

GOOD PRACTICE

XPANDE / SICOMEX PROGRAMMES (Support Programmes for SME Internationalization)

ORGANISATION: Valencia Region Council of Chamber of Commerce, Industry, Services and Shipping / ARVET

TOPIC: Penetration of territories

TOPIC OF THE GOOD PRACTICE

The topic covered by the XPANDE and SICOMEX Programmes relates to the penetration of territories. The first Programme is included in the POCInt (Operational Programme framework 2014-2020 for Intelligent Growth) cofinanced by ERDF, in the 3 thematic objective "Improving SME competitiveness", 3d Invest Priority "Support SME capacities to growth in the regional, national and international markets and involved them in an innovation process".

DETAILED DESCRIPTION OF THE GOOD PRACTICE

XPANDE Programme

Name of the stakeholder: Spanish Foreign Trade Institute ICEX, Chambers of Commerce, IVACE

Beneficiaries: new exporting companies. SMEs

Budget: (2017) Phase I 476,000 euros. Phase II 1,000,000

Duration: 12 months

Location: all countries

Topic of the good practice: The Xpande programme provides in house training and advisory services to new exporters. There are two phases. Phase I provides the technical assistance and consultancy. Phase II includes grants covering the expenses of the export strategy implementation.

It is based on the PIPE (Export Plan for the Internationalization of SMEs) which was a great success. 6,000 SMEs started their internationalization from 1996 to 2006 in Spain.

Description:

General Objectives of the XPANDE PROGRAMME

- foster the internationalization culture with the aim to increase the Valencia Region exporters base
- strong Human resources training and capacity building in internationalization with the purpose to improve the external competitiveness of the Valencia Region SMEs
- facilitate access to external markets
- contribute to diversify markets destination for the Valencia region exports

Specific objectives of the XPANDE PROGRAMME

- implement a methodology to develop a sustainable Export Plan
- facilitate a potential market selection according to the participant products or services

- provide and strategic plan according to the market selected, products/services to internationalize, drawing a positioning and commercial promotion strategy to the market selected.
- facilitate tools and necessary supports to implement the Export Plan

Individualized consulting sessions: the Chamber of commerce personnel perform the services below:

Module 1: Products, customers and markets selection (10 hours)

Module 2: Market entry strategy (10 hours)

Module 3: The marketing plan (10 hours)

Module 4: The business plan (8 hours)

Results for the company:

Target market selection

Analysis of the competitive position of the company and analysis of two competitors in the selected market.

Customer segmentation and Channel Analysis in the target markets

List of qualified clients in the target market

Design of a communication plan

Design of a business plan that incorporates both an action plan and an economic financial plan.

Financial support:

Phase 1 Consulting. (80% ERDF co-financed + Chambers of commerce funds),

Phase 2 Implementation (50%/70% co financed by ERDF, company pays around 20%)

Cost of the first phase: 4,600 euros

Grant: around 10,000/15,000 euros depending on the location of the company. It covers travel and accommodation expenses, participation in international fairs, point of sale exhibitions, translation of promotional material and web sites, market surveys, feasibility studies, etc. Performed by specialized companies.

Dissemination / promotion materials: Elaboration and reprinting of catalogues, brochures, posters.

Design and / or adaptation of packaging and brands (both product and samples).

SICOMEX

Name of the stakeholder: ARVET, Valencia exporters federation

Beneficiaries: exporters in selected sectors (Hardware and Bricolage, Bath Equipment, Industrial Cleaning and Hygiene and Industrial Machinery)

Budget: the participants pay an annual fee and a success fee. Some years ago, the participating companies received a grant from the regional Government for the implementation of the international activities of the company, such as travelling and accommodation, participation in international fairs, etc.

Duration: 12 months

Location: Cuba, USA, Romania, Ivory Coast, Colombia, some Balkan countries. Three more countries will be added in 2018

Topic of the good practice: an expert with sound local market knowledge is selected in a foreign country. Market entry services are provided for a limited number of companies over a fixed period of time.

Description: The first step for ARVET is to recruit an expert in an international market and with a specific sector knowledge, who acts as commercial agent and representative for a small group of companies.

The expert looks for commercial information and works on market intelligence related to the sectors of the participating companies. He/She is usually a sector expert. Companies benefit from a representative in the market for a certain period of time.

Tasks of the agent: the agent is responsible for the introduction of the product or service in the market, working closely with the export department of the company in Spain. The Agent do research, prepare an export plan, advise the exporter on how to adapt their marketing mix, make contact with potential buyers, negotiate deals with the buyers, take care of all promotional activities, handle the logistics and documentation, and much more. All of these tasks, the export will do on the exporter's behalf. In essence, the export agent becomes the exporter's export department. In some cases, the principle will want to keep tight control over the agent's activities, while in other instances, the agent is given free reign.

Using an agent is a relatively easy and painless way for a local company to enter the export market, as they generally have to do very little - the agent does all (or at least some) of the export marketing on the firm's behalf.

Costs are shared by all companies. After an established period of time (1 year) the SME will be prepared to manage the export activities by itself.

The expert selected in the foreign market always travels to Spain to analyze all the participants (from three to eight SMEs), including products or services, experience, resources, distribution channels, packaging, regulations, etc.

ROLE OF ACTORS

The stake holders involved in these two programmes are the Valencia Chambers for Commerce and an exporters association named Arvet.

The VALENCIA REGION COUNCIL OF CHAMBERS OF COMMERCE, INDUSTRY, SERVICIES AND SHIPPING (CCCV), together with institutional and private entities in the Valencia Region offers new programmes and instruments to benefit economic sectors, improving and encouraging the internationalization of VALENCIAN REGION SME's, fostering regional cooperation and creating a friendly business environment.

