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A practical guide
to cross-border cooperation

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A practical guide to cross-border cooperation

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António Cardoso e Cunha
Comissário das Comunidades Europeias

Rue de la Loi 200
B-1049 Bruxelles

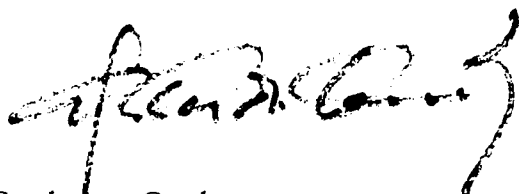
PREFACE

With the completion of the European Single Market, companies will be confronted with new and difficult challenges, for the entrepreneur will need both to analyse the impact of the internal market on his business and to decide on the appropriate measures needed to cope with the new circumstances.

Among the possible responses, cross-border cooperation has yet to be given serious consideration by small and medium-sized businesses. The purpose of this Practical Guide to Cross-border Cooperation is to demystify this type of cooperation and to describe the various procedures involved.

Experience shows that "successful cross-border cooperation" requires careful preparation. It has every chance of succeeding provided that the objectives, the form and the profile of the cooperation and the future partner are clearly defined.

This Guide is above all meant for managers who are thinking of embarking on cross-border cooperation, and I am convinced that, by dint of its practical approach, it will provide them with the necessary means to enable them to evaluate this option for their own company and, if need be, to launch a partnership of this kind.



António Cardoso e Cunha
Member of the Commission
Responsible for Enterprise Policy

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INTRODUCTION

Increasingly, cross-border cooperation is becoming the strategic answer to the challenge of the internationalization of markets. The findings of a recent survey conducted among 11,000 managers within the European Community confirm the above statement: to the question "What are the changes in strategy that seem necessary to meet the demands of the Single Market?", these managers give the need to conclude cooperation agreements second priority after the need to improve productivity.⁽¹⁾

Nevertheless, cooperation remains quite unknown to most small and medium-sized companies (hereafter referred as "SME").⁽²⁾ How can this be explained?

In the first place, this reluctance on the part of SMEs may be due to a poor appreciation of what cooperation really is and to a fear of giving up some of their freedom, identity and knowhow; it may also be due to apprehensiveness about sources of competition.

Furthermore, they often consider cooperation as being reserved to large firms, particularly since they all seem preoccupied with takeovers, mergers and strategic agreements.

However, let us imagine that an SME, once it has overcome its fears, decides to look for a partner. The chances are that it will not have a clear idea about how to proceed and where to turn to for professional assistance. It is with a view to answering all these questions that the present guide has been drawn up.

To get to the heart of the matter, let us first define the term "cooperation": "Any agreement, formalized or not, between two or more companies or organizations aiming at achieving together a previously defined objective". Thus this definition leaves out direct exports from one company to another and the search for clients.

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- (1) Graham and Trotman (Ed.), Partnership between small and large firms, ECSC - EEC - EAEC et TII, Brussels/Luxembourg, 1989, 375 pages.
- (2) According to the commonly adopted definition given by the European Investment Bank, an SME is considered any business in which:
- the workforce does not exceed 500 people;
 - the net fixed assets amount to less than 75 million ECU;
 - no more than one-third of the capital is held by any company larger than one meeting this definition.

A SCENE FROM OFFICE LIFE

For a better understanding of the subject and its complexity, here are a few scenes taking place in a fictitious SME... though you may perhaps recognize it in passing.

The actors:

Alexander D.,	Chairman and Managing Director
Penelope X.,	Sales Manager
Philip L.,	Treasurer
Francis V.,	Lawyer
James M.,	Management Consultant

Penelope X., Sales Manager for SPEC plc., located near Birmingham, has just learned that her most important client, Vergile Bros. & Co., has decided to transfer its operations to Portugal. Very upset, Penelope X. rushes into her boss's office to bring him the news.

P.X. That is 30% of our turnover, do you realize! We are almost certain to lose 30%!

A.D. Listen, Vergile Bros has been our biggest and most regular client for many years now. I am sure there is a way to continue supplying them even when they start operating in Portugal.

P.X. Perhaps there is one, but what with the additional freight costs we will not be able to offer the same terms. Besides, you know very well that our Portuguese competitor will soon be in a position to offer the same products at far better conditions! I really cannot imagine how we can fight back. I want to meet our sales people and work out canvassing objectives... We have no choice but to make up for our loss!

A.D. Come on, Penelope, don't get carried away! It is not like you to give up so easily. I want you to get further information on our local competitor, the quality and range of his products and his production capacity. You know as well as I do how demanding our client can be as well as the quantities he needs. Please make the necessary enquiries, and we'll talk again next week. In the meantime, keep your cool!

(.....)

A.D. So what's the news?

P.X. Well, I must admit our findings seem rather promising.

A.D. How's that?

P.X. First of all, it appears that our competitor's range of products is actually unable to meet all of Vergile's needs and, moreover, his production capacity is somewhat limited. But, above all, we can rely on our patent for the AMS 315, which was specially designed for Vergile Bros.

A.D. Very interesting!

P.X. But there's still the problem of additional freight costs. Also, Vergile may well choose local suppliers for the existing products.

A.D. Stop worrying, Penelope. Just keep on with your inquiries and let me think about it all. Come back to me as soon as you hear something new.

(.....)

P.X. Hello Sir, I believe I have an interesting piece of news!

A.D. I am all ears!

P.X. Well, the other day, at the Paris show, I happened to meet several Portuguese visitors who know our Portuguese competitor. I learned that he's having difficulties, partly because the local market is not big enough to enable him to make the major investments he needs in order to update his production facilities. Now, without this modernization, there is no chance for him to tap foreign markets. And, what's more, his company does not have a real international corporate image.

A.D. And what are your conclusions?

P.X. Well, I am wondering about our financial means and about the kind of offer we possibly could make. Am I perhaps on the right track?

A.D. Come back this afternoon and bring Philip along.

(.....)

A.D. Now that we have some facts about our competitors, I should like us to go over all the possible solutions, define our strategy clearly and, finally, decide on concrete proposals. To do this, Philip, get in touch with the appropriate organizations and find out about the possibilities of financing, the local legislation, etc. And you, Penelope, please contact our regular consultant, brief him on the situation and ask him to come up with the most suitable strategy. As for me, I shall consult our lawyer and ask him to recommend one of his international colleagues. Let us meet again next month.

P.X. + P.L. O.K!

(.....)

A.D. You know all about our problem. What do you think?

F.V. I could, of course, recommend one of my colleagues in Lisbon but, if you don't mind my asking, have you ever considered the possibility of collaborating with this Portuguese company?

A.D. I must admit I haven't. Why do you ask?

F.V. Well, just last week I attended a conference on the legal aspects of mergers and acquisitions - a very fashionable activity these days, you know - and I had a very interesting talk with a colleague working for a consulting firm. He told me that cross-border cooperation offers real opportunities to SMEs but that they are unfortunately too often assimilated by mergers and acquisitions. Several examples he gave me made an impression on me and I think it might be useful if you met him.

A.D. I would be glad to. Could you possibly arrange a meeting?

F.V. Certainly!

(.....)

A.D. Could cooperation be an answer to my problem?

J.V. I believe so, but first allow me to place the problem in a wider context...

PART I - GENERAL ASPECTS

1. CROSS-BORDER COOPERATION: MEETING THE CHALLENGE OF THE SINGLE MARKET

The present guide to cross-border cooperation is in keeping with the creation of the Single Market in 1993.⁽¹⁾ As the process of European unification gathers pace, companies are increasingly induced to look for partners beyond their present borders. We feel it would be useful to give a brief description of the Single Market, its objectives and consequences, before entering into a detailed discussion of the procedures involved.

1.1. THE SINGLE MARKET

This vast market scheduled to be set up at the end of 1992 is indeed a novelty, but it is nonetheless in keeping with the perspectives outlined by the signatories of the Treaty of Rome. It is the increasing awareness of the restrictive scope of the economic integration achieved since 1958, along with the need to promote the competitiveness of the European economy to meet the challenge of Japan and the United States, that have triggered the "1993" programme or Single Market.

This 1993 programme is the result of several initiatives and events, the most important being:

- on the political level: the Single Act;
- on the "market" side: the White Paper.

For the first time since it was signed in 1957, the original text of the Treaty of Rome now contains amendments. For certain decisions regarding the creation and operation of the Single Market, unanimity has been replaced by majority voting. Also, the European Parliament has been given a more important role in Community legislation.

Ratification of the Single European Act by the Member States makes the creation of a large Single Market possible.

The White Paper is its key element and at the same time constitutes its content and plan of action.

The White Paper aims at:

- creating working conditions in the economies of the twelve Member States as if they were a Single Market;

(1) Cross-border cooperation is not, of course, restricted to the Member States.

- gathering all the necessary measures within a comprehensive programme in order to eliminate **hindrances** to free trade, namely:
 - physical (i.e. border controls);
 - technical (technical standards, public markets, restrictive practices to the free circulation of services);
 - fiscal (only the indirect taxation system).

1.2. THE CONSEQUENCES OF THE SINGLE MARKET

The consequences are countless but will manifest themselves at two levels: at the level of the economy in general and at that of businesses in particular.

1.2.1. At the general level

From the macroeconomic viewpoint, many advantages are expected, in terms of both economic growth and a drop in prices and in the creation of new jobs.

Macroeconomic effects of the Single Market

A study carried out in 1988 by a group of experts led by Paolo Cecchini⁽¹⁾ estimated that the effects of the Single Market could result in:

- additional growth in the Community's GDP;
- a slowdown of inflation;
- the creation of new jobs.

1.2.2. At the level of companies

The 286 measures contained in the White Paper are the main decisions affecting companies and create a new operational framework. Beyond the legal and economic context in which companies usually work, the context of the Twelve will increasingly play a key role. This shift is fundamental. A more detailed account of this question will be developed at the beginning of the second part. Whether cross-border cooperation can solve a manager's problem will depend on how important the internal market will be to him.

(1) CECCHINI, P., e.a., 1992. Le défi. Nouvelles données économiques de l'Europe sans frontières. Un rapport issu du projet de recherche sur le coût de la non-europe financé par la Commission européenne, Paris, Flammarion, 1988, 247 p.

In general, the main consequences of the internal market for all companies in all sectors are the following:

■ *an expanding market*

More than 340 million consumers offer businesses a very large potential market. This opens up new perspectives, encourages commercial, technological and industrial investments, leads to the rationalization of whole sectors of the economy and changes the nature of demand.

Key factors in this context are the economies of scale made possible by this market and the advantages offered in terms of competitiveness with Japan and the United States.

■ *lower costs*

A logical result of market liberalization and greater competition, but this could also lead to a change in cost structures.

■ *more competition*

This is the most important consequence for any company. Small or large, with a few exceptions, firms will have to face keener competition, in both qualitative and quantitative terms.

It is important to note, however, that the impact of 1993 on businesses will vary according to the sector concerned. It will be felt particularly:

- (a) where economies of scale play a key role, as for example:
 - in the sectors requiring major investments;
 - in the sectors with a high level of standardization where mass production is possible;
 - in franchising: the success of the Italian company Benetton is a perfect illustration of this;
- (b) in the still well protected sectors, either through subsidies (shipyards, for example) or by technical standards specific to a given country (the German beer market, for example);
- (c) in the border regions, particularly where different VAT rates are applied;
- (d) in the public procurement sectors, which were limited to national companies.

On the other hand, the impact will be felt less:

- in the sectors where economies of scale play little or no role;
- in the sectors which are already integrated;
- in the sectors where demand is limited or almost exclusively local.

1.2.3. SMEs in the context of 1993

The first point to be noted is that the influence of the Single Market will depend not on the size of the company but on other criteria such as:

- the extent to which it is an international business;
- the influence of local features on the products and services;
- the degree of regulation of the business.

Compared with their larger competitors, SMEs are not necessarily endangered by the prospect of 1993, especially as local strategies are perfectly conceivable. Moreover, SMEs do have specific assets of their own which may make them gain more from 1993 than their larger counterparts as they will be better able to adjust to the new market conditions. That is, of course, if they become fully aware of their strong and weak points, if they clearly define their strategy accordingly, if they anticipate their competitor's moves and if they have a clear idea of where and how far they can and want to go.

1.3. ADVANTAGES OF CROSS-BORDER COOPERATION

Considered within the context of the Single Market, cross-border cooperation will enable SMEs to make the most of their strong points and to attempt to correct their weak ones.

1.3.1. The strong points of SMEs

What are they?

First of all, a light structure which ensures them great flexibility of action and permits rapid decision-making. In addition, they are in closer contact with the market in general and with their clients (and their needs) in particular, which allows them to recognize and/or seize new opportunities more readily. Moreover, a good many SMEs have specialized in order to become highly competent in their field, hence providing an adequate answer to the growing need for very specific products. Finally, mention should be made of their flexibility, which enables them to adapt to change more easily and quickly than large companies.

1.3.2. The weak points of SMEs

First, it is important to note that SMEs have some difficulty in obtaining access to the various resources available, such as:

- financial resources: SMEs' equity and reserves are often limited, which naturally hinders their development plans and restricts their investment capacity;
- human resources: SMEs operate with a limited number of staff, which often results in a structurally weak organization. In general, this organization lacks the staff to examine new technologies, analyse new markets and look for complementary partners. The personnel is insufficiently specialized and is confronted with an everyday activity which leaves little room for the problems of future development and planning;
- technical resources: the production capacity of SMEs is also often limited and automation is not yet widespread;
- technological resources: though a good number of SMEs have specialized in recent years, the fact remains that most of them have a weak technological potential.

Second, there is a lack of competence in management techniques. Systematic planning is not really prevalent and, when applied, is limited to short-term planning. Maximum use is not always made of computer technology and this also goes for external information (cf. data banks) and marketing techniques.

Lastly, many SMEs have been built up in accordance with the national or even the local market. To break into foreign markets, they are often hindered by a lack of knowledge of languages and by a difficulty in adapting to different mentalities.

1.3.3. Specific advantages of cross-border cooperation

Cross-border cooperation naturally offers other advantages which could best be summarized by the motto "Strength in numbers". Whenever it exerts a leverage effect, this results in a widening of the range of the company's activities, on the one hand, and an improvement in its performance on the other.

Wider range of activities

The leverage effect provides access:

- to new markets and/or to new channels: for existing products or for the creation of new ones;
- to new clients: together partners can reach clients whom they would never reach on their own;

- to new products: their importance is ever-increasing as product life cycles become shorter and shorter; cooperation with a partner can provide the necessary financial means for this type of development;
- to transfers of technology: from one partner to the other, these transfers can often be very profitable;
- to new capital: cooperation leads to financial opportunities; it is therefore likely to attract investors who otherwise would not manifest themselves;
- to new projects: partners can consider joint investment in projects which they would not have considered on their own.

