

## GOOD PRACTICE

### Regional Programme for Productive Activities 2013 - 2015. Operational Programme 4 - Internationalisation of the Regional Productive System

#### Measure 4.2 Support to the internationalisation of businesses

#### The experience with INTERNATIONALIZATION CONSORTIA of CNA

#### ORGANISATION: CNA Emilia Romagna

#### TOPIC: Penetration of territories; creating and sustaining cross regional/international partnerships

#### TOPIC OF THE GOOD PRACTICE

Emilia-Romagna has been providing co-financing to the activities of export consortia since the Regional Programme for Productive Activities 2003 - 2005, through dedicated call for proposals. Applicants are required to submit specific projects for export promotion on selected markets. From 2013 onwards, this specific call was framed into measure 4.2 of the Regional Programme for Productive Activities 2013 - 2015 and was adjusted in order to take into account modifications introduced to the national law on export consortia, which have become internationalisation consortia.

Internationalization Consortia are a good example of penetration of territories and building international partnerships. The idea about Consortia is that “unity is strength”: in other words, the Consortia are a mean to overcome the problems SME's are facing when going international, especially their tiny dimension and their weak investment capacity. Consortia have a specific governance model, that is shared and collective. The model of Consortium is simple both to explain and to study, and it is usually considered extremely fascinating for people and institutions that are interested in. Consortia could be a mean to develop international relationship with institutions, associations, and other networks of companies and could easily be transformed in b2b international relationships.

The remainder of this sheet is dedicated to illustrate the experience developed by one entrepreneurial association participating to COMPETE IN LSG, namely Crafts National Association Emilia-Romagna (CNA), focusing on the internationalisation consortia developed by them.

#### DETAILED DESCRIPTION OF THE GOOD PRACTICE

##### Penetration of Territories

There are nine (9) Consortia associated to regional association of craft (CNA). We consider them private companies, and for this reason, they pay both the enrolment quote to the association and every single service they need for internationalization. CNA offers international services directly or with partners. The Consortia are so linked to CNA because in the past CNA sustained their set-up and their development and growth over time.

The Consortia are composed of a definite number of companies that pay a quote to be part of them: there are consortia with 6 members, and consortia with 70 members. The Consortia operate in order to help the associated SMEs in penetrating foreign markets. Each of them is specialized in a particular sector: fashion, agro food, traditional handicraft, mechanical, agro equipment. For this reason the Consortia specialise on several markets: a lot of them work in Europe (i.e. Germany, France, Poland, North Europe) and in the Eastern area (i.e. Russia, Kazakhstan.), but also other countries are interested in Consortia activity: South America, Nord America, Japan, China, India, South Africa,

There are different reasons that explain why the Consortia were successful in overcoming barriers to penetrate a foreign market, while difficulties faced by single SMEs are harder to overcome:

- The Consortium has shared governance. The owners of the companies enrolled decide together multiannual projects and the annual priorities and investments: they share information, costs, capabilities, opportunities and results;
- The Consortium is an organisation that uses specialized employees in strategic and operative international marketing;
- The Consortium has its own economic and financial balance: it is independent, and it can invest for all associated SMEs;
- The Consortium operates following a specific method and investing in specific actions. If the market is unknown, usually the Consortium performs studies and invests time and money to understand it: after that, the Consortium develops concrete actions. If the market is known, the consortium usually invests in the most important exhibitions and international events of this market, with the aim of assuring the maximum business to business relationships to each company.

In few words, the consortium has the advantage of reducing both the risks and the time for a SME to enter in a foreign market, by sharing know-how, information, experiences, investment and costs.

Each Consortium operates using a multiannual program broken down into annual specific projects: this allows making annual adjustments to unforeseen events on the target market(s). Usually the annual project covers different actions in order to meet different needs of the companies involved: it isn't necessary that SMEs adhering to a consortium participate to all activities, nor that all the companies participate to the same action.

The Consortium ensures that the companies participate to foreign experiences, i.e.: b2b, outgoing and incoming missions, exhibitions, international events. This usually brings wide foreign relationships that are useful for companies or for the consortium or both. It can happen, for example, that the Consortium is called for a conference to explain what it does and what and who it represents; but also it can happen that a single company has market opportunities that it is worth developing with other companies, especially if it is about a new market. The Consortium is the way by which the companies involved share information and opportunities about international market, especially about new markets. In that case all the elements are analysed by the board of directors (composed by companies owners), proposed to the assembly and in case of a positive evaluation a specific plan is drawn up to carry forward all the decisions.

For this reasons, we can easily affirm that the Consortia have strong and continuous relationship with the markets they usually frequent.

We can study and analyse the real managing and functioning of the Consortia in Emilia Romagna Region, referring in particular to two of them: Moda in Italy (Bologna) and Fun (Reggio Emilia).

