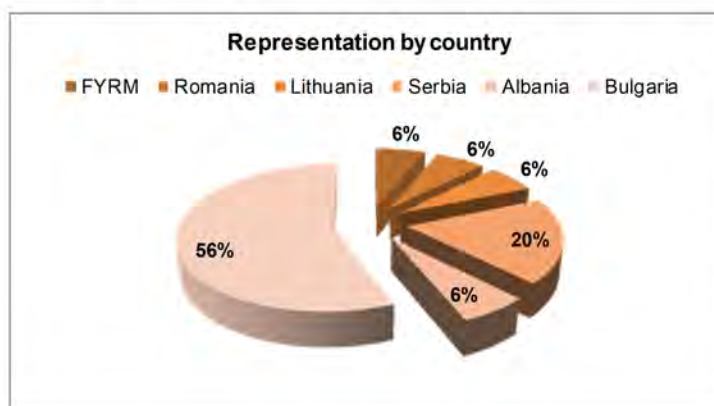


Besides the 13 participants on behalf of these clusters, 3 key actors representing relevant companies from Bulgarian automotive sector were also attending.

As regards Project Partners, all of them were represented by one or more persons.

Concerning coverage of countries targeted by the project, Bulgaria was represented by 9 out of the total number of 16 stakeholders. The fact

that 56% of participants were from this country is mainly due to the fact that the Focus Group was organized here.



As regards other countries, the representation was quite balanced, each being represented by 1 person, except for Serbia, from where 3 stakeholders attended the focus group.

Linked to the coverage of project focus areas, most of participants were representing the IT&C sector, followed by automotive and green technologies, thus: 9 persons participated representing IT clusters involved in the project, 1 represented

a cluster in green technologies and 2 in automotive (in both cases organizations are project partners); 3 company representatives represented automotive sector from Bulgaria.

## WARM-UP SESSION AND PRIORITIZATION OF KEY WORDS AND CONCEPTS

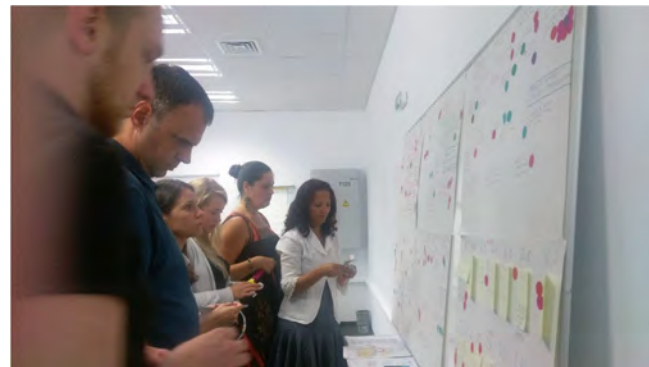
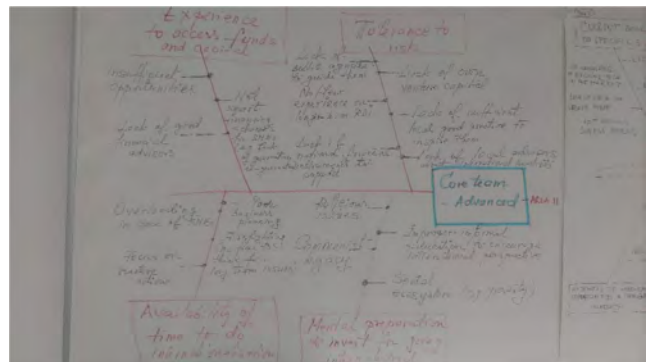
The session began with the presentation of key areas of internationalization, as well as linked sub-areas, being continued with a joint discussion on sub-areas. As a result of the discussions all sub-areas proposed by the facilitator and presented in Annex 2 were kept, as being relevant. Also some new sub-areas were added, namely:

- Intercultural and general communication skills (Key Area: Core team – Basics),

- General assessment of the company's preparedness for internationalization (Key Area: General and financial readiness),
- Connections/links/cooperation of company with SME's from the targeted market (Key Area: Networking to facilitate internationalization)
- Compliance with relevant standards (especially health and safety) AND Procedures for resilience and business continuity (Key Area: Production Readiness)

## IDENTIFICATION, STRATIFICATION AND PRIORITIZATION OF BARRIERS FOR INTERNATIONALIZATION

The three sessions has been conducted according to the planned methodology. First, split in three groups they have identified the barriers for each sub-area under key areas of internationalization. These were further discussed and completed during an interactive session. Secondly, using bullets, barriers were prioritized.