Improvement in performance

- Better prospects for the company in the medium and long term and stronger competitive standing (owing to new markets, for example);
- better forecasting techniques: cooperation must of necessity take the future of the company into account. Systematic forecasting is therefore needed which can only improve its efficiency and better prepare it to face the challenges of 1993 and the competition from outside the European Community;
- better productivity: a more efficient use of the available resources reduces the costs. Cooperation often enables a company to concentrate more specifically on its basic product range or even to boost its specialization to meet a growing need in this field;
- better opportunities for growth;
- greater ability to create new jobs;
- better degree of specialization: the various tasks will be better distributed between the partners.

1.3.4. Objections to cooperation

Cooperation is a domain which is currently developing apace, but there are several misconceptions and prejudices about it which need to be disposed of at the outset:

"The advantages of cross-border cooperation are not clear and in any case it is the exclusive field of large companies."

This is a view continuously fed by a spate of mergers and acquisitions. However, and if indeed the advantages of cross-border cooperation have for a long time been known and acknowledged by large companies, why should they continue to be their sole privilege?

"Cross-border cooperation is a complex and risky process whose results are questionable."

Cross-border cooperation can take multiple forms, from the most elementary, such as a cooperation contract, to the most complex, such as a merger. It makes sense, of course, to start with the simplest forms of cooperation in order to become familiar with their basic mechanisms and, if need be, to evolve further towards more complex structures.

There are undeniably risks also. But is not the running of a business nothing but a succession of calculated risks? The risks that go hand in hand with cross-border cooperation can be reduced to a strict minimum providing the various steps are carefully planned. Cooperation is not a matter of chance: a well-structured business plan, followed by a well thought-out development strategy are the keys to its success.

"Cross-border cooperation may result for the company in a loss of identity or even independence."

Cooperation can indeed mean that a business loses some of its independence, depending on the kind of cooperation intended. In this respect, the relative strength of the partners is particularly important. If they are equally matched, the scope of the cooperation will not go any further than that originally intended. The extent of the company's independence within the cooperation will therefore depend on decisions taken right at the outset.

"My future partner will steal my professional secrets"

The protection of intellectual property is a major concern for SMEs, and rightly so, since it is often precisely the possession of this intellectual property that enables them to beat their competitors. However, although cooperation always leads to a transfer of knowhow in various degrees and in various fields between partners, the risks can be reduced if elementary precautions are taken, such as:

- by discussing the problem openly when choosing a partner in order to have a clear understanding of his opinion on the matter;
- by inserting restrictive clauses in the contract;
- by ensuring that there is a balanced relationship between the partners in this area too.

"Cooperation is very difficult with a competitor."

Even on the national market, competitors can be complementary and this can lead to profitable partnerships. Our concern here, of course, is cross-border cooperation: the concept "competition" thus becomes quite relative, depending on whether the company seeking a partner is operating in the same sector as itself.

Cooperation with a competitor: two actual cases-(1)

Case 1

The world of graphics computers is a small one. Companies know each other and are generally well informed about their respective products, both nationally and internationally.

The one company was British, the other German. They had always thought they were competitors.

In 1987 they met during a conference organized by a network of British, German and Dutch companies and realized the advantage of becoming partners.

The German company's strong point lies in its experience with the GKS standard (Graphisches Kernsystem). This programme includes computer graphics, such as line-plotting, hatching and text inputting. Its most widespread application is the "GRIBS-GKS" (Graphisches-Interaktives-Basissoftware), a software developed for professional users fully acquainted with programme techniques. It offers great flexibility and a wide range of possibilities.

The British company's strong point is that it has developed an innovative software designed for engineers and scientists who need to be able to feed data into graphs in order to display the results. This system is also available to amateur programmers.

In short: both companies have pooled their experience and knowhow, have backed each other up and have successfully managed to promote each other's products in their respective market. The next step? Probably to tap the American market together.

Case 2

Company A: a small-sized British company (ten employees), set up ten years ago, manufactures and distributes highly specialized products for floor processing. The company is the market leader in the UK.

Company B: a Dutch company (forty employees), set up twenty five years ago, active in the same sector, with a customer base in central Europe.

These two companies started to exchange manufacturing formulas as well as data on their respective markets (particularly on the purchases of raw materials), information they could not have obtained on their own. Then company A started selling its products to company B.

Comments

It is important to note that B's products complement A's rather than competing with them. Also, the manufacturing of A's products is rather complex. Their analysis is time-consuming and so is the development of similar products. As a consequence, company A has been right to extend its market through company B and in doing so to maximize its profits before the competition had a chance to react.

(1) Cases taken from the SPRINT programme.

1.4. DESCRIPTION OF CROSS-BORDER COOPERATION

1.4.1. Types of cooperation

The types of cooperation are numerous. The table below shows the commonest and defines two criteria.

First criterion: the sector of cooperation. It will be either commercial or financial, technical (production), technological or general.

Second criterion: the scope of cooperation. It will operate either in only one direction, and therefore be called unilateral, or in both directions, in which case it will be bilateral or even multilateral.

Table 1: Types of forms of cooperation

Areas	Scope of cooperation	
	Unilateral	Bi-/multilateral
Commercial	agent distributor franchising marketing service market study products promotion	reciprocal agency cross-distribution participation in a fair export club shared unit combined purchase promotion missions collective advertising joint bid
Financial	loan lending majority holding minority holding	exchange of shares buying of shares third party participation
Technical	after-sales service	shared manufacturing sub-contracting
Technological	licensing transfer of technology	common development EC research programmes
General	acquisition	joint venture merger

Comments

■ *The most widespread forms of cooperation*

In which area is cooperation most frequent? This is difficult to assess, as much depends on the sector. In general, more than 50% of the requests for and offers of cooperation are to be found in the commercial sector,⁽¹⁾ but in some sectors the accent is more on a continuation of technology and production. It should be noted that, for many SMEs, commercial cooperation represents their first contact with cross-border cooperation. Should this experience be positive, it will probably lead to a more complex form of cooperation or even to cooperation in another area.

■ *Duration of these forms of cooperation*

In theory, cooperation can be of a temporary nature though without any fixed duration. It can also last until a common objective is achieved, after which the cooperation is brought to an end.

In practice short-term cooperation is easier to arrange in the commercial and service sectors than in manufacturing. A few typical examples: representation or distribution agencies or agreements, licensing agreements, etc. In practice this type of cooperation does not exceed three to six months.

It may also happen that the parties concerned seek longer-term cooperation, often because the objective requires it (i.e. the development of a new product) or because the necessary investment is very considerable. Cases in point are the buying of shares (majority or minority holding) or the joint setting-up of a new enterprise (joint venture or JV). It should be noted here that the average lifetime of most JVs seldom extends beyond ten years.⁽²⁾

■ *The number of partners*

In nearly 90% of the cases, cooperation agreements concern only two partners. For some kinds of cooperation, however, it may be possible (or even necessary) to link up three or more partners (especially in research or combined purchases). In the world of cooperation the present trend is to set up networks that group together several members.

■ *The size of the partners*

Little information is available on this question. It all depends on the field and on the economic sector.

(1) This is borne out by the Business Cooperation Network (BC-NET), an instrument for the promotion of cooperation developed by the Commission of the European Communities and described in more detail in Annex 2.

(2) From a study carried out by Deloitte, Haskins and Sells.

Partnerships in the field of biotechnology break down as follows:⁽¹⁾

- LC/LC	23%
- LC/SME	45%
- LC/PB	11%
- SME/SME	12%
- SME/PB	9%

(LE = large company - PB = public body/institution/university)

This cooperation, however, mainly concerns research and development. Since SMEs still have more specialized knowhow, large companies could call on them for cooperation in other areas. As for agreements between SMEs, they often concern commercial cooperation (for example, distribution agreements) and are preferably arranged between equal partners.

■ *The type of cooperation*

In general, cooperation will be worked out between:

- enterprises with similar activities and therefore theoretically competitive, yet located in different countries: this type of cooperation is said to be "horizontal";
- companies with complementary activities, i.e. those having either an upstream or a downstream relation (for example, subcontracting); the cooperation is then said to be "vertical".

1.4.2. Features of the various forms of cooperation

GENERAL COMMENTS

In most cases, the objectives are more rapidly attained and/or the costs are reduced through cooperation. It could even be said that, without cooperation, a SME might be forced to abandon some of its objectives. Typical examples are: the development of a new product requiring a specific technological knowhow or the penetration of a remote foreign market.

Cooperation thus offers a wider range of means which otherwise would not be available to SMEs.

(1) From the study "Evaluation of the needs for association of the European SMEs: case of biotechnologies" carried out in 1988 by Biofutur and Sedes for the Commission of the European Communities.

GENERAL DRAWBACK

It is a fact that entering into partnership implies a partial loss of independence. In most cases there will be a situation of interdependence (which proves once again how important it is for each partner to choose the right partner).

COMMERCIAL FIELD

The simplest forms of cooperation are often to be found in the commercial sector. These are in fact the first steps in the cooperation process and allow SMEs to get to know each other better and to graduate to more sophisticated forms of cooperation, thus entering more deeply into the world of cooperation. In most cases, these types of cooperation can be worked out in a relatively short time.

Some of them are outlined below:

Agent

The term "agency" is used when one of the parties is commissioned to act on behalf of the other and is granted a commission for services or for sales. If both partners act as reciprocal agents - a fairly rare occurrence - the term "cross-agency" is employed.

Features:

- the agent's responsibility is limited to the sale per se; the remaining services (delivery, invoicing, dispatching, etc.) are the responsibility of the other party;
- an agent does not usually have the necessary infrastructure to undertake the distribution of his partner's products. If he has, he can become his distributing agent.

Distributing agent

This agent buys from his partner wherever possible and redistributes his products to his own customers. He is in charge of all aspects of marketing, such as storage, advertising, sales and delivery.

When the products are complementary, the partners may opt for cross-distribution, each party distributing his partner's products.

Features:

- improvement of the product line of each party (providing, of course, the new products integrate well into the existing line);
- strengthening of the ties between the partners.

Franchising

This is a contract between two companies in which one acts as the franchiser and, while retaining ownership, gives to the other, the franchisee, the right to market a particular product, brand or technique (or a commercial system) in return for a fee, in a fixed area and under certain conditions.

Franchising is not yet a widespread form of cooperation, though it will gain importance once the Single Market is set up.

Features:

- the arrangements governing the application of a franchise are generally well thought out and thus easy to implement;
- the franchisee benefits from the franchiser's experience;
- the franchiser handles often the advertising and purchasing, so that the franchisee is able to focus on sales alone;
- the franchisee's share in the capital is generally quite considerable;
- his freedom of management is rather limited.

Marketing services/promotion

One of the partners is to a greater or lesser extent responsible for marketing and/or promoting the other's products.

Features:

- the "assisting" partner knows the market well;
- the "assisted" partner has no need to be represented on the market;
- this form of cooperation can be launched fairly rapidly.

Market studies

Rather than calling on a market research company, the company seeks a partner active in the market concerned in order to obtain the information it needs. The two companies do not necessarily have to be engaged in the same kind of activities, but they may consider a closer form of cooperation subsequently.

Features:

- reduction of costs;
- contacts which might lead to other types of collaboration.

Participation in an international fair

International fairs often lead to useful contacts, but the cost of participating is often too high for a single SME. It can join together with other SMEs, either directly or through a representative professional organization.

Features:

- reduction of costs;
- opportunity to establish contacts for further cooperation arrangements;
- stand shared with other SMEs, which offers an unquestionable advantage though it can also present a drawback in that an individual SME may tend to become lost in the crowd.

Export club

Several companies join forces in order to export to a third country.

Features:

- better apportionment of costs;
- access to new markets (for example, by offering a complementary range of products from the various partners).

Combined purchases

The best conditions are obtained from a position of strength (for example, by bulk purchases). This can be achieved through an association of SMEs which, by pooling their buying power, are in a better position to negotiate. It is important to point out that it is in their interest to set up joint warehousing facilities.

Features:

- more attractive prices, better apportionment of freight costs, more flexible payment terms;
- need to take each partner's requirements into account when pooling orders.

Prospecting mission

The prospecting costs are shared out among several companies (common commercial prospectors, for example). This activity can be combined with other activities, in particular with market studies.

Joint publicity

The partners agree to promote their products by way of joint advertising messages, hence acquiring a more significant advertising impact for a smaller individual investment. There is, however, a risk of confusion concerning the brand image. Also, it will be difficult to fix a budget if there is too much discrepancy between the partner's financial resources.

Joint proposal

In the field of both public and private sector tendering, this type of cooperation can make it possible for a SME to participate, even in cases where it would individually not be in a position to meet the specifications imposed. If the tender is accepted, the SME will start another type of cooperation: subcontracting or joint-contracting.

FINANCIAL FIELD

This inevitably concerns any SME seeking new activities.

Loan/lending

It should be noted that in this case the companies concerned do not extend the relationship beyond that of lender to borrower.

Participation

A company buys some of the shares of another company in order to benefit from its knowhow or from its resources (its distribution network, for example) or even to gain control of it.

This participation can be reciprocal, in which case it takes the form of an exchange of shares. This process is often used by partners wishing to express their mutual trust or to guard against a hostile take-over bid.

The participation of the partners in a third company, possibly as a joint venture, constitutes a special case.

Other forms, such as mergers, acquisitions, transfers, etc., have been grouped together under the heading "General Area," for these forms need to be examined separately since, as distinct from other forms of cooperation, there is only one company left at the end of the process.

Venture capital

One or more companies invest in a SME which shows a high growth potential and/or good profitability with the intention of achieving a capital share. The investment is either direct or indirect (through a fund). This is a relatively new type of cooperation but has every likelihood of gaining in importance. The Commission of the European Communities has been involved in several initiatives in this field, such as the European Venture Capital Association (EVCA).

TECHNICAL FIELD

While cooperation is less frequent in this field than in others, it can nevertheless offer some very interesting options since it can lead to specialization.

After-sales services

This is often a valuable sales argument in the case of consumer durables. The problem is, however, how to guarantee a quality after-sales service abroad without a proper network. In such cases a satisfactory solution may be found by calling on the services of a company that is well established in the country concerned.

Joint manufacturing

Two or more companies pool their production facilities in order to manufacture the same product.

Subcontracting

The subcontractor undertakes to perform a certain number of tasks for the main contractor, such as the manufacture of certain components of the end product. Subcontracting is gaining more and more in importance, and this trend will be heightened by the advent of the Single Market.⁽¹⁾

TECHNOLOGICAL FIELD

Many SMEs wrongly regard this field as being restricted to large companies. Though many wish for a transfer of technology, very few of them can offer it.