## ROLE OF ACTORS

The export Consortia were born in the 80s, due to a national and regional policy aimed to sustain the development of internationalization of SME's (the national law is 83/89). In 2012, the national law changed, and the Export Consortium was transformed in 'Consortia for internationalization' (the national law is the number 134/2012). The Consortia have been developing during these 40 years, specializing their functions in sectors and target countries. Unfortunately, in the last 10 years, the national support decreased, and today Emilia Romagna Region is one of the few Regions that maintain a policy of grants for sustaining the Consortia international programs. In Emilia Romagna Region there are 18 Consortia. Consortia enroll manufacturing companies that have productions in Emilia Romagna and that are located in Emilia Romagna (at least 75% of the members of the Consortia). The companies involved in Consortium develop international programs together, thanks to Emilia Romagna support and, mainly the bigger ones, develop their own activity programs, usually comprising market studies, showroom feasibility studies, foreign offices,

vocational training projects, social media marketing, temporary export manager. They usually operate on external markets, but they could also play a role in the attraction of investments policy led by the Region. In fact, Consortia represent a good mix of capabilities, creativity, quality and flexibility linked to the Made in Italy concept. The more experienced and advanced Consortia could concretely demonstrate the variety of specific capabilities and productions typical of Emilia Romagna region. The financial support by to the Consortia is essential and it consists in cofounding up to 50% of their annual international program expenditures. Three years ago, the Emilia-Romagna Region started an accreditation process of the Consortia with the objective of establishing quality standards to which Consortia must refer their operations. This process has been shared with all Consortia, using the method of teamwork, and now we have a consolidated accreditation system which helps both Consortia in implementing their activity according to high quality standards and the Region in guaranteeing effectiveness and efficiency in the use of public funds.

## BENEFICIARIES

The beneficiaries of the annual promotional programmes and actions carried out by Consortia and co-financed by the Region are SME's: actually, in most cases the majority of Consortia's members are micro companies, with less than 10 employees and with an annual turnover below 4 million Euros. Many of these companies begun their international experience within the Consortia, starting from scratch. Along the years they were able to increase their export rate and they keep on participating to Consortia's activities to develop and share new projects, and to increase their own international positioning.

Consortia are a good mean to share international experiences, the costs of the internationalization process, and to grow together on foreign markets, while maintaining the identity of every single company. Often they are the only way in which small and medium sized companies can afford the costs and risks of entering a foreign market. The regional territory and economy, together with the entrepreneurial associations of SME's are indirect beneficiaries of the actions carried out by Consortia: although not all the Consortia are at the same level, in most cases they represent a centre of competence and experience in the internationalisation process of micro and small companies.

## CULTURAL ASPECTS: POSSIBLE KEY LEVERAGES FOR INTERNATIONALISATION PROCESSES

Cultural aspects come into play at two different levels: cooperation has a long standing tradition in Emilia Romagna. However, owners of SME's are usually self-centred and do not love to share projects and information with potential competitors. By supporting internationalisation of SMEs via the co-financing of collective promotional actions developed by Consortia, Emilia Romagna Region actually promoted also a cooperative cultural attitude, leading to wider opportunities for growth. In CNA experience, Associations of SME's play a significant role in keeping the companies together by supporting the strategic and operative development of every project, but also managing possible conflicts and different kinds and level of relationships inside the Consortia.

Cultural aspects come into play also with reference to the foreign markets approached by Consortia: as these latter can count on and/or buy specific knowledge and expertise on foreign markets and sectors, the risks of approaching foreign counterparts with the "wrong cultural attitude" are significantly reduced.

## INNOVATION OF THE GOOD PRACTICE, POTENTIAL FOR IMPROVEMENT AND REPLICABILITY

The experience of export/internationalisation Consortia has a high level of replicability, both for its organizational model and for the internationalisation method tailored on the needs of SME's. Promotional programs developed by Consortia follow market trends and, in this meaning, they produce continuous innovation. One of the newly developed services by Consortia to their members' benefit is the assistance in implementing marketing campaigns via social media, for building both b2b and b2c international relations.

One of the way to improve the action of the Consortia is to involve it in institutional networking at international level (region, associations, and agencies of development). The aim should be to spread their experience for the construction, the improvement and the diffusion of policies that can support the creation of new consortia and the development of old ones, especially in a contest of international networking.

## EVIDENCE OF SUCCESS AND THE ASSESSMENT OF THE IMPACT AND RESULTS OF GOOD PRACTICE

The Consortia have lasted over time: the oldest is more than 30 years old. They changed members and governance, programs, players, but they proved to be valuable tools for SMEs over the years: many companies have grown their export rate over time thanks to Consortia, and could also diversify their export markets, offering further opportunities for overcoming the world economic crisis.

With reference to the calls for promotional programmes 2014, 2015 and 2016, the following are the main results achieved:

2014: n.17 projects submitted by 17 Consortia; n. 17 projects approved; amount of eligible expenditure: 4.503.090 €; regional contribution 1.840.520 €;

2015: n. 18 projects submitted by 18 Consortia; n. 18 projects approved; amount of eligible expenditure: 4.737.430 €; regional contribution 2.001.259 €;

2016: n. 17 projects submitted by 17 Consortia; n. 17 projects approved; amount of eligible expenditure: 4.470.300 €; regional contribution 2.015.892 €.

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