## LIST OF MOST AND LEAST IMPORTANT BARRIERS:

The list of most and least important barriers identified together with participants and based on their preference are in the table below. In accordance with the decision of the group, barriers were added to one or the other group in case the number of bullets stuck next to a barrier was equal or higher than 5.

KEY AREAS	SUB AREAS	MOST IMPORTANT BARRIERS	LEAST IMPORTANT BARRIERS
<b>CORE TEAM - BASICS</b> for internationalization	Capacity to use web tools for communication, messaging	LACK OF DIGITAL SKILLS IN MANY SMSs	
	Knowledge level of foreign languages	EDUCATION FITTING THE NEEDS	Lack of public policy to encourage learning of foreign languages
	International individual experience of the core team	LACK OF LONG TERM PERSPECTIVE ON BENEFITS	Lack of professional English courses
	Intercultural and general communication skills	LACK OF TRAININGS	Lack of time to acquire such experience
<b>CORE TEAM – ADVANCED</b> for internationalization	Experience with access to financing or new capital	NOT SMART FINANCING SCHEMES	
	Availability of time to do internationalization		Focus on reactive actions
	Mental preparation to invest in internationalization		Religious background
			Social ecosystem
<b>GENERAL AND FINANCIAL READINESS</b> for internationalization	Financial health of the SME for internationalization	MARKET RISK NEED TO INVEST IN NON-PRODUCTIVE AREAS TO COMPENSATE	
	Readiness of the company to attract	FINANCIAL INSTABILITY IN THE	Lack of historical references





	mid-term loans	NATIONAL MARKET	Lack of means to guarantee the loan
	Mental preparedness to invest in internationalization		Lack in the ecosystems' culture as source of inspiration
			Not understanding the urgency of certain payments
<b>KNOWLEDGE READINESS</b> for internationalization	Current knowledge of specific (targeted) foreign markets by the core team (cultural, social, political, economic, technological)	LACK OF KNOWLEDGE ON LEGISLATION, TAXES, CUSTOMS, IMPORT, DUTIES	Lack of success stories to be taken as an example
			Lack of training opportunities
	Understand the core steps of an internationalization process	LACK OF CONSULTANTS	Not enough events are organized regarding internationalization
	Knowledge about competitors in the targeted markets	LACK OF INFORMATION ABOUT STRATEGIES OF COMPETITORS	
	Understanding of marketing, promotion, legal implications for export		Lack of employees experienced in marketing
<b>NETWORKING to FACILITATE</b> internationalization	Collaboration with entities that facilitate international matchmaking (e.g. EEN)		Lack of knowledge about matchmaking institutions on targeted markets
	Business visibility on Internet (e.g. minimum English)		Lack of online selling system
	Previous experience in fairs and similar events (e.g. B2B)		Participation at events that are not included in market strategy
	Presence in professional groups on social media (e.g. LinkedIn)		Lack of knowledge about specific social media
	Presence in international associations		Not recognizing the added value of being part of such organizations





	Presence in an innovative cluster initiative with international connections	NOT UNDERSTANDING THE IMPORTANCE OF CLUSTERS	
<b>PRODUCTION READINESS</b> for internationalization	Fit to international quality standards in development/production	NO PROVIDERS OF CONSULTANCY SERVICES FOR OBTAINING CERTIFICATES	
	Available capacity to establish a branch in a foreign market		Lack of knowledge about cultural aspects
	Available delivery capacity	LACK OF KNOWLEDGE ABOUT CERTIFICATION	
	Available after-sale service capacity	LACK OF AWARENESS ABOUT FAILURE	
<b>PRODUCT-SERVICE READINESS</b> for internationalization	Competitiveness of the mix product-services to the foreign market (e.g. price, performance, strategy)	LACK OF STRATEGIC APPROACH FOR ENTERING THE NEW MARKET	
	Adaptability of pricing model and financial modalities to the foreign market	LACK OF VISION	
		LACK OF FLEXIBLE BUSINESS MODELS	