Other forms of cooperation include the following:

- reciprocal agreements for technological cooperation;
- offers of and requests for technological assistance;
- offers of and requests for assistance in research and development;
- the transfer or acquisition of patents or licences;
- offers of and requests for technology;
- European Community R&D programmes.

Transfer of technology

The SPRINT programme (see Annex 2) set up by the Commission of the European Communities aims precisely at promoting this form of cooperation through small networks of consultants specialized in the transfer of technology.

It is important to note here that:

- the transfer of technology is not limited to advanced technology;
- the partners should ideally be engaged in the same sector or branch;
- they should have a comparable level of competence;
- projects for the transfer of technology entail long lead times (between ten and fifteen months).

(1) The importance the Commission of the European Communities attaches to subcontracting is shown through the activities of the Subcontracting Department of the Bureau de Rapprochement des Entreprises of DG XXIII (for more information, see Annex 2).

Joint development and/or adaptation of a product

This will often be done under a joint venture.

Features:

- faster results;
- more rapid acquisition of knowhow owing to the contacts between partners.

Licensing

The company purchasing the exploitation or manufacturing rights in return pays royalties to the company that owns the patent. There are various advantages for both parties: the first can work exclusively on research and development, while the other can focus on production and marketing. In addition, it acquires new technological knowhow and can sometimes improve the product or process.

The European Communities research programmes

The programmes, such as BRITE, ESPRIT, RACE, CRAFT and VALUE (see Annex 2), aim at stimulating technological cooperation. Converting individual efforts into collective activities is bound to have a beneficial effect, particularly in the field of research.

GENERAL AREA

This regroups the forms of cooperation which commit the entire company and aims at integrating all the partners within a single entity.

Merger

The companies merge to form a single body with greater financial muscle than each would have individually. This type of cooperation, however, is difficult and rather rare. In practice, mergers usually conceal a simple take-over.

Features:

- the new company has a larger share of the market;
- any rationalization needed can be carried out more easily;
- relative costs decrease;
- the level of competence is enhanced;
- however, lead times can be fairly long (different "cultures", new identity to be assimilated, etc).

Cross-border acquisition

All of the shares are acquired by one company in order to hold in the short term a strong strategic position on one or several foreign markets. The selling company aims at taking advantage of the power and security of a larger group (e.g., the acquisition of the Belgo-German company Agfa-Gevaert by the German group Bayer).⁽¹⁾

Features:

- diversification of activities;
- immediate access to new markets, new skills, new means of production, etc.

Joint venture (joint creation of a third company)

Two companies or more enter into partnership in order to create a new one with a view to developing a given activity together. This form of cooperation is often used to link up resources (financial or other) and/or additional advantages and is a well-known option among large companies, particularly in markets like Japan or the East European countries, where market access is difficult. Experience with BC-NET shows that joint venture is of increasing interest to SMEs.

Features:

- possesses a well-defined legal structure;
- offers a possibility of financing projects which would otherwise be impossible to undertake or for which the necessary knowhow is not available;
- allows a better spread of risks;
- improves the various parties' experience through their respective contributions;
- reinforces the strategic positions acquired;
- permits the acquisition of new ones;
- offers a means of becoming involved in a "local" enterprise (in cases where the nationality of the enterprise plays a key role);
- but calls for a considerable investment.

A new form of cooperation deserves to be mentioned, namely "cooperative networking", which are networks of companies operating in common. This form of cooperation may materialize through financial participation but not necessarily. The SPRINT network (see Annex 2) and EEIG (European Economic Interest Grouping) (see Chapter 3, Part II) are perfect examples of this type of cooperation.

(1) Even though it concerns two large companies, this case is most interesting. As a result of a certain number of external factors, such as the fall in the price of silver, an essential ingredient in the production of films, Agfa-Gevaert had to face great difficulties. In order to defend its chances of future growth, Agfa-Gevaert suggested that Bayer, which already held 50% of its shares, should acquire the remaining shares, thus allowing it to become a member of the group. This decision has unquestionably been beneficial.

MISCELLANEOUS

For the sake of completion, mention can be made of cases where cooperation amounts to either a training programme for personnel from one company on the premises of another or the joint renting of warehouse facilities.

1.4.3. Evaluation of cost of cross-border cooperation

Obviously, SMEs interested in cross-border cooperation must be able to evaluate the investments needed if it is to succeed. Some are easy to determine, while others are far more difficult to estimate.

To commence with, a distinction should be made between the preparatory phase and the operational phase.

Direct costs

Preparatory phase

■ Time allowed for this phase

It is a well-known fact that "time is money". The first thing is to calculate the cost of the time needed by the manager and other members of staff to prepare an efficient programme of cooperation. This preparatory phase will depend on:

- the experience of each partner in the field of cooperation;
- the complexity of the type of cooperation intended;
- the working method selected;
- the need to call on the services of a specialist or not.

In practice, consultants often complain about the lack of preparation on the part of their clients, resulting frequently in delays and hence additional costs.

In many cases, therefore, it is a wise investment to call on the services of a specialist, for the amount of time saved will amply cover the cost of his fees.

■ Contacts

As in all negotiations, one or more meetings should be considered. These meetings could be devoted to short-listing applicants, making the final selection, deciding on practical arrangements, etc. Travelling, meetings and informal contacts will involve expenses that need to be evaluated and these, of course, can be reduced providing the necessary groundwork has been done.

■ Consultants' fees

These costs can be kept low if the needs and objectives have been clearly defined beforehand.

■ Miscellaneous

Depending on the type of cooperation, other costs should also be taken into account, such as administrative costs, costs of samples, tests, etc.

Operational phase

Here again, the time factor must be given careful consideration:

■ Start-up time

The time needed to launch the cooperation and to follow it up should be estimated as precisely as possible.

■ Contacts

Regular and well-planned meetings between partners are essential if a cooperation project is to work satisfactorily. Here too, the time needed for these meetings should be carefully budgeted.

The operational phase may also entail:

■ Direct investment and variable costs

Depending on the type of cooperation chosen, new equipment and the hiring and training of additional staff may represent a major item that needs to be studied carefully.

Indirect costs

During both the preliminary phase and the operational phase there may be a need for structural changes in the existing organization, the financial consequences of which need to be assessed, of course.

In short, all these costs, direct or indirect, must be factored into a business plan in order to measure the economic and financial scale of the cooperation project as accurately as possible.

1.5. THE CONSULTANT'S ROLE IN CROSS-BORDER COOPERATION

Is there a need for a consultant? This is one of the many questions that need to be answered in the planning of a cross-border cooperation project.

It is necessary, however, to identify such a consultant clearly, to understand the form in which he provides assistance and why, and to define the contribution he makes. These points are clarified below:

1.5.1. What is a management consultant?

A management consultant is "an independent and well-qualified person offering a service which consists in identifying and analysing problems linked with the policy, the organization, the procedures and the methods of a given enterprise, in suggesting appropriate measures and in assisting in their implementation".⁽¹⁾

What are his assets?

- * being an outsider to the company, he is able to work objectively;
- * he is an expert with broad experience in the field;
- * he has built up an important network of business contacts and has easy access to numerous sources of information;
- * he guarantees total confidentiality in his work;
- * unlike the company manager, he is not wrapped up in daily management problems and is therefore in a better position to meet the agreed deadlines.

Broadly speaking, the management consultant is a guide whose job it is to smooth the path towards cooperation.

It is important to point out, however, that:

- the company manager is and remains the master of his business and only he can take the necessary decisions;
- consultancy is no magic recipe; it is above all a matter of careful follow-up and of implementing the appropriate means.

(1) From "Guide to Membership", Institute of Management Consultants, London, 1974.

Who are they?

Management consultants can be categorized according to their status: private, semi-public (mixed), public.

■ Private

Most management consultants are independent or form part of private organizations. Examples are consulting firms (one or more people) offering one or several fields of expertise (in the field of finance, trade, marketing, manufacturing, applied technology, etc.), auditing firms which provide consultancy services specializing in one or more fields, law firms, private banks, etc.

■ Semi-public (mixed)

In some countries, organizations are jointly set up by both the private and the public sectors with a view to offering management consultancy services. In most cases, these organizations enjoy a large measure of autonomy in carrying out their objectives. Cases in point are the non-profit private organizations, such as the Chambers of Commerce and Industry and non-governmental organizations.

■ Public

Some public organizations also offer management consultancy services, in addition to their other functions. Cases in point are companies or agencies involved in development and the Business and Innovation Centres (BICs) run by DG XVI of the Commission of the European Communities.

What about fees?

■ Private consultant

There is no fixed rate, private consultants' fees being calculated according to:

- his qualifications (in such fields as finance or technology, rates are higher);
- the size of his firm;
- the country where he operates (consultants in the more industrialized EC Member States command higher fees).

By way of a guide, however, it can be assumed that a consultant acting alone will charge anything over ECU 250 for a day's work, a consultant working with several associates will ask for ECU 450-600, while the service of a very large firm will cost from ECU 750 to 1500. In some cases, the fees charged may depend on the results achieved by the cooperation. The contract might, for instance, stipulate that the consultant will receive a percentage of the additional turnover. Whatever the case may be, it is of the utmost importance to draw up a contract with all the conditions clearly laid down.

■ Public consultant

As has already been mentioned above, his services are free of charge in most cases, except for the expenses incurred. However, if there is a fee to be paid, it will be appreciably lower than that charged by a private consultant.

1.5.2. Calling in a consultant

When is there a need to call in a consultant?

Roughly speaking, each time the company is faced with the following problems:

- it knows little or nothing about the kind of cross-border cooperation envisaged;
- it is wondering whether this solution is the right one for its own situation;
- it is not sure how to make a strategic plan, negotiate the contract and safeguard its interests, etc.;
- it would rather keep a low profile until the research phase is completed;
- it cannot spare the time required.

In short, lack of experience on the one hand and the complexity of the intended cooperation on the other, together with the need for confidentiality, all may warrant calling in the services of a consultant.

Whom to contact?

A public or a private consultant?

Consultants working for public organizations do not usually charge fees, which, of course, is a point in their favour, but the resources available to them are on the whole more limited than those of their private counterparts. Moreover, while the private sector includes a large number of specialists, the public sector is essentially made up of non-specialists.

Conclusion: everything depends on the problem to be dealt with, its complexity, and the intended objectives, but ultimately it is the personal calibre of the consultant that is all-important.

How to find a consultant?

One way is to look one up in a professional directory. The major management consultants are often listed with details of their specialized fields, which is important when dealing with cross-border cooperation.

Another way is to contact the existing networks created by the Commission of the European Communities in order to assist SMEs in the context of the future Single Market. These include:

■ BC-NET

This is a linking up around 600 consultants (private, semi-public and public). Offers of and requests for cooperation are filed and matched in a central computer in Brussels. Those that match up are forwarded to the consultants concerned and it is then up to them to contact their clients;

■ EURO INFO CENTRES

One of the functions of the 196 Euro Info Centres scattered around the Community is to reply to companies that wish to know more about the Community. Most of the Euro Info Centres are part of BC-NET.

■ SPRINT

The SPRINT programme aims at promoting transfers of technology among SMEs through small networks of specialized consultants. These record requests and try to find companies abroad that are able to help. They then put the companies concerned in touch with each other and provide the necessary follow-up to the negotiations.

■ BIC (Business and Innovation Centres)

The purpose of the BICs is to create regional centres for technological innovation.

For more details, see Annex 2.

Table 2: The business and the consultant: ingredients for success.

*** Clarity**

A precise definition of the consultant's task.

Providing him with all the information he needs.

Making him stipulate:

- (a) the financial terms
 - estimated budget (fees and expenses) and the basis for the estimate (e.g., number of days worked);
 - terms of payment;
- (b) the material arrangements
 - work method;
 - work programme;
 - expected duration;
 - composition of team.

*** Rigour**

The consultant's experience, competence and references must be scrutinized carefully in the light of the task he is called upon to accomplish.

*** Mutual understanding**

The human factor cannot, of course, be regulated in writing, but a positive dialogue can only take place between people who get along well.

Finally, it is obvious that the main points must be clearly laid down in black and white.

***PART II - THE DIFFERENT STAGES OF CROSS-BORDER
COOPERATION***

INTRODUCTION

When a company decides to look for a partner abroad, what precautions must it take, what procedure must it follow, what obstacles must it overcome, etc.? The second part of this guide attempts to answer these questions and many more.

To do this, we shall examine in detail the four main stages of cross-border cooperation:

1. the preparatory stage;
2. the search for partner(s);
3. the negotiating stage;
4. start-up and follow-up.

1. THE PREPARATORY STAGE

The decision to look for a foreign partner can only be taken when it forms part of an overall strategy. Before considering cooperation, it is important to study the context (of a company and its strategy) into which this cooperation will have to fit.

1.1. STRATEGIC REFLECTION

This, of course, is based on the objectives defined for the company at the outset.

What are the objectives as defined by the shareholders?

Next: what are the strategic options available to meet these objectives?

Finally: is cross-border cooperation one of these options? If so, what type of cooperation?

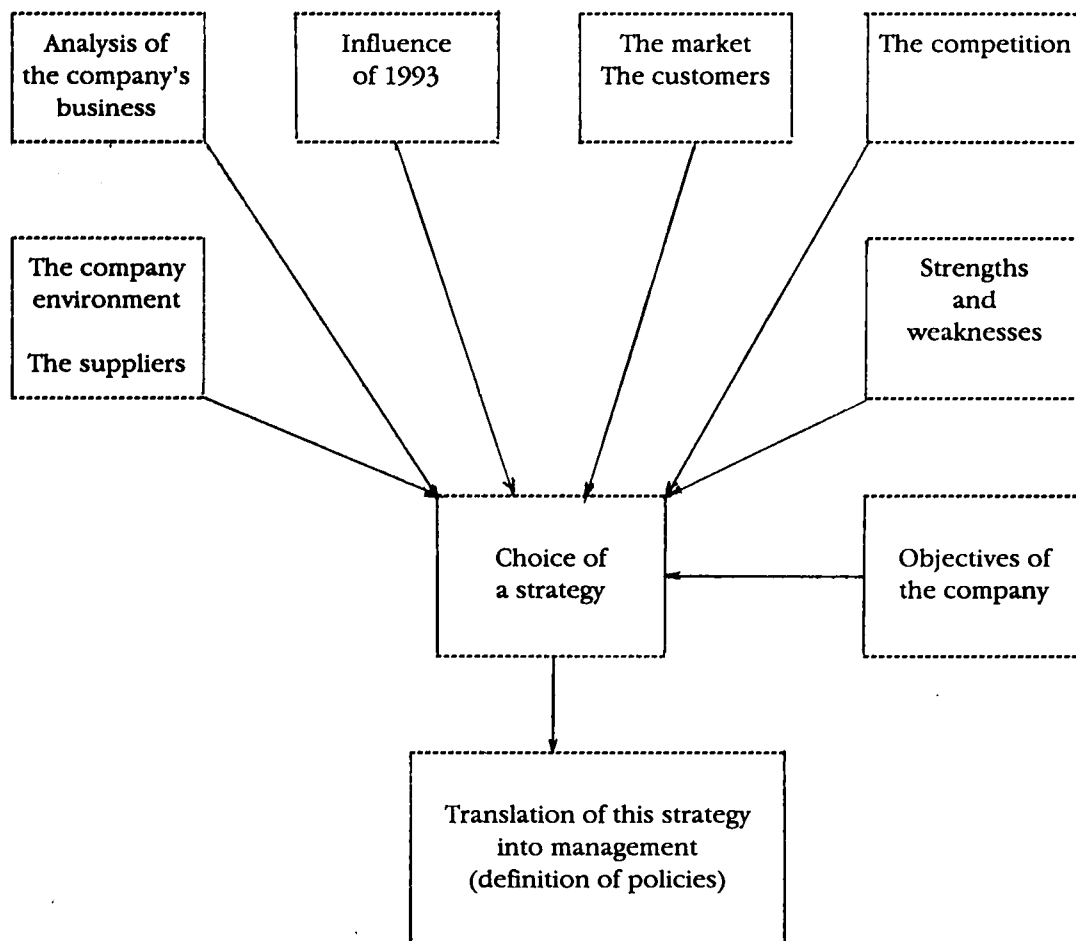
These different points are discussed below.

