

Good Practice in Training for internationalisation of SMEs

International Growth Programme

Enterprise Lithuania and Giraffe Consulting (UK)

Background

While low oil prices and trade restrictions on Russia have left their mark on Lithuania's export performance, policymakers are upbeat about continued growth in domestic demand as well as trade improvements, particularly with EU countries.ⁱ Hard hit by the financial crisis which saw GDP contract by 15% in 2009, Lithuania's economy has rebounded and is one of the fastest growing in the EU. Growth projections are 2.9% for 2016 rising to 3.6% by 2020.ⁱⁱ At 9.7%, jobless figures have considerably improved since the height of the financial crisis when unemployment peaked at 18%. The country's vision for 2030 includes a dynamic and highly-skilled talent pool to support the country in the global economy.ⁱⁱⁱ

Business performance is pivotal to national growth and employment- the centre piece of EU's '2020' development strategy.^{iv} Businesses with an international profile (e.g. importing or exporting) tend to be more innovative and productive with greater growth and job creation potential.^v In its bid to boost the export potential of SMEs, Enterprise Lithuania established the International Growth Programme to train SMEs with high-growth potential to trade in European and world markets. Training is important in getting businesses to trade internationally. The ETF supports its partner countries in improving SME training which is a core feature of the EU's Small Business Act for Europe.^{vi} Sharing good practice in training helps policymakers and training providers bring value to the training market and wider economy.

ⁱ Central Bank of the Republic of Lithuania (2015). Lithuanian Economic Review. December 2015 <http://bit.ly/1PCRYGK>

ⁱⁱ International Monetary Fund (2015). World Economic Outlook: Adjusting to Lower Commodity Prices. Washington (October). <http://bit.ly/1OerBmr>

ⁱⁱⁱ Kubilius, A. (2015). Lithuania 2030: cycling into the future. LSE European Institute – APCO Worldwide Perspectives on Europe Series. <http://bit.ly/1XxZtC2>

^{iv} European Commission (2010). Europe 2020. A strategy for smart, sustainable and inclusive growth. Communication from the European Commission. Brussels 3.3.2010. <http://bit.ly/KMnOnV>

^v See, European Commission (2010). Internationalisation of European SMEs. Final Report. Directorate General for Enterprise and Industry. Entrepreneurship Unit. Brussels, 2010. <http://bit.ly/1KWOrOa> and Blackburn, R. (2012). Export to Expand: the key to small business growth in the UK. Small Business Research Centre, Kingston University. <http://bit.ly/1R6v1wf>

^{vi} European Commission (2008). Think Small First: a Small Business Act for Europe. Brussels, 25.6.2008 COM(2008) 394 Final. <http://bit.ly/1jUoKsb>



The training programme

Objective

The objective of the training programme is to reinforce Lithuania's export growth through strengthening the capacity of SMEs to identify, enter and develop business in European and international markets.

Target groups

The training programme focuses on SMEs or micro enterprises that can demonstrate the experience, resources, suitability of product/services and commitment to export. Participants in the training can be businesses with some export experience or those keen to export.

The training programme is also open to staff from Lithuania's SME agency (Enterprise Lithuania) and recent university graduates following a wider management programme led by Enterprise Lithuania.

How were the training needs assessed?

Firstly, research undertaken by Enterprise Lithuania underlines how SMEs and trade missions are not prepared for international trade. Secondly, on-line questionnaires submitted by individual companies identify level of interest, knowledge and skills for exporting. Next, interviews with prospective participants further defines the training needs set against the sector, company size and market interests. Finally, during the delivery of the training modules, as well as through individual coaching on a trade mission, support to participants is further customised to the specific needs of their businesses.



The training design

The training programme in Lithuania lasts 10 days. It consists of five modules covering all aspects of the SME exporting and international sales.

The programme provides training for SMEs preparing for, and doing business, in international markets.

After following the training, participants are able to:

- ★ articulate their firm's business model and value proposition in export markets;
- ★ use international market research to screen and select international markets and business partners;
- ★ apply frameworks to inform the decision on optimal method of market entry and development;
- ★ identify preferred options for the firm's pricing strategy and for getting paid;
- ★ compile and present a realistic budgeted plan for business development in international markets;
- ★ communicate confidently with international customers and / or business partners.

The programme comprises the following learning methods and tools:

- ★ case studies, including video media;



- ★ guest speakers for specific modules;
- ★ practical exercises to track understanding and skills in each module as well as peer learning exchanges;
- ★ learning-by-doing through international trade missions with coaching support.

Each participating company develops its own individual Export Growth and Development Plan. This is drafted and improved across the timeframe of the five modules at the company's headquarters. This ensures that important intelligence and knowledge from the wider company is used to shape the plan.

All training participants share the final drafts of their Export Growth and Development Plans during training sessions for know-how exchange.

The ten companies with the strongest Export Growth and Development Plans are selected to take part in an organised trade mission to their chosen market. This includes meetings with potential customers and/or business partners. At the start of the trade mission, the companies receive further training covering more advanced topics on internationalisation and sales. This includes direct coaching to company representatives in the sales process with export customers, and sales role-play in a 'real life' context.

Training Environment

All trainers are experts in international trade with over 20 years' first-hand experience of doing business in international markets. Training is delivered at hotels in Vilnius with good audio-visual and internet facilities which are used

in the modules and exercises. All learning materials are made available in hard copy and electronic format.

Monitoring, evaluation and impact

All SMEs that participate in the training programme are tracked by Enterprise Lithuania for five years for both quantitative and qualitative improvements in business performance. Improved performance of companies that have followed the training include 10.7% increase in foreign sales at one company; and a 46% increase in employment at another firm over 3 years following its participation in the International Growth Programme.

Implications for policy and practice

The success of the International Growth Programme has prompted Enterprise Lithuania to extend its training activities in two areas as part of its wider 'Export Academy'. Firstly, it has established a 'leadership academy' that includes owners and CEOs of companies that have followed the International Growth Programme. The objective is to reinforce the capacity of Lithuania's exporting companies and build a 'strong community' of high-performing, enterprise role models. Secondly, keen to build a next generation of young people to be hired into SMEs with export potential, Enterprise Lithuania has established the 'Wings' training programme. This allows young graduates from technical, business and arts faculties to learn key aspects of export management through in-company work placements. Wings trainees may also follow the modules of the International Growth Programme.





What makes the training programme stand out?

Key learning points for training providers and policymakers from this good practice are:

- ★ **mixed pedagogic paradigm:** the programme involves a mix of learning methods including classic instruction, individual and group exercises, one-to-one coaching and learning by doing;
- ★ **learning extension:** the success of the SME export training has generated further opportunities in training through leadership training for company owners and apprenticeship options for young graduates to develop export skills;
- ★ **training meets national policy priorities:** training provision specifically responds to the Lithuanian government's objective of putting learning at the centre of its efforts to build a dynamic economy to meet global competition.

Budget

The average cost per company is roughly €5,500 with companies paying 1,000 of this sum. Companies also pay the costs of travel, accommodation and subsistence for the trade mission.

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