## IDENTIFICATION OF ROOT CAUSES AND SOLUTIONS

For the most important barriers selected participants split in three groups identified the root causes using the 5 WHY?-s method and starting from the root causes proposed solutions, actions and interventions in order to overcome these challenges and bottlenecks.

The table below presents the solutions proposed in accordance with the root causes identified linked to the most important barriers that are categorized under key areas of internationalization and connected sub-areas.



## SOLUTIONS FOR THE MOST IMPORTANT BARRIERS IDENTIFIED LINKED TO KEY AREAS OF INTERNATIONALIZATION

KEY AREAS	MOST IMPORTANT SUB AREAS	CRITICAL BARRIERS	ROOT CAUSES	SOLUTIONS
<b>CORE TEAM - BASICS</b> for internationalization	Capacity to use web tools for communication, messaging	LACK OF DIGITAL SKILLS IN MANY SMSs	Lack of culture for continuous learning	Tailored governmental programmes that encourage, give incentives for companies that involve employees in continuous learning, for ex. Actualization of knowledge in each 5th year
	Knowledge level of foreign languages	EDUCATION FITTING THE NEEDS	Lack of culture for long-term thinking and recognizing the benefits of investing in learning a foreign language	Development of education/training programmes suited to the needs of the new generations Sharing of best practices in order to encourage learning
			Lack of customized adult learning programmes	
	International individual experience of the core team	LACK OF LONG TERM PERSPECTIVE ON BENEFITS	Lack of mobility of employees due to personal reasons and/or lack of opportunities	Set up a cross-cluster employee exchange programme within consortia and/or in collaboration with other clusters Use of existing financing opportunities, i.e. Erasmus
	Intercultural and general communication skills	LACK OF TRAININGS	School system is not providing education in these subjects. There are outdated teaching methods and a certain level of resistance towards new teaching methods Companies are not aware of the importance of communication skills development	Customized training programmes for adults developed and offered by universities Consultancy to create multicultural environment in companies Temporary placement of employees in multicultural environments and/or delegating employees to multicultural events Team building activities Programme to raise awareness on communication skills
<b>CORE TEAM – ADVANCED</b> for internationalization	Experience with access to financing or new capital	NOT SMART FINANCING SCHEMES	Limited (quite few and not tailored) support programmes from governmental level	Development of support programmes (similar to the ones from Germany and/or Norway), for ex. to support market analyses Support for general investigations/analyses of different areas and assuring free acces to results for SMEs
<b>GENERAL AND FINANCIAL READINESS</b> for internationalization	Financial health of the SME for internationalization	MARKET RISK NEED TO INVEDT IN NON-PRODUCTIVE AREAS TO COMPENSATE	Lack of detailed feasibility analyses and scenario management for internationalization	Development of programmes with impact, that finance the elaboration of feasibility analyses and scale-up activities for a pool of companies that constitute a cluster in a special geographic area
	Readiness of the company to attract mid-term loans	FINANCIAL INSTABILITY IN THE NATIONAL MARKET	Complexity of the economy in the era of globalization	Development of specific governmental programmes for discount rate financing (for ex. companies support in all cases only a fixed level, and the rate fluctuation is granted by the government)
<b>KNOWLEDGE READINESS</b> for internationalization	Current knowledge of specific (targeted) foreign markets by the core team (cultural, social, political, economic, technological)	LACK OF KNOWLEDGE ON LEGISLATION, TAXES, CUSTOMS, IMPORT, DUTIES	Information is not easily accessible	Engage external consultant from targeted market to provide up to date information Employ/train a company representative for internationalization
	Understand the core steps of an internationalization process	LACK OF CONSULTANTS	Inadequate database of consultants/agents	Develop adequate data base with the support of "local business support institutions" Create government programmes to co-finance consulting services on internationalization
	Knowledge about competitors in the targeted markets	LACK OF INFORMATION ABOUT STRATEGIES OF COMPETITORS	Information is confidential	Contract expertise via clusters for market analyses, market intelligence and competitor benchmarking