A more systematic approach to defining a strategy generally embodies four analyses:

- of the competition;
- of the market (quantitative aspects, such as size and shares of the market, and qualitative, such as buying criteria, trends, etc.);
- of the company's strong and weak points;
- of its environment (technological, regulatory, etc.).

The following diagram recapitulates these various points, due allowance being made for the influence of 1993, and rightly so, since the single European market must henceforth be an integral part of any strategic evaluation.

Table 3: Elements to be taken into account when defining strategy



The diagram is only meant to serve as a rough guide, and for further information reference should be made to the specialized literature.

However, let us take the time to consider the following two points:

The analysis of the business

The business in which the company is engaged is even now an underestimated concept in management techniques, though it plays a very important role. It can be defined as follows: it is the body of tasks performed by the company and of the expertise it has acquired.

What matters is the company's level of competence and professional expertise compared with that of the competition.

In the assessment of its own business it is important for a company to know what it can do really well and to be aware of its strong points. Paradoxically, perhaps, it is not necessarily easy to know one's own business.⁽¹⁾

Why should so much importance be attached to the "business"? Because it is the starting-point of the analysis; it is through it that the influence of 1993 will make itself felt to varying degrees and it may prompt the manager to decide to look for a partner abroad.

However, to attempt to assign the company's business a position in a scale of values also means to try to define the major changes which may affect it. These major changes, be they regulatory or technological or have their origins in the market itself, must be evaluated with the utmost precision in order to complete the analysis.

Finally, the assessment of the company's competitive position must be conducted at three levels:

- the company facing its direct competitors;
- its national sector as compared to the European competition;
- its sector at the European level as compared to the competition from outside Europe.

(1) Cf M. Bommensath, Votre entreprise face à 1992, Les Editions d'Organisation, Paris, 1988, P. 111 and foll.

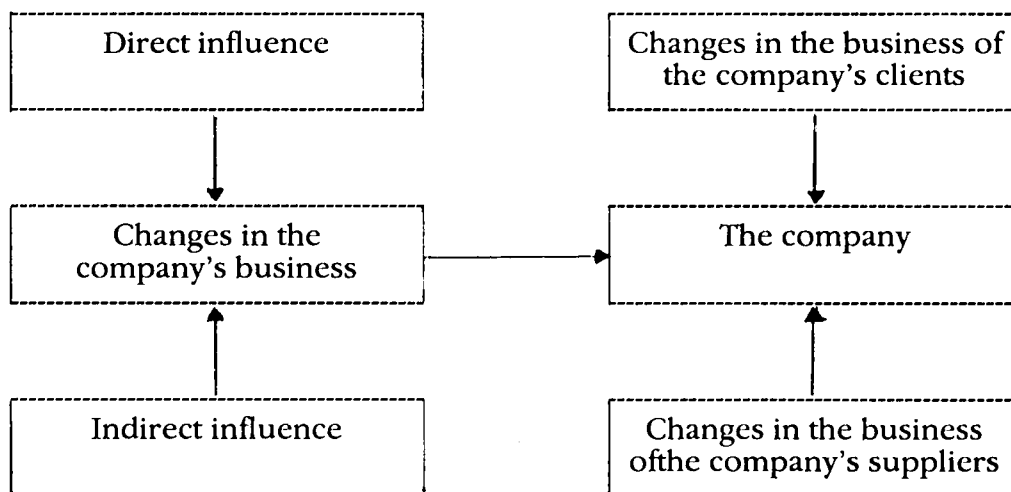
Impact of 1993

The regulatory and legal framework of 1993 will affect companies both directly and indirectly.

Direct influence can be taken to mean the decisions of the European institutions which will be applicable to a specific sector (i.e. banking, insurance, road transport, air freight, etc.); indirect influence means any measure which, even if it does not concern a particular sector, nevertheless has an important influence.

Examples of this are reviews of excise or VAT rates, drastic changes in transport costs, increases in competition as a result of the liberalization of the provision of services in the twelve Member States, etc.

Table 4: **The impact of 1992 on companies**



The impact of 1993 will hence spread in all directions, like a concentric wave, and not only the company but also its customers and suppliers may be affected. All these factors must be carefully weighed up and incorporated in the strategic reflection.

The choice of strategic options

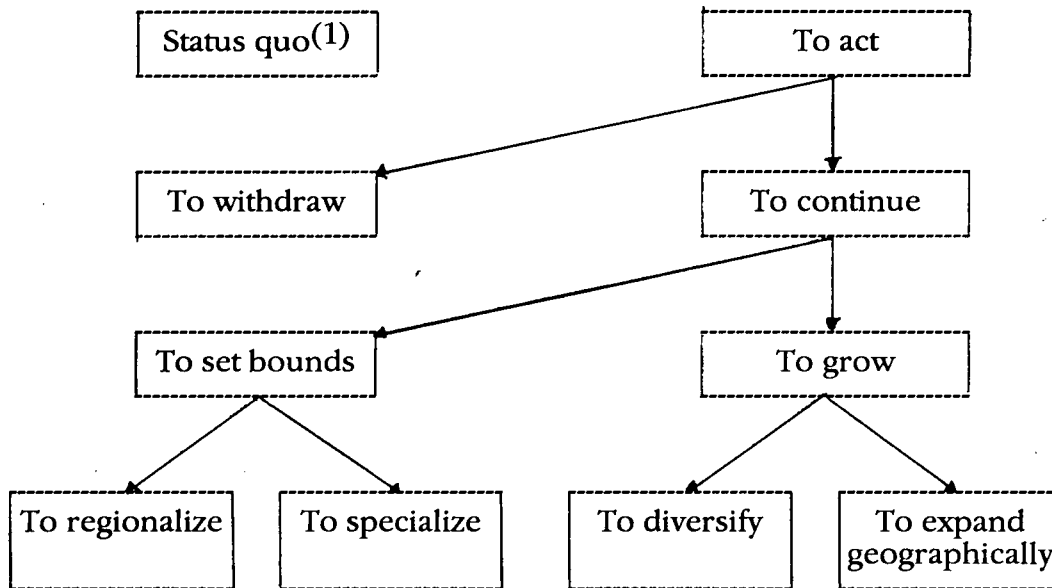
Now that all the various points mentioned above have been considered, i.e.:

- the company's objectives;
- its competence (line of business, strong and weak points);
- its sphere of activities (market, competition, environment);

the time has come to draw the necessary conclusions.

Cross-border cooperation may well be one of them, but this is not a time for haste. In simplified form, the main options among which the company will have to make its choice are as follows:

Table 5: The major strategic options



Three main options can be seen to emerge here, the last two each being divided into two sub-options.

1. To withdraw, i.e. to sell. A wise choice in a good many cases, particularly if the main shareholder is not ready to adopt a strategy which will allow the company to survive in the long run.
2. The contrary, i.e. to continue, yet with limitations. These can be:
 - (a) regionalization
A strategy that consists in concentrating on a given geographic market, such as one's own country, to the exclusion of all others;
 - (b) specialization
A strategy which implies concentrating all the company's efforts on one business or activity. Usually, this causes a company to establish itself internationally and to commit itself to becoming a leader in its chosen field.

(1) The analysis may indeed conclude that 1993 will have either no or only a very slight influence on the company.

3. To continue but to expand at the same time. This will be done:

- (a) either through diversification by means of which the risks are spread over several businesses;
- (b) or through geographic extension which most of the time involves the company's setting up where it is not yet represented. This, incidentally, is the commonest option.

Cross-border cooperation might make sense when implemented in the context of the last three sub-options.

Implementation of strategy (definition of policies)

The logical sequence to the definition of the strategy is to define the various policies and their yearly planning. When carried out in a coordinated manner, they give tangible form to the strategy chosen. These policies appear at the following levels (to various degrees of importance, depending on the fields of business):

- product (including research and development);
- price;
- distribution and sales;
- communication (including advertising);
- staff;
- finances;
- after-sales service;
- the production process.

Each of these policies must be based on an action plan (yearly) which will be monitored and its feedback used to support the future strategy of the company.

1.2. CHOICE OF TYPE OF COOPERATION

As soon as the decision to look for a partner abroad is taken, the following remains to be identified:

- the type of cooperation likely best to meet the objectives set;
- the ideal partner's profile.

1.2.1. What type of cooperation?

In this connection reference should be made to the various types of cooperation mentioned in Section 1.4.1. By way of illustration, however, several strategic options and policies are shown below in the context of the types of cooperation to which they have led.

Table 6: Examples of strategic options and policies

	Objectives	Type of cooperation/exemple
<i>Strategy</i>	to provide customers with a European service without creating subsidiaries	formal network of national companies
<i>Policies</i>		
* product	to increase the range of products on the national market	cross-distribution agreement with a partner offering a complementary range of products
* R&D	development of new markets	common research and development with colleague
* Sales/ Marketing	reduction in marketing costs	joint stand at international fairs
* Production	relocation for competitiveness	joint venture increased
* Purchases	lower prices	purchasing group
* Human resources	acquisition of skills (languages, expertise)	staff exchanges

Finally, among the many questions to be answered, mention should also be made of those of a general nature, such as:

- which legal form should be adopted?
- how long should it last?

■ which integration level?:

- total, i.e., from company to company?
- or limited to certain sectors expressed in terms of the market, products, etc?
- are your motives offensive or defensive?
- is the aim to open up new markets?
- or to strengthen the company's position against its competitors?

Each answer to these questions serves as a signpost pointing out the way to be followed in order to arrive at the type of cooperation which best meets the requirements of the company's strategy.

1.2.2. Which partner?

It is essential to define the objectives and the type of cooperation needed. However, a profile offering the best chances of long-term success is also necessary. Let us consider the following example:

Company A

A small manufacturer of health foods, especially designed for people with certain illnesses.

Objective

To enhance its knowhow through a licence transfer.

Company B, a possible partner

At first sight, the ideal partner would be a medium-sized bakery, since it would have the necessary production facilities. At the same time, however, it has no access to the market.

The solution

The question to be asked is therefore the following: what are the chances of finding a medium-sized bakery able to run a medical product marketing campaign, which is the only way to sell this type of product? Since it is important to ensure the long-term success of the cooperation, is the choice of a baker as a partner the best in the given circumstances?

Briefly, the potential partners can be broken down into three categories:

1. The first concerns those who are in the same line of business: for example, two manufacturers of phytopharmaceuticals, one Belgian, the other French, who join forces under a cross-distribution agreement.

2. The second concerns all those engaged in the same line of business without being competitors, such as the customer and the supplier. The search will be conducted within the same branch of industry, or "vertically". A farming cooperative in southern Europe and a trader in the north might therefore very well enter into a partnership in order to supply the supermarkets of the north with out-of-season fruit and vegetables.
3. The third concerns all those who are complementary. In this case, the search will be "horizontal". For example, five suppliers of products linked with poultry farming (buildings, feed, feeding systems, packaging systems, day-old chicks, etc) agree to pool their efforts in order to increase exports.

These considerations form part of a check list that should be used when looking for a partner (see following section).

1.3. SUMMARY IN THE FORM OF SUGGESTIONS

- A person must be appointed by name to be in charge of the project.
- The company venturing into the field of cross-border cooperation would do well to start with a less constraining form (for example, participation in an international fair) or else by concluding agreements with companies that are familiar to it. Essentially, it will also endeavour to preserve its own identity and specific features.
- The new fields of activity, the way to approach them, the possible risks involved, the market as a whole, all of these factors must be examined without preconceived opinions.
- Many companies who at first glance appear to be competitors are in fact complementary and thus can become very effective partners. This should be borne in mind when looking for a partner. For instance, there is no reason why a company should not farm out a particular job to a competitor.
- A plan of work should be drawn up with due allowance for all the parameters. All too often an initially promising project ends up forgotten in some desk drawer.
- A realistic business plan and financial estimate must be drawn up.
- Cooperation may sometimes require major investments. The company must be aware of this and be willing to bear the necessary expenditure.

To be avoided at all costs!

- Excessive haste
- Vague objectives
- Lack of conviction

2. LOOKING FOR A PARTNER

2.1. STARTING POINTS

It will be recalled that the search for a partner cannot be started unless one has first determined:

- the type of cooperation;
- the market aimed at (location, general structure, distribution set-up, consumer attitudes, available infrastructure, national culture, tax and legal aspects, etc);
- the ideal location of the future partner (which should not necessarily be the same as that of the intended market);
- his profile:
This aspect, which has already been outlined broadly in the previous pages, now needs to be examined more closely.
First let us list the main elements which must make up this profile:
 - size of the company
 - turnover
 - activity sector(s)
 - extent to which its activities are complementary
 - range of products and market shares
 - country where the company is active
 - knowledge of the market
 - reputation
 - financial standing
 - quality of management
 - dynamism
 - experience of cooperation

In addition to these general elements, other, more specific ones must be considered, depending on the intended type of cooperation. Mention can be made of the following examples:

- distribution
- presence in various channels
- sales force
- technology
- specific skills which the partner must have
- technology required
- available patents
- subcontracting
- quality label
-

It is not easy to define the necessary and sufficient profile of the ideal partner. It must be thorough without including too many details which would render selection impossible for lack of applicants. In this connection, it is worth noting that the level of complexity of the cooperation will determine the extent of details in the profile.