In INTERNATIONALISATION field, the Chambers are responsible for the following:

Activities in the fields of information, training, counselling, commercialization assistance and market research are developed by the VRCCC to help the internationalization of the Valencian SMEs.

Promotional Activities

- Programmes for the initiation of foreign commerce (PIPE)
- Other Internationalization programmes as, WIN_MARKET, BRANDEZ, R-FUERZA, ILI
- Programmes for the Promotion of the Chambers of Commerce of the Valencia Region abroad
- Commercial programmes
- Assistance to trade fairs

- Technical seminars and Meetings
- Foreign promotion network

Training actions

- Internationalization seminars
- Grants
- International trade courses
- Language courses

Information programmes

- Exterior commerce and On-line bulletins
- Setting up and updating of data bases
- Publishing of books, export catalogues, monographs, guides, pamphlets, etc.
- Community information instruments: euro-office BC-NET, VANS and B.R.E.
- Exporters awards

SEIMED Services for the internationalization and innovation in the EU

The CCCV works closely with the stakeholders in the region responsible for the internationalization of companies, specially SMEs. Also, during the 2007-2013 period has been co manager of numerous activities co-financed by ERDF regarding with improvement of the SMEs competitiveness, the regeneration of the business community with the aim to stimulate economic growth and the labour market.

ARVET is an exporters association. It promotes the internationalization of its associates and collaborate with organizations such as the Spanish Institute of Foreign Trade (ICEX) or the Valencian Institute of Business Competitiveness (IVACE), among others.

The Association currently has nearly 200 affiliates in the hardware / DIY sectors, bathroom equipment, cleaning and hygiene, construction materials, machinery and other processed products.

The Association is not for profit. It is funded by the fees of its associates and the services rendered. Some of the clusters represented by Arvet, are very much present in the region of Valencia. The companies associated to Arvet exported some 600 million euros last year.

ARVET has a network of overseas representatives providing access, Implementation and Consolidation services abroad. In addition, they provide business opportunities of interest to Arvet's affiliated companies.

Brief history

ARVET is an exporters association with more than 45 years of existence. It was set up in 1970 under the patronage of the Chambers of Commerce of the Valencian Community, with whom it also cooperates in internationalization matters.

Throughout its history, it has always been alongside its partners trying to help them export in a first phase and later, to internationalize.

In 2005, the sectors of bathroom and cleaning equipment were added to ARVET, expanding the range of companies that make up the group.

In recent years, ARVET has been able to adapt to the needs of its associated companies, enabling them to find in internationalization a way to grow.

ARVET, through its more than 40 years of history, has gathered great experience, becoming the export department of many of its associated companies. In the future, the objective is to increase the productive sectors to which the network of ARVET promoters abroad is directed and consolidated.

BENEFICIARIES

The beneficiaries of Both the XPANDE and SICOMEX PROGRAMMES are:

XPANDE

The companies participating in the Xpande programme are starting their export activities abroad. They have limited experience and need training to develop and implement an export strategy. The participants can be also medium sized companies which were not selling abroad, but most of the companies are small. The profile of the SMEs involved in the XPANDE programme are:

Company size:

- (0-9 employees): 66%
- (10 -50 employees): 34%
- (50 -249 employees):0%

Turn over:

- (2 mill to 10 mill) (16%)
- (>500,000 to 2 mill) (26%)
- (<500,000) (55%)

Principal Market selected:

- France (16%)
- Germany (14%)
- UK (14%)
- EEUU (12%)
- Mexico (5%)

SICOMEX is promoting some selected sectors abroad, such as machinery manufacturers, chemicals, bathroom fixtures and building materials. Most of the companies are already exporting their products or services. Due to their small size or lack of resources or in faraway markets, these companies are outsourcing their export activities through Arvet.

CULTURAL ASPECTS: POSSIBLE KEY LEVERAGES FOR INTERNATIONALISATION PROCESSES

Promoting culture diversity in one of the commitments of the international relations, so the XPANDE PROGRAMME having the internationalization of SMEs as a principal objective, itself will increase dialogue between countries

Through the relationships established with other SMEs from other regions and countries, the partners can learn from each other, sharing information and ideas.

Regarding cultural leverages, we have seen that in addition to the European Markets, our companies are particularly focusing on Latin America due to cultural and language proximity. The north of Africa, particularly Algeria and Morocco are also very much linked to Valencia and both are of interest to our companies. In this case geographical proximity is relevant.

INNOVATION OF THE GOOD PRACTICE, POTENTIAL FOR IMPROVEMENT AND REPLICABILITY

Both programmes could be transferred and replicated to other regions and they have been improved and adapted to the changing needs of the companies. Capacity building is important in both cases and the companies receive expertise from external professionals in foreign trade. The previous version of the Xpande programme, has been adapted to the needs of Latin American companies, particularly in Chile, also with great success.

The innovative methodology used by the programmes include;

- Diagnosis and initial identifications; products, clients and markets
- Marketing Plan
- Business and Financial Plan

The programmes are based on Competitive Intelligence enabling adequate decision making by the SMEs during their internationalization process.

Moreover, the programme offers;

- Tutorial and personal advice addressed to select new opportunities abroad
- Guidance and support in the first international steps, with the support of a qualify staff that will act as a foreign trade department without any cost for the company
- The International Plan analyze many key aspects for the internationalization; the services and products, potential markets, and established the road map to reach the objectives planned.
- Continuous follow up of the whole process

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

In both programmes follow up and evaluation is important and have developed tools.

Both the Chambers of commerce and Arvet send surveys to the companies participating in both programmes and keep track of the results of the activities implemented within Xpande and Sicomex. The Xpande programme is co-financed by FEDER, so results monitoring is obligatory.

CONTACT DETAILS

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