KEY AREAS	MOST IMPORTANT SUB AREAS	CRITICAL BARRIERS	ROOT CAUSES	SOLUTIONS
<b>NETWORKING to FACILITATE</b> internationalization	Presence in an innovative cluster initiative with international connections	NOT UNDERSTANDING THE IMPORTANCE OF CLUSTERS	Information is not reaching targeted SMEs and/or is too complex	Creating events for potential cluster members Presentation of (offering information about) success stories Improving cluster visibility to support members' internationalization efforts
<b>PRODUCTION READINESS</b> for internationalization	Fit to international quality standards in development/production	NO PROVIDERS OF CONSULTANCY SERVICES FOR OBTAINING CERTIFICATES	There was no demand for such type of services in the past	Clusters provide for members information about such service providers
	Available delivery capacity	LACK OF KNOWLEDGE ABOUT CERTIFICATION	SMEs are not familiar with such type of information due to the fact that they have had limited opportunities to export their products. There is also a lack of such service providers	Cooperation with a company from the targeted market, that could help with obtaining the certification. After growth (development) the company can develop (set up) its own export service (department)
	Available after-sale service capacity	LACK OF AWARENESS ABOUT FAILURE	Lack of good (suitable) business strategies	Consultancy on elaboration of a good business plan with suitable risk management section Access to labs for product testing and support for after sales service
<b>PRODUCT-SERVICE READINESS</b> for internationalization	Competitiveness of the mix product-services to the foreign market (e.g. price, performance, strategy)	LACK OF STRATEGIC APPROACH FOR ENTERING THE NEW MARKET	Lack of information (about) and connections (cooperating partners) in the foreign country (targeted foreign market)	Membership in international clusters, networks and/or participation at/in targeted international events, programmes, projects
	Adaptability of pricing model and financial modalities to the foreign market	LACK OF VISION	Not working close (lack of cooperation with) academia and/or RD organizations	Encourage cooperation and offer information about innovation (Awareness raising about innovation, development of business-research and development cooperation programmes)
		LACK OF FLEXIBLE BUSINESS MODELS	Lack of strategies (There are no strategies developed) for international growth (for scaling-up) and development	Cooperation with specialised consultants, able to create flexible strategies and can propose adjustment measures, if necessary



## CONCLUSIONS AND RECOMMENDATIONS

There was a good interaction and cooperation at the event, with constant progress and no delays. Results can be declared as being satisfactory.

Based on the joint discussion during the wrap up session the **conclusion** was that clusters can act in different ways in order to support the internationalization of their members. Firstly, as it is reflected in the outcomes under Annex 3, they can take pro-active steps and propose to Governments new and more tailored measures to assist companies in their scaling-up activities, as bottom-up initiatives. Secondly, they can develop different services in order to respond to the needs of their members, like training programmes, advisory services, data-bases, etc.

As regards further, follow-up activities linked to the first two Focus Groups it was **recommended** and agreed that a surveying shall be performed among relevant SMEs in the targeted countries in order to:

- ✓ Get further insights on the main results of the 1<sup>st</sup> Focus Group, i.e. technological niches selected, together with the list of new ideas generated. Additionally, the opportunity can be used for the generation of another set of ideas, as well as analyses of existing ones. In this way ideas can be generated also for niches that participants could not link with a new or radically improved product, service or process.
- ✓ Receive feed-back from SMEs on the solutions identified to overcome the most critical barriers, as well as to gather new insights on potential actions, instruments to be developed in order to support the internationalization of SMEs.

### **List of annexes:**

Annex 1 – Focus Group Agenda

Annex 2 – Power Point presentation delivered at the Focus Group