It goes without saying that an acquisition or transfer of technology will require more attention to detail than, say, a distribution agreement. Consequently the elements of the profile must first be listed in order of importance, depending on the case:

- the profile of the company looking for a partner:

The company must draw up a similar file. It must be as thorough as possible for the potential candidate and any consultant employed will, of course, need documentation. In addition, this file is a kind of business card, reflecting the professionalism of the company and imparting an air of trust.

2.2. WHO SHOULD BE APPOINTED TO LOOK FOR PARTNERS?

2.2.1. The general manager or his deputy

It should be stressed here that the time factor plays a key role: can the head of the company, or the person he appoints to represent him, spare enough time for an efficient search for partners while continuing his normal duties, especially since the more complex the intended cooperation is likely to be, the more time the person in charge will have to devote to it.

2.2.2. A management consultant

The services of a consultant are most justified when the cooperation envisaged is complicated, for in such cases his personal assets, which have already been mentioned - i.e. experience, easy access to specific sources of information, confidentiality, time - are all important. In fact, his fees should be calculated on the basis of these assets.

2.3. THE VARIOUS STAGES IN THE RESEARCH

2.3.1. Finding potential candidates

Partners can be found via various channels, each presenting advantages and drawbacks. There are two basic categories:

Non-automated systems

1. *The informal network of the company*

The company's contacts - customers, suppliers, banks, etc - constitute a fertile ground which should be explored first of all.

2. *Specialized journals*

Published by various semi-public and private organizations (chambers of commerce, regional development corporations, banks), these are generally distributed free of charge within a limited circle of interested parties (i.e. subscribers).

The publisher often acts as an intermediary between the companies who find they have things in common, either informing them further or even acting as a go-between. These services are usually free of charge.

However, this option presents certain drawbacks:

- offers and requests are not updated frequently and are hence not necessarily accurate;
- quality can at times be a problem since, for obvious reasons, a publisher seldom turns down an advertisement;
- some (semi-public) systems can be "infiltrated" by the competition for the purpose of (so-called) market studies.

3. *Chambers of commerce, regional development corporations*

Such corporations sometimes publish catalogues intended for firms that wish, via the aid of a partner, to set up operations in the regions they are commissioned to promote.

4. *Specialized international exchange markets, embassies, consulates, trade promotion offices*

All these are, to some extent, useful sources of information.

5. *Venture capital firms or specialists in mergers and acquisitions*

These firms look for partners on behalf of the companies in which they have an interest while tapping all the available resources in their networks. Theselection is of high quality, even "tailor-made", yet its application can be somewhat complex and expensive.

Facilities offered by the Commission of the European Communities include the following:

6. *The Bureau de Rapprochement des Entreprises* (Business Cooperation Centre

Part of the DG XXIII of the Commission of the European Communities, it centralizes offers and requests for cooperation and disseminates them by way of advertisements via a network of European correspondents. Unlike BC-NET (described below), this facility is directly available to small and medium-sized companies.

7. *EUROPARTENARIAT*

Europartenariat is a programme aimed at stimulating contacts between (a) companies in less developed regions (Objective 1) and in regions in industrial decline (Objective 2) and (b) companies in other Member States. Managed jointly by DG XXIII and DG XVI (Regional Policy), this programme is being implemented in steps:

- selection of companies from the region concerned;
- publication of a catalogue with the profiles of the companies selected;
- search for potential partners in Member States;
- organization of a two-day event to promote contacts between businessmen.

Three sessions of Europartenariat have already taken place, in Ireland, Spain (Andalusia) and the United Kingdom (Wales). From 1991 on there will be two sessions each year. Four are already planned: in Portugal and what was formerly East Germany (1991) and in Greece and Southern Italy (1992). Cross-border cooperation is a very useful aid to economic promotion here.

8. *SPRINT*

As has already been mentioned, this project aims at promoting the innovation and transfer of technology.

Automated systems

1. *Data banks*

Offers of and demands for cooperation are stored in these. Whether private or public, they are usually available only to customers or to subscribing members.

Under the auspices of the Commission of the European Communities:

2. *BC-NET*

This instrument also falls within the competence of DG XXIII. It is described in further detail in Annex 2 and we shall limit ourselves here to enumerating its three main advantages:

- lead times are very short; offers and requests are compared on a day-to-day basis;
- their quality is carefully monitored, since the consultants must ensure that only reliable data are filed;
- confidentiality is guaranteed: the identity of the firm looking for a partnership remains secret as long as the consultant has not been allowed to divulge it.

It should be pointed out, however, that direct access to BC-NET is restricted to its six hundred or so consultants.

2.3.2. **What if the search fails?**

This is rather exceptional, but not impossible. In this case, it will be necessary to reconsider the search method, to find out whether one is not too demanding, or quite simply to make sure that a company offering the necessary qualities actually exists. This possibility inevitably means that the initial objectives must be either abandoned or fundamentally changed.

2.3.3. **Short-listing**

Fortunately, the saying "Seek and Ye shall find" turns out to be true in most cases. The time has now come to draw up a short-list from among the candidates. Only those whose profile corresponds best to the basic theoretical model will be considered.

This short-listing will be carried out either by the company itself or by the potential consultant, who can pursue his investigations further and complete files of the candidates short-listed before submitting them to his client.

2.3.4. **Preliminary contacts**

The next step, of course, is to meet the potential candidates in order to whittle the list down, for there is nothing better than a personal dialogue and certain points can only be checked "in the flesh":

- do the intended objectives of both parties actually match up?
- and, since there is strength in unity, are the potential partners as complementary as would appear at first sight?
- are the personalities compatible? (If not, there is a risk of divorce.)

It should not be necessary to insist on the fact that this first meeting must be carefully planned.

Companies are strongly advised to draw up a check-list of all the points to be considered (see the table below, which will obviously have to be adapted to the actual circumstances).

Table 7 Basic points to be analysed when selecting candidates for partnership⁽¹⁾

<ul style="list-style-type: none">* General history of the company<ul style="list-style-type: none">- Launching, development, growth- Changes of owner(s), manager(s)- Development of production, products, markets* Legal aspects<ul style="list-style-type: none">- Legal structure- Shareholding- Participation (by third parties or with third parties)- Specific clauses in company articles* Organization, management, personnel<ul style="list-style-type: none">- Organization structure- Management experience- Management style- Personnel: size, qualifications* Commercial policy<ul style="list-style-type: none">- Historical account of turnover- Analysis of cost price and selling price- Added value- Gross and net margins by product- Analysis of debtors (number, quality, payment deadlines)* Distribution policy<ul style="list-style-type: none">- Number and quality of suppliers- Analysis of suppliers- Storage costs

(1) Table adapted from Van Den Boom, L.P.E.M., Bordes, I.M., "Het proces van internationale samenwerking, fusie en overname (V)", 1992-Nieuws, 14 April 1989, Samson Publications, The Netherlands

- * Production policy
 - Analysis of production plant (capacity, age, quality, utilization factor)
 - organization of production
 - Degree of automation
 - Maintenance policy
 - Investments for expansion and replacement
 - Logistics costs

- * Research and development policy
 - Historical account of budget invested
 - Personnel
 - Results

- * Administrative policy
 - Organization of administration
 - Degree of computerization
 - Reporting methods
 - Internal/external controls

- * Financial policy
 - Analysis of balance sheets and trading accounts
 - Financing structure
 - Solvency, liquidity, profitability
 - Plans, budgets, forecasts
 - Banking analysis

- * Analysis of competition
 - Observation of competition (number, products, quotas, etc)
 - Developments in the sector
 - Reputation (quality, reliability, standard of service)

2.3.5. Final selection

The situation could not be better: the objectives match, the companies are complementary, the personalities are compatible, the understanding is good, the financial and commercial foundations are sound, etc. In short, the ideal partner has been found, or nearly. For the negotiating stage has yet to begin and this third step may contain a few surprises. It is therefore wise to hold a second or even a third candidate in reserve, just in case...

2.4. SUMMARY IN THE FORM OF SUGGESTIONS

- The better one knows whom one is looking for, the faster one finds him.
- The selection criteria should be classified in ascending order: the main points first, the secondary ones afterwards.
- The curriculum vitae of the company that embarks on a programme of cooperation must be thorough, clear... and attractive.
- Cooperation is a matter of trust. A long engagement is preferable to a hasty marriage and companies that have enjoyed a long acquaintance marked by mutual respect have every chance of success.
- Cooperation is made easier if the relationship between the partners is an equal one, and it should be a golden rule not to aim too high or too low.
- Cooperation is also a matter of matching complementary skills. This can be achieved, even among those who had perhaps originally been regarded as competitors.
- It is far better to meet frequently before signing the marriage contract, and regular visits can save numerous misunderstandings.
- It is therefore essential to allow plenty of time.

3. THE NEGOTIATIONS

This is an essential phase since it will determine the way in which the cooperation is carried out and ensure that it runs smoothly, as well as making sure that the candidate selected is definitely the right one.

3.1. THE PREPARATION

Specifying the objectives and means available

Here again are the objectives which were dealt with at length in the Section entitled "Strategic Reflection" (see page 39 and foll.) However, they now need to be refined and the main objectives delineated in order to fix right at the outset the limits of any possible concessions.

As to the available means that need to be specified, they must be defined at three levels:

- the contribution they can make to the cooperation, its scope, its nature (financial, technical, commercial);
- the company's strong points;
- the company's weak points which need to be eliminated

Knowing the potential partner well

There is obviously an undeniable advantage in negotiating with someone whose strengths, weaknesses, ambitions and possible input are known quantities.

... and his environment

This is not enough, however. The mentality, the ways and customs - in other words, the partner's cultural background - must be considered carefully and with respect. How many negotiations have fallen through because they were not conducted in a suitable atmosphere?

3.2. THE NEGOTIATIONS: STRATEGY AND TACTICS

All the pieces of the puzzle are in position, so that it is possible to outline the strategy for the negotiations; in other words, to think out the various possible scenarios and the role each party could play. A carefully considered strategy helps to avoid the risk of overshooting the mark or of veering off course. For the strategy to make sense, however, it must be integrated in a tactic that leaves nothing to chance.

Defining the "rules of the game"

The parties concerned should start by writing down the following points in a memorandum:

- a check-list of what needs to be negotiated;
- a list of the priorities;
- an operational timescale;
- a pledge to keep the conversations, as well as the information exchanged, confidential;
- the exact meaning of the terms chosen and, if necessary, their translation into the language of each negotiator;
- the reasons which might put an end to the negotiations and the procedure to be applied in such a case.

"Identity card" of the cooperation

Once these points are established, it is time to proceed to the second act, that is, in common agreement, to draw up a precise inventory of the cooperation:

- its objective(s) with all aspects meticulously described;
- its legal form. From the basic cooperation contract (joint venture) to the export licence, the buying of shares, the economic interest grouping, etc., the range is wide. Moreover, the tax aspects (exemption) and financial (considerations, grants) are all factors that need to be taken into account.

Table 8: The European Economic Interest Grouping

The European Economic Interest Grouping has been a new tool of cross-border cooperation available to businesses within the EEC since 1 July 1989 that enables economic agents to carry out some of their activities jointly, such as the creation of multidisciplinary consortia for the submission of tenders for public and private contracts, research and development, the provision of specialized services, public relations, etc.

More specifically, it is a legal entity created by contract between its members, who must come from different countries within the EEC. Its activities must be linked to those of its members and can only be ancillary. However, the grouping is neither a European public limited company of the type which is expected to come into existence in 1993, nor even a company per se, its aim being to promote its members' activities and performance rather than to make a profit, as would be the case for a commercial company.

The European Economic Interest Grouping offers several advantages:

- It is the very first legal entity directly governed by Community law, the rules being applied the same way in each of the Member States. In the context of cross-border cooperation, this helps to avoid many complications caused by the coexistence of several different national legal systems. Moreover, no Member State can impose its own national law upon the others, and all the members abide by the same rules;
- The European Economic Interest Grouping (EEIG) is a legal and independent entity with full legal capacity. It therefore has a greater margin for manoeuvre than under a cooperation contract since the grouping as such is entitled to undertake activities on behalf of a third party (sign contracts, take on staff) without necessitating actions by each of the members;
- The EEIG is a very flexible tool: the conditions needed to set it up are not constraining (i.e. no minimum capital is required) and the members of such a grouping have a large degree of freedom to organize it as they please;
- The EEIG is the very first vehicle for cooperation which bears a European "label". From the point of view of the corporate image, it can be very useful if the group can present itself to its clients, its partners or to the public as a truly European undertaking.

The EEIG nevertheless has its drawbacks, the greatest of which is the unlimited and joint liability of its members for the debts incurred by the grouping. This liability, however, is an essential guarantee for third parties, since no minimum capital is required to set up a grouping.

Once the "identity card" is completed, the next thing is to look to the future and to come to an agreement regarding the appropriate solutions to the various questions which will or might arise. These include:

- internal billing between partners (transfer pricing);
- distribution of income, losses and profits;
- means of resolving disputes (arbitration);
- scope for adaptation or adjustment in the case of unforeseen developments;⁽¹⁾
- arrangements for extending the cooperation beyond the original deadline or for terminating it beforehand;
- payment of unforeseen expenses;

Provision of guarantees

It is worth making provision for certain guarantees, particularly as regards industrial or intellectual property, the protection of which is the concern of every manager. This protection can and must be negotiated on the basis of:

- a mutual pledge not to disclose confidential information exchanged during negotiations or cooperation, with specific penalties in the event of non-observance of this clause;
- procedures for systematic checks.

It should be pointed out in passing that a complementary partner is much less likely to present a danger here than a partner who is a direct competitor.

General remarks

The cooperation must be profitable to all the partners

This is obvious, of course. Hence the golden rule: the negotiations must be conducted in the interest of all, for otherwise the cooperation will quickly fail. A cooperation project that is excessively advantageous to either partner is doomed to failure sooner or later.

The time required ...

... no more than necessary. Every decision must be carefully weighed up before being implemented in order to adhere to the timetable drawn up in common agreement. Stagnant negotiations have little chance of succeeding and it is wiser to end them rather than waste time and money.

(1) A case in point here is a joint venture between a Scandinavian company and a Central European one. From the very beginning of their cooperation, the second company had played a secondary role. After ten years, however, the positions had been reversed but under the terms of the initial agreement this company was unable to play a key role.

Of the importance of the written word

The letter of intent

This defines the basic principles of the future cooperation and must be signed jointly by all parties concerned right at the outset of the negotiations.

The report

Every meeting must form the subject of a written report and each time an agreement is reached, even on a single item, it must be recorded in a jointly signed document.

The contract

The contract is merely a record of the decisions and agreements reached by the partners during the negotiating phase.

It serves a double purpose:

- the drafting of a **written record** compels the partners to think things over carefully, thus helping to reveal questions that have either been left unnoticed or have been dealt with superficially. It has a beneficial effect on the quality and the clarity of the agreements;
- in the case of **disagreement between partners**, the contract is the only authentic document.

Cooperation and competition rules

Both the national legislations of most Member States and the Treaty of Rome setting up the EEC forbid unfair competition.

Article 86 of the Treaty of Rome forbids the abuse of a dominant position, i.e. the behaviour of a company which occupies a dominant position on the market and exploits it to the detriment of third parties. Article 86 is therefore directed mainly at large concerns.

Article 85 forbids any agreement or concerted practice between companies which have as their object or effect the restriction of competition or may affect trade between Member States.

Article 85 is therefore directed against price fixing between competitors, agreements on the dividing-up of markets or on the application of production quotas, since certain agreements between companies may lead to the form of economic concentrations, etc.

Article 85 aims both at horizontal agreements - those concluded between competitors - and at vertical agreements, such as those concluded between the manufacturers and distributors of the same product.

The Commission of the European Communities, however, has exempted a number of agreements from the provisions of Article 85, including:

- agreements of minor importance the repercussions of which are practically meaningless in terms of market share or turnover.

Most of the agreements concluded between SMEs will in practice be excluded from the provisions of Article 85;

- some cooperation agreements (market studies, research and development, joint advertising, etc);
- subcontracting agreements.

Furthermore, Article 85 specifies that the Commission can allow a number of exemptions under certain conditions and after it has been notified of the draft agreement by the companies concerned. Certain categories of agreements may also be granted exception without previous notice, such as those covering exclusive distribution, patent licences and research and development.

The rules on competition deserve more than this brief introduction. The Commission of the European Communities has published a brochure covering the main points ("Competition Policy in a Single Market") which is available in the Information Offices of the Commission of the European Communities (see Annex 6 for details).

However, many agreements between SMEs will not be regarded as infringing the rules of competition on account of their minor economic importance - but beware of agreements between SMEs and large companies.

3.3. PROFILE OF THE IDEAL NEGOTIATOR

It is perhaps worthwhile pondering on what qualities a good negotiator should have, for these will greatly contribute to the success of the negotiations. Let us suppose that he or she has all the necessary talents (clear understanding of the objectives and of the means available, knowledge of the opposing negotiators, etc). What else is there?

In the first place, a rare mixture: diplomacy and firmness. Not everyone knows how to smooth things over and try a new approach when things look as though they are getting bogged down, without yielding ground where it really matters.

Secondly, the ability to conclude the negotiations. It takes both energy and intuition to prevent the discussions from dragging on and to seize or take a decision at the right moment.

Thirdly, the decision-making power. This applies, of course, in those cases where the manager does not negotiate in person. His delegate(s) must be fully empowered to take decisions, for otherwise his/their credibility would be only relative.

Fourthly, patience, which is not to be confused with passivity. In order to get things moving it is sometimes necessary to get quietly excited...

Lastly, experience of negotiations of this kind. Competence in the various areas dealt with (or the art of surrounding oneself with experts) and, last but not least, a knowledge of languages, so that one can conduct negotiations without the help of an interpreter, hence avoiding the risk of misunderstandings.

4. IMPLEMENTATION OF THE COOPERATION

At long last, the preparatory stage is over. The decision as to the type of cooperation, the search for a partner, the negotiations, all these steps have been cleared without a single obstacle... so it's time to relax a little.

Wrong! This is just the beginning, for the start is a delicate phase, when theory has to be translated into practice, when paper strategy has to be converted into action. The situation is new to all and all involved will need to be very adaptable.

4.1. THE START-UP PHASE

Planning, over and over

Planning of the start-up phase is essential and must aim at deciding:

- the various measures to be applied, in chronological order. Precision and practical commonsense are the watchwords here, the written agreement being the main point of reference;
- who is responsible;
- the different deadlines to be met;
- the date for the first assessment of the results achieved.

Such planning must, of course, be agreed on by all the partners.

Internal information

A cooperation project will succeed only if all the parties involved are motivated. But good motivation requires good communication. All those involved in the undertaking must have a clear understanding of the ins and outs of the project, of its purpose, of the results expected, of the direct and indirect implications for their own work, etc.

Have problems arisen?

This can happen, and more often than is to be expected. Underestimation of the tasks to be carried out, differences in behaviour from one company to another, everything seems to have been allowed for in writing, but for all that the unexpected can always occur. Hence the need to react promptly and to take the necessary measures:

- to assess the gravity of the problem;
- together with the partner, to examine what are the possible solutions and what they would cost. Is there a need for one partner to increase his contribution in order to make up for the deficiencies of the other? But then what about the state of balance between them? Might it not be that the problem that was "neglected" during the negotiations risks endangering the very cooperation? This is to show how difficult this phase can be and how it can be extremely demanding in terms of the time and attention that the responsible parties need to devote to it.

Concertation and coordination

The problems linked with the initial stages of the project, whether major or minor, must always be carefully monitored. It is hence essential that the partners meet as often as possible during this stage, in order to coordinate their respective tasks as thoroughly as possible. Telephone, telex, fax machines - all means are acceptable as long as they ensure flexible and rapid communication. Once a decision has been reached, however, it must be drawn up in writing.

4.2. OPERATION

Remaining vigilant

If the initial stage has been completed successfully, the project should soon reach its cruising speed without major problems. Nevertheless, it is essential to remain vigilant and purposeful and to carry out systematic assessments of the results as compared with the initial objectives. Moreover, the reactions of the staff are valuable indicators which project managers should note and take into account, while continuing to keep them informed about the way the project is developing.

A climate of mutual trust for a thriving cooperation project

It is a well-known fact that good human relations are conducive to the solution of problems and to the generation of innovative ideas and spontaneous efforts. But such mutual trust is not achieved only through mutual understanding between partners; it also depends on the way cooperation is perceived and experienced by each partner. The honouring of undertakings given, mutual respect and observance of the confidential nature of the information exchanged are the three main attributes of a cooperation project based upon trust.

Towards the future

Providing they are fairly distributed, the benefits can only stimulate a spirit of cooperation on the part of the partners and induce them to develop it further, even if the cooperation was initially limited in time or in scope.

Cooperation has an ultimate goal: the growth of those who conceived and carried it out.

5. THE TEN COMMANDMENTS OF CROSS-BORDER COOPERATION

1. Build the cooperation into the strategy of the company

This implies not only the need for a strategic plan but also the need to remain close to fields of activity with which the company is familiar.

2. Prepare all the stages carefully

This implies a permanent gathering of information, a realistic budget and a sound understanding of the consequences of the cooperation project.

3. Stick to the timescale

A strictly observed timetable will help to avoid delays and test the interest and willingness of the future partner.

4. Aim for complementary activities

Complementary activities make cooperation easier and can create synergetic effects.

5. Try to arrive at a balance of forces

This balance is important on two levels:

- the objectives: the cooperation must be profitable to all partners;
- the power: the predominance of one partner must be avoided (NB: a snag that is difficult to avoid in the case of cooperation between an SME and a large company!).

6. *Maintain the commitment*

The partners must be (and remain) convinced of the validity of the objectives and of the advantages of cooperation. Only then will they be willing to succeed and to commit themselves financially.

7. *Cultivate good relations*

In order to be successful at cooperation, it is not enough to pool resources; there must also be compatibility between partners. This requires a personal effort as well as a precise definition of what mutual commitments and responsibilities ought to be.

8. *Ensure good internal communications*

The support of the staff is essential. They must know and understand the purposes and objectives of the project, as well as its possible repercussions on their working lives. Only if these conditions are met will the staff's full support be obtained and all risks of conflict avoided.

9. *Make the appropriate contribution*

Each partner must contribute to the agreements signed according to his means. This contribution must, however, meet professional quality standards. If it is in the form of staff, for example, it must possess the necessary skills in order to be able to perform the new tasks expected from them or to undergo the necessary training.

10. *Choose a competent expert*

The development of a cooperation project may prove to be rather complicated. In certain cases at least, calling in an expert (particularly for the planning and/or drafting of the contract) may be unavoidable. The point, of course, is to make sure that it is the right one.

ANNEXES

ANNEXES

ANNEX 1 *The business plan: an essential basis for a good preparation*

ANNEX 2: *The instruments available to the Commission of the
European Communities to help SMEs to prepare for the
Single Market*

ANNEX 3: *Member States: some key data*

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ANNEX 6: *Useful addresses*

ANNEX 1: *The business plan: an essential basis for a good preparation*

The business plan is an essential instrument for the correct preparation of the necessary steps for cross-border cooperation. An example of such a plan is given below. Specialized literature is also worth something. The extent to which the plan is itemized will, of course, depend on the type of cooperation.

Elements of a business plan

1. *Introduction*

- objective of the business plan

2. *Summary*

- historical account of project
- its objectives
- planning of key steps
- investment required

3. *The company: historical account of current basic profile*

- historical account
 - launching
 - development
 - results
 - latest balance sheet
- current basic profile
 - financial structure
 - shareholding
 - management/top management

4. *Market - Products*

- current market and intended market
 - existence
 - size
 - growth prospects + determining factors
 - market studies
 - internal
 - external
- clients
 - existing
 - market share
 - prospects
- competitors
 - identification
 - strengths and weaknesses
 - similarities
 - marketing strategy
- our strategy and positioning
 - strategy
 - positioning
- product range
 - existing
 - future

5. *Manufacturing process*

- general description/basic principles
- source of materials
- guarantee of supplies
- specific installation needs
- manufacturing experience

6. *Personnel*

- organization chart
- curriculum vitae of major executives (chairman and managing director, production, finance, marketing, research and development, human resources)
- employment policy
- additional staffing needs
 - number
 - qualifications
 - training
 - intended employment conditions

7. *Capital expenditure*

- summary of proposals
- description of plant
 - function
 - service life
 - installation costs
- analysis of proposals for expenditure relating to buildings

8. *Financial aspects*

- forecast (three years)
- basic hypothesis for forecasts
- break-even analysis

9. *Financing*

- required investment
- company's own resources
- other resources + guarantee
 - expected participation by partner(s)
 - banks
 - loans
 - grants

ANNEX 2: *The instruments available to the Commission of the European Communities to help SMEs to prepare for the Single Market*

The Commission of the European Communities has developed a number of instruments generally to assist SMEs in their development and, more specifically, to prepare for the Single Market. These cover a variety of fields, the main ones being:

- information
- cooperation
- regional development
- promotion of cross-border subcontracting
- financing of new undertakings
- innovation and transfer of technology
- research and development programmes

A. INFORMATION

The purpose of the Euro Info Centres is to assist, inform and advise companies in connection with business transactions pertaining to the Community. They are able to answer a host of questions concerning the completion of the internal market, particularly as regards regulations, standards and tax systems. They operate independently within a host organization which is well established in the local environment, such as Chambers of Commerce, regional development corporations, professional federations or management consultancies.

The 196 Euro Info Centres (EIC) collaborate through a computerized network which permits a fast exchange of information.

The following example will help to explain the way they work: a British businessman is wondering about investment conditions in the south of Portugal. He inquires at his local Euro Info Centre, which in turn, if need be, contacts the Portuguese EIC of the region concerned. The information is immediately forwarded to the British businessman.

A list of British and Irish EICs is given in Annex 6.

B. INSTRUMENT FOR PROMOTING COOPERATION PROJECTS

There are two such instruments:

1. BC-NET: Business Cooperation Network

BC-NET is a network linking up approximately six hundred consultants throughout the Member States.

Its aim is to correlate offers of and requests for cross-border cooperation from SMEs in fields such as finance, trade, engineering, technology and subcontracting. The consultants come from the private, semi-public and public sectors.

How does BC-NET work?

A company that wishes to undertake a cross-border cooperation project contacts its BC-NET consultant, who, on the basis of its main features, draws up a profile of the type of cooperation expected and forwards it to the central data bank in Brussels either by mail or by electronic means. The central system sorts the offers and requests and forwards those that match up to the consultants concerned, who then can decide to meet and look into the possibilities for cooperation. It is only when their evaluation is favourable that companies concerned are brought into contact, for in the meantime their respective identities are kept confidential.

To obtain the list of British and Irish consultants and for additional information and please contact:

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL XXIII - BC-NET
RUE DE LA LOI 200 - ARLN 80
B-1049 BRUSSELS
TEL: + 32-2-235.85.91 OR 236.04.53
FAX: + 32-2-236.25.72 OR 236.29.04
TELEX: 61655 BURAP

2. BRE -Bureau de Rapprochement des Entreprises

Companies which do not wish to call in a consultant can notify the appropriate department of the Bureau de Rapprochement des Entreprises of their intention of finding a partner. On the basis of a questionnaire filled out by the company concerned, this department drafts an advertisement and sends it to a network of correspondents (such as public organizations or regional development bodies) for insertion in their publications. The correspondent or the Bureau de Rapprochement des Entreprises then records the answers and forwards the respective details to the companies concerned, it being left to them to set up closer ties if they consider it worthwhile.

For additional information please contact:

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL XXIII - BUREAU DE RAPPROCHEMENT DES ENTREPRISES
RUE DE LA LOI 200 - 80ARLN
B-1049 BRUSSELS
TEL: +32-2-236.52.94 OR 235.91.17 OR 235.67.95
FAX: +32-2-236.42.71 OR 236.60.48
TELEX: 61655 BURAP

C. COOPERATION PROGRAMME

EUROPARTENARIAT is a programme designed to stimulate contacts between (a) companies in less developed regions (Objective 1) and in regions in a state of industrial decline (Objective 2) with (b) companies in other Member States. Managed jointly by DG XXIII and DG XVI (Regional Policy), this programme is being implemented in steps:

- selection of companies from the region concerned
- publication of a catalogue containing the profiles of the companies selected
- search for potential partners in the Member States
- organization of a two-day event to arrange direct contacts between companies.

Three sessions of Europartenariat have already taken place in Ireland (1988), Spain (1989) and the United Kingdom (1990). From 1991 on, there will be two each year, and a total of four are already planned: in Portugal and former East Germany (1991) and in Greece and Southern Italy (1992)

For additional information please contact:

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL XXIII - EUROPARTENARIAT
RUE DE LA LOI 200 - 80ARLN
B-1049 BRUSSELS
TEL: +32-2-235.12.85 OR 235.67.95
FAX: +32-2-236.60.48
TELEX: 61655 BURAP

D. PROMOTION OF CROSS-BORDER SUBCONTRACTING

Directorate-General XXIII hopes to promote cross-border subcontracting in several different ways:

- the issuing of standard nomenclatures by sectors in each language of the European Community. For the moment, four such nomenclatures are available;

- the creation of a European documentation centre on subcontracting;
- the publication of a practical guide to the legal aspects of subcontracting and a brochure on the latest developments in this field;
- the organization of a European seminar on subcontracting and the participation of groups of subcontracting SMEs in trade fairs;
- a surveying of the different types of cross-border cooperation, the main features of which are:
- reduction of costs;
 - . optimization of the various partners' investments;
 - . implementation of advanced industrial management techniques.

For additional information please contact:

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL XXIII - SUBCONTRACTING PROGRAMME
RUE DE LA LOI 200 - 80ARLN
B-1049 BRUSSELS
TEL: +32-2-235.13.09 OR 235.67.95
FAX: +32-2-236.60.48
TELEX: 61655 BURAP

E. FINANCIAL INSTRUMENTS

The overall objective of this pilot project is to foster the launching of companies within the Community while increasing the amount of financing available to new companies and at the same time improving the quality and viability of existing seed capital projects. It aims at stimulating seed capital investments in the private sector while providing financial incentives to a maximum of 24 seed funds spread over the whole territory of the Community. In the long term, this project will play the role of a catalyst in the creation and running of the seed funds and prove that the latter can eventually become self-operating.

The financing intended for new or embryonic companies is normally in the form of an equity participation. It aims at enabling the companies to develop a prototype of a product and/or a commercial strategy up to the point where a commercial decision can be considered concerning access to venture capital or to more traditional sources of financing.

The companies financed through seed capital funds must either be new or recently created and in need of assistance either financially or at management level in order to mobilize start-up funding.

For additional information please contact:

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL XXIII - EUROPEAN VENTURE CAPITAL NETWORK
RUE DE LA LOI 200
B-1049 BRUSSELS
TEL: + 32-2-235.62.69 OR 236.09.40
FAX: + 32-2-236.12.41
TELEX: 61655 BURAP

F. INNOVATION AND TRANSFER OF TECHNOLOGY

With a view to promoting technological cooperation between SMEs and setting up innovation measures within companies, the Commission of the European Communities has launched a series of actions. These include:

The SPRINT programme

This programme aims at promoting technology transfer and innovation, particularly in SMEs. It makes use of networks of consultants for SMEs specialized in the management of innovation, industrial creation and financing.

How does it operate?

When a particular company is interested in a transfer of technology, it contacts a SPRINT network consultant. This consultant briefs his partners on the demand for such technology, or on possible offers, and they in turn look for a suitable partner.

The list of the British and Irish SPRINT consultants can be obtained from the secretariat of the SPRINT programme. The address is given in Annex 6.

G. REGIONAL DEVELOPMENT

Business and Innovation Centres (BICs)

Grouped in a European network called EBN (European Business Network), these centres aim at promoting new companies in growth sectors (i.e. new technologies), screening the most promising activities and the candidates who are likely to become dynamic entrepreneurs.

The list of British and Irish BICs is given in Annex 6.

H. RESEARCH PROGRAMMES

These aim at promoting research in various fields and cross-border cooperation between SMEs, large companies and research institutions.

The fields concerned are:

1. Industry

- (a) Information and telecommunication technologies: programmes such as ESPRIT and RACE;
- (b) Industrial modernization of the traditional sectors: programmes such as BRITE/EURAM (advanced materials) and raw materials;
- (c) Standards and Certification: Bureau for Community reference/nuclear measurement methods, for example.

2. Biotechnology and Agriculture

3. Energy

- (a) Fission
- (b) Non-nuclear activities

4. Cooperation and information pooling in the field of research

- (a) Programme to promote European scientific cooperation
- (b) Forecasting (FAST programme)
- (c) Cooperative research programme (CRAFT)

5. Quality of life

- (a) Health
- (b) Environment

The local Euro Info Centre is the best source of further information on these various activities.

ANNEX 3: Member states - some key data (source: EC publications)

	B	DK	D	EL	ES	F	IRL	I	L	NL	P	UK
Year of accession	1958	1973	1958	1981	1986	1958	1973	1958	1958	1958	1986	1973
Capital	Brussels Copenhagen		Berlin Athens		Madrid	Paris	Dublin		Luxembourg Rome		Lisbon Amsterdam	London
Surface (1 000 Km ²)	30,5	43,1	357	132	504,8	549	70,3	301,3	2,6	41,8	93,4	244,1
Population (1 000)	9858	5113	77810	9934	38504	55170	3540	57141	367	14491	10157	56617
Density per Km ²	323	119	218	75	76	100	50	190	141	347	110	232
GNP (ECU billion)	114,4	84,1	*910,4	40,5	232,6	737,6	24,6	611,9	5,1	179,0	28,9	556,0
Real growth in GDP (1988)	4,0	-0,2	*3,5	3,5	5,0	3,2	3,8	3,9	5,0	2,6	4,0	3,7
Active population (in %)	41,8	55,8	*45,0	39,0	35,7	42,3	36,5	40,6	42,5	39,4	43,5	48,4
Unemployment rate (% for 1988)	11,2	8,4	*8,1	7,3	19,5	10,6	18,6	15,0	1,6	7,3	5,8	8,7

(*) Pre-reunification figure

	B	DK	D	EL	ES	F	IRL	I	L	NL	P	UK
Employment structure (in %)												
Agriculture	2,9	6,2	*5,3	28,5	16,1	7,3	15,8	10,9	4	4,8	21,9	2,6
Industry	29,3	26,9	*40,9	28,1	32,1	31,3	28,3	33,1	33	26,8	34,1	31,1
Services	67,8	66,8	*53,7	43,4	51,8	61,3	55,8	56	63,1	68,4	44	66,4
Part-time workers (%)	8,6	24,3	*12,8	5,3		10,9	6,5	5,3	7,2	22,7		21,2
Government spending (% of GNP 1987)	53,5	58,3	*46,9	47,1	41,2	51,8	51,4	50	50,8	60,8	42,6	41,2
Currency 1 ECU (January 1991)	BFR 42,21	DKR 7,88	DM 2,04	DRA 213,50	PTA 130,52	FF 6,94	IRL 0,77	LIT 1537,87	LFR 42,21	HFL 2,30	ESC 182,57	UKL 0,71
Trade value (% of GDP)												
Imports	58,9	28,1	21,3	28,5	14,3	17,7	47,5	16,7	**	45,4	33,2	22,9
Exports	58,7	26,3	27,2	14,2	11,6	16,5	51,4	16,2	**	48,0	25,3	19,4
Trade within EC: Main partners:												
Imports	D D NL	D UK NL	NL D B	D I F	D F UK	D B I	UK D NL	D F NL	** ** **	D B UK	D ES UK	D F NL
Exports	F D NL	D UK F	F I UK	D I F	F D UK	D I B	UK D F	D F UK	** ** **	D B F	UK D ES	D F NL

(*) Pre-unification figure.

(**) Belgium and Luxembourg form and economic union (BLEU); figures same as in column for Belgium.

ANNEX 4: *A few actual cases*

Example No 1

Transfer of technology and commercial agreements backed up by mutual participation.

The German company D manufactures and markets PVC doors and windows and has an important share of the North European market. However, production costs have shot up, with a corresponding effect on profitability.

D seeks a partner on the Iberian peninsula and contacts a Portuguese competitor, the company P.

P is a traditional manufacturer of wooden door frames and has recently diversified production toward PVC, but they are having problems with the technology and the available market is too small.

The following agreement is reached as a result of negotiations:

1. D buys 40% of P's shares and transfers their entire production line, thus bringing in their technology and knowhow. Production costs are thus substantially reduced.
2. P buys 50% of D's shares in Germany, thus becoming a purely commercial enterprise. All the North European markets are now open to P.
3. In order to ensure the success of the operation as well as to strengthen each partner's position, the newly formed D pledges to buy all of P/D's production.

Example No 2

Commercial cooperation involving the purchase of shares

F is one of the major French producers of a semi-finished industrial product. F's main client decides to transfer his factory to Portugal. F is faced with two options:

- either to let his client fall into the clutches of a Portuguese competitor
- or to follow his client.

F learns that his main competitor in Portugal is in financial difficulty. The contact is made, there being two possible courses of action:

- a bitter struggle which will end up to the disadvantage of the weaker competitor;
- a commercial venture involving the purchase or exchange of shares, to the obvious advantage of the two opposing parties.

This latter solution is the one chosen.

Comment

The concentration of business among a small number of customers is a phenomenon with which companies are familiar but which is not necessarily a reason to seek a cross-border partnership. However, given that, in the Single Market, scenarios such as the one described above are likely to arise, this practice should serve as a warning to managers, who could, for example, increase the number of their clients either with existing products or with other products provided by a cross-border partner.

Example No 3

Export club

Eight Greek mesh manufacturers are interested in exporting to Germany, but they do not have the necessary resources. Through their trade association, they get in touch with a local management consultant. Several meetings are held at which each company expresses its view of the problem and the management consultant tries to reconcile the different points of view.

Finally, an export club is created and a joint project aimed at breaking into the German market is drawn up in collaboration with a second German consultant.

The experiment is now under way and is progressing successfully.

Comment

The creation of an export club has provided all involved with the necessary resources, which they could not have afforded individually. Moreover, by sharing knowhow and expertise and calling in both Greek and German consultants, it has been possible to tackle the problem and the market more efficiently and help to avoid mistakes.

It should be pointed out that the creation of an EEIG was out of the question since all the companies involved were Greek.

Example No 4

A mistake to be avoided!

F, a newly created small French company, which manufactures resin side-cars and has dominated the French market ever since its products were successful in numerous contests, decides to tap the European market.

Preliminary contacts are made with a Dutch competitor, NL, which is the world leader.

F suggests that NL manufacture in the Netherlands certain components it needs and, in return, offers to market in France some of NL's products which do not compete directly with its own.

NL will never take F seriously but will nevertheless try to use it for its own ends. A total disaster.

Comments

The excessive disproportion between the partners, the lack of formal relations and F's gullibility have led to catastrophe.

No balance of power was achieved and NL has tried to take advantage of its strong position.

Example No 5

Inadequate preparation

B, a Belgian company which is the leader on the Belgian market for seeds, grains, garden and smallholding requisites, decides to try and penetrate the French market.

B attends the Paris agricultural show, where there seems to be some interest in its products. Without any further market study, B decides to recruit distributors in different regions.

It is important to note that while B manufactures some of its smallholding products itself, the remainder of its wares are actually imported from Italy. There is no contract binding B with the Italian manufacturers as regards the French market.

The first contacts with potential French partners turn out to be a failure, because:

- the prices offered by B are excessive owing to the margin taken between importation and re-exportation;
- any French companies that are interested can contact Italy directly and will probably obtain much more favourable terms.

Comment

Several big mistakes have been made:

- the market study carried out was far too superficial and has given a false picture of the real market;
- without a contract binding B to the Italian manufacturers as regards the French market, B was unable to control this market;
- without these two factors, B had no serious arguments to generate interest on the part of the distributors.

As a result, B has wasted both its time and its money.

ANNEX 5: *Bibliography*

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CEGOS IDET, Développement des compétences et stratégies de l'entreprise, Les Editions d'Organisation, Paris, 1987.

COMMISSION OF THE EUROPEAN COMMUNITIES, Operations of the European Community concerning small and medium-sized enterprises - Practical Handbook - 1988 edition - Ireland, compiled by Andrew Wright, Office for Official Publications of the European Communities, Luxembourg, 1989.

COMMISSION OF THE EUROPEAN COMMUNITIES, Operations of the European Community concerning small and medium-sized enterprises - Practical handbook - 1988 edition - United Kingdom, Office for Official Publications of the European Communities, Luxembourg, 1989.

COMMISSION DES COMMUNAUTES EUROPEENNES, La politique de concurrence dans un Marché unique, Documentation européenne, Office des publications officielles des Communautés européennes, Luxembourg, 1989.

DENIS, A., e.a., Horizon 1992, Roularta Books, Antwerp, 1988.

HERMOSILLA, A., SOLA, J., Cooperación entre empresas, Colección Estudios, Instituto de la Pequeña y Mediana Empresa Industrial (IMPI), Madrid, 1989.

LOWE, J., CRAWFORD, N., Technology licensing and the small firm, Gower studies in small business, Gower Publishing Company Ltd, Aldershot, 1984.

This bibliography has intentionally been limited. The topic of "1993" is now fashionable, and many organizations, commercial and others, have been prolific in publishing works on the Single Market and its consequences. While drawing up the present guide, we came to realize the importance of first inquiring at the local EURO INFO CENTRE; where some of the publications are often available or where a short bibliography on the subject may be found. Information can also be obtained from banks, Chambers of Commerce and Industry, professional organizations (concerning the possible repercussions on specific sectors) and business consultancy firms.

ANNEX 6: *Useful addresses*

- | | |
|------------------|--------------------------------------------------------------|
| Annex 6.1 | EURO INFO CENTRES in the United Kingdom |
| Annex 6.2 | BC-NET consultants in the United Kingdom |
| Annex 6.3 | SPRINT networks in the United Kingdom |
| Annex 6.4 | Business and Innovation Centres in the United Kingdom |
| Annex 6.5 | EURO INFO CENTRES in Ireland |
| Annex 6.6 | BC-NET consultants in Ireland |
| Annex 6.7 | SPRINT networks in Ireland |
| Annex 6.8 | Business and Innovation Centres in Ireland |
| Annex 6.9 | Offices in the Community |

Annex 6.1 EURO INFO CENTRES in the United Kingdom

<i>Organization</i>	<i>Address</i>	<i>Telephone/ Telefax/ Telex</i>
EURO INFO CENTRE SCOTTISH DEVELOPMENT AGENCY	21 Bothwell Street GLASGOW G2 6NR	44 41 221 09 99 44 41 226 50 89 777600
EURO INFO CENTRE BIRMINGHAM CHAMBER OF INDUSTRY & COMMERCE	75 Harborne Road P.O. Box 360 BIRMINGHAM B15 3DH	44 21 454 61 71 44 21 455 86 70 338024 BIRCOM
EURO INFO CENTRE NORTHERN DEVELOPMENT COMPANY	Great North House 248 Sandyford Road NEWCASTLE UPON TYNE NE1 8ND	44 91 261 00 26 44 91 22 21 779
EURO INFO CENTRE CENTRE FOR EUROPEAN BUSINESS INFORMATION SMALL FIRMS SERVICE	11 Belgrave Road LONDON SW1V 1RB	44 71 828 62 01 44 71 834 84 16
EURO INFO CENTRE LOCAL ENTERPRISE DEVELOPMENT UNIT (LEDU)	Ledu House Upper Galwally BELFAST BT8 4TB	44 232 49 10 31 44 232 69 14 32
EURO INFO CENTRE FEDERATION OF SUSSEX INDUSTRIES AND BRIGHTON CHAMBER OF COMMERCE	Seven Dials BRIGHTON East Sussex BN1 3JS	44 273 26 282/5 44 273 20 79 65 87323 FSI G
EURO INFO CENTRE BRISTOL CHAMBER OF COMMERCE AND INDUSTRY	16 Clifton Park BRISTOL BS8 3BY	44 272 73 73 73 44 272 74 53 65 449752 CHACOM G
EURO INFO CENTRE EXETER ENTERPRISES LIMITED UNIVERSITY OF EXETER	Hailey Wing Reed Hall EXETER EX4 4QR	44 392 21 40 85 44 392 26 43 75
EURO INFO CENTRE HIGHLAND OPPORTUNITY LIMITED/DEVELOPMENT DEPARTMENT HIGHLAND REGIONAL COUNCIL	Regional Buildings Glenurquhart Road INVERNESS IV3 5NX	44 463 23 41 21 44 463 71 08 48 75313

<i>Organization</i>	<i>Address</i>	<i>Telephone/ Telefax/ Telex</i>
EURO INFO CENTRE SHEFFIELD CITY POLYTECHNIC	Pond Street Library SHEFFIELD S1 1WB	44 742 53 21 26 44 742 53 21 25
EURO INFO CENTRE EUROTEAM Centre	The Business Advice 30 New Walk LEICESTER LE1 6TF	44 533 55 44 64 44 533 47 08 29 347250
EURO INFO CENTRE NORTH WEST LIVERPOOL CENTRAL LIBRARIES	William Brown Street LIVERPOOL Merseyside L3 8EW	44 51 298 19 28 44 51 207 13 42
EURO INFO CENTRE KENT COUNTY COUNCIL ECONOMIC DEVELOPMENT DEPARTMENT	Springfield MAIDSTONE, Kent ME14 2LL	44 622 69 61 30 44 622 69 14 18
EURO INFO CENTRE MANCHESTER CHAMBER OF COMMERCE AND INDUSTRY	56 Oxford Street MANCHESTER M60 7HJ	44 61 236 32 10 44 61 236 41 60 667822 CHACOM G
EURO INFO CENTRE NORWICH AND NORFOLK CHAMBER OF COMMERCE AND INDUSTRY	112 Barrack Street NORWICH NR3 1UB	44 603 62 59 77 44 603 63 30 32 975247 CHACOM G
EURO INFO CENTRE NOTTINGHAMSHIRE CHAMBER OF COMMERCE AND INDUSTRY	Unit 14, Faraday Bldg Highfields Science Park NOTTINGHAM NG7 2QP	44 602 22 24 14 44 602 22 03 12
EURO INFO CENTRE WALES	UWCC Guest Building P.O.Box 430 CARDIFF South Glamorgan CF1 3XT	44 222 22 95 25 44 222 22 97 40
EURO INFO CENTRE THAMES CHILTERN	Commerce House 2-6 Bath Road SLOUGH, Berks SL1 3SB	44 753 77 877 44 753 24 644 848314 CHACOM G

<i>Organization</i>	<i>Address</i>	<i>Telephone/ Telefax/ Telex</i>
EURO INFO CENTRE SHROPSHIRE CHAMBER OF INDUSTRY AND COMMERCE	Industry House 20 Halesfield TELFORD, Shropshire TF7 4TA	44 952 58 87 66 44 952 58 25 03 35438 TELCOM-G
EURO INFO CENTRE SOUTHERN AREA	Central Library Civic Centre SOUTHAMPTON, Hampshire SO9 4XP	44 703 83 28 66 44 703 23 17 14
WEST YORKSHIRE EUROPEAN BUSINESS INFORMATION CENTRE (WYEBIC) (SATELLITE EURO INFO CENTRE SHEFFIELD)	Britannia House Broadway BRADFORD BD1 1JF	44 274 75 37 82 44 274 39 32 26 51448
THE STAFFORDSHIRE DEVELOPMENT ASSOCIATION-BUSINESS ADVICE CENTRE (SATELLITE EURO INFO CENTRE TELFORD)	STAFFORD ST16 2LH	3 Martin Street 44 785 21 52 86 44 785 55 073 36255 SCHLHOG
EURO INFO CENTRE LONDON CHAMBER OF COMMERCE AND INDUSTRY	69 Cannon Street LONDON EC4N 5AB	44 71 248 44 44 44 71 489 03 91 888941 LCCIG

Annex 6.2 BC-NET consultants in the United Kingdom

To obtain the list of British consultants please contact:

**COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL XXIII - BC-NET
RUE DE LA LOI 200 - ARLN 80
B-1049 BRUSSELS**

**TEL: + 32-2-235.85.91 OR 236.04.53
FAX: + 32-2-236.25.72 OR 236.29.04
TELEX: 61655 BURAP**

Annex 6.3 SPRINT networks in the United Kingdom

The SPRINT network is currently being extended. Information can be obtained from:

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE GENERAL XIII - UNIT C 4
SPRINT PROGRAMME SECRETARIAT
BATIMENT JEAN MONNET
BUREAU B4/99
RUE ALCIDE DE GASPERI
L - 2920 LUXEMBOURG

TEL.: + 352-43011

Annex 6.4 Business and Innovation Centres in the United Kingdom

<i>Organization</i>	<i>Address</i>	<i>Contact Person</i> <i>Telefax</i>	<i>Telephone/</i>
BARNSLEY BIC LTD	Innovation Way Barnsley UK-South Yorkshire S75 1JS	Dr Brian KING	44 226 249 590 44 226 249 625
SOUTH EAST WALES BIC	Cardiff Business Technology Centre Senghennydd Road Cathays Park UK-Cardiff CF4 ZAY	Mr Douglas HAMPSON	44 222 372 311 44 222 373 436
CHESHIRE BIC LTD	Innovation House 6 Seymour Court Tudor Road, Manor Park UK-Runcorn WA7 1SY	Mr John MELLUISH	44 928 579 462 44 928 579 186
NEWTECH CLWYD LTD	Newtech Square Deeside Industrial Park UK-Clwyd CH5 2NU	Dr. J C ALLEN	44 244 822 881 44 244 822 002
INNOVATION CENTRE NORIBIC	Springgrowth House Balliniska Road Springtown Industrial Estate UK - DERRY BT48 0NA	Mr William DUFFY	44 504 264 242 44 504 269 025
LANCASHIRE BIC	Suites 302-304 Daisyfield Business Centre Appleby Street UK-Blackburn BB1 3BL	Mr William HERDMAN	44 254 692 692 44 254 692 290
TAMESIDE BIC	C.C.E. Business Centre Windmill Lane Denton, Tameside UK-Greater Manchester M34 30S	Mr Philip ELLISON	44 61 337 86 48 44 61 337 8649 44 61 337 86 50 44 61 337 86 51
NOTTINGHAM CENTRE FOR INNOVATION Economic Development Unit	Lawrance House Clarendon Street NOTTINGHAM	Mr Fred PARKER	44 602 483 500 44 602 475 944
STRATHCLYDE BIC	Unit A1 - Bldg 1 Templeton Business Centre 62 Templeton Street GLASGOW G40 1DA	Mr Douglas MARTYN	44 51 554 59 95 44 41 556 63 20

Annex 6.5 EURO INFO CENTRES in Ireland

<i>Organization</i>	<i>Address</i>	<i>Telephone/ Telefax/ Telex</i>
EURO INFO CENTRE IRISH EXPORT BOARD/ CORAS TRACHTALA	Merrion Hall P.O. Box 203 Strand Road, Sandymount DUBLIN 4	353 1 69 50 11 353 1 69 58 20 93678 CITEI
EURO INFO CENTRE SHANNON FREE AIRPORT DEVELOPMENT COMPANY	The Granary Michael Street LIMERICK	353 61 40 777 353 61 31 56 34 72182
EURO INFO CENTRE CORK CHAMBER OF COMMERCE	67 South Hall CORK	353 21 50 90 44 353 21 27 13 47 76159
EURO INFO CENTRE GALWAY CHAMBER OF COMMERCE AND INDUSTRY	Hynes Building St. Augustine Street GALWAY	353 91 62 624 353 91 61 963 50137 GCCI EI
EURO INFO CENTRE SLIGO EUROPEAN BUSINESS INFORMATION CENTRE	16, Quay Street SLIGO	353 71 61 274 353 71 60 912
EURO INFO CENTRE WATERFORD CHAMBER OF COMMERCE	CTT Office Industrial Estate Cork Road WATERFORD	353 51 72 639 353 51 72 990 80273

Annex 6.6 BC-NET consultants in Ireland

To obtain the list of Irish consultants please contact:

**COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE-GENERAL XXIII - BC-NET
RUE DE LA LOI 200 - ARLN 80
B-1049 BRUSSELS**

**TEL: + 32-2-235.85.91 OR 236.04.53
FAX: + 32-2-236.25.72 OR 236.29.04
TELEX: 61655 BURAP**

Annex 6.7 SPRINT networks in Ireland

The SPRINT network is currently being extended. Information can be obtained from:

COMMISSION OF THE EUROPEAN COMMUNITIES
DIRECTORATE GENERAL XIII - UNIT C 4
SPRINT PROGRAMME SECRETARIAT
BATIMENT JEAN MONNET
BUREAU B4/99
RUE ALCIDE DE GASPERI
L - 2920 LUXEMBOURG

Tel.: +352-43011

Annex 6.8 Business and Innovation Centres in Ireland

<i>Organization</i>	<i>Address</i>	<i>Contact Person</i>	<i>Telephone/ Telefax</i>
SOUTHWEST BUSINESS & TECHNOLOGY CENTRE	IDA Enterprise Centre North Mall IRL-Cork City	Mr Cathal O'CONNOR	353 21 397 711 353 21 395 393
DUBLIN BUSINESS INNOVATION CENTRE	IDA Enterprise Centre Pearse Street DUBLIN 2	Mr Desmond FAHEY	353 1 713 111 353 1 713 330
GALWAY BIC	Hynes Building St. Augustine Street IRL-Galway	Mr Joe GREANEY	353 91 67 974 353 91 61 963
LIMERICK INNOVATION CENTRE	The Innovation Centre Enterprise House Plassey Technological Park Castletroy IRL-County Limerick	Ms. Alice MORGAN	353 61 338 177 353 61 338 065

Annex 6.9 Offices in the Community

BELGIQUE/BELGIË

Bruxelles/Brussel

- a) Commission des Communautés européennes
Bureau en Belgique
- b) Commissie van de Europese Gemeenschappen
Bureau in België
- Rue Archimède 73, b - 1049 Bruxelles
Archimedestraat 73, b - 1049 Brussel
- Tél. (32-2) 235 38 44
Télécopie (32-2) 235 01 66
Télex 26657 COMINF B

DANMARK

København

Kommissionen for de Europæiske Fællesskaber
Kontor i Danmark
Højbrohus
Østergade 61
1004 København K

Tlf. (45-33) 14 41 40
Telefax (45-33) 11 12 03
Telex (055) 16402 COMEUR DK

BUNDESREPUBLIK DEUTSCHLAND

Bonn

Kommission der Europäischen Gemeinschaften
Vertretung in der Bundesrepublik Deutschland
Zitelmannstraße 22
5300 Bonn

Tel. (49-228) 53009-0
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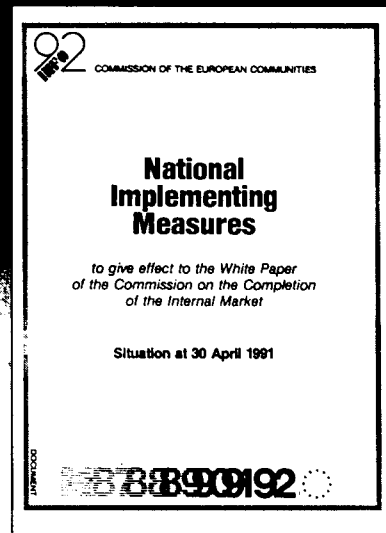
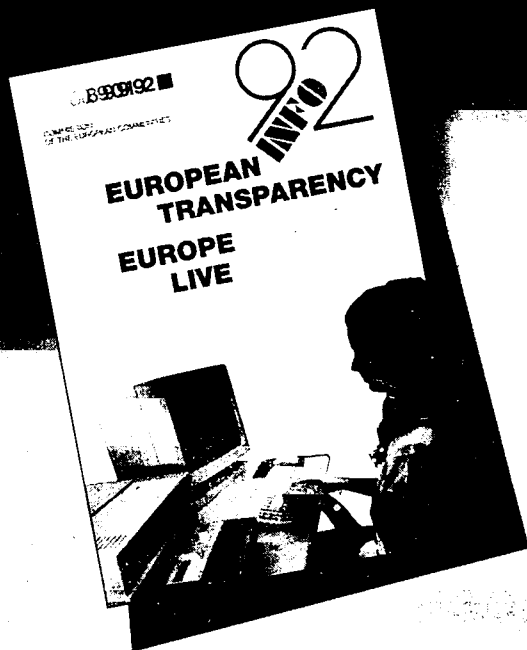
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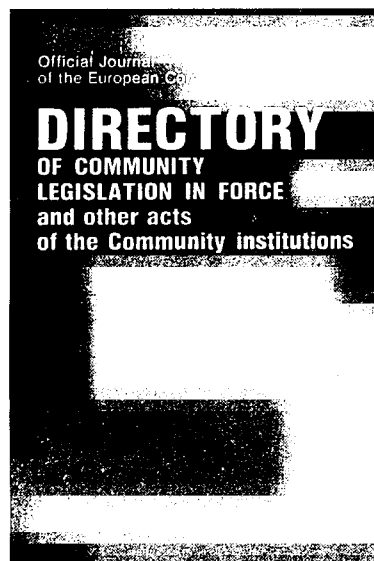
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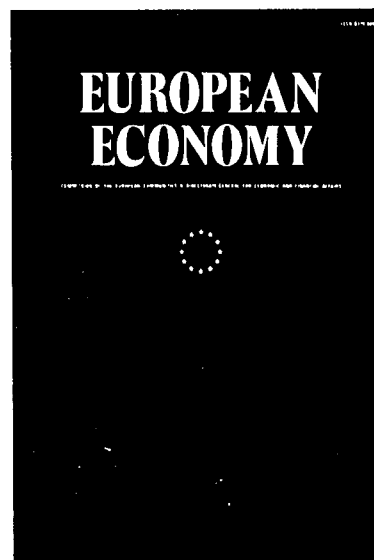
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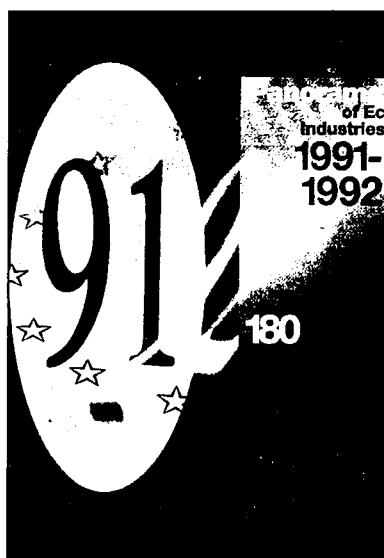
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