

# **SIE Project – Action Plan, Internationalisation of SMEs in the Ústí Region**

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## Part I General Information

Project:	SIE
Partner organization:	Ústí Region
Other partner organizations involved:	Region Molise,  Chamber of Commerce Nouvelle Aquitaine
Country:	Czech Republic
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## Summary

Ústí Region is a partner of the Interreg Europe SIE (SME Internationalisation Exchange) project focused on the support for regional businesses' internationalisation. An output of the project is this Regional Action Plan which is based on the results and findings of the SIE project aims to better support the entry of regional SMEs into international markets.

The Action Plan of the SIE project is in line with the Operational Programme 'Enterprise and Innovation for Competitiveness', Priority axis 2 – Development of SMEs Business and Competitiveness, Specific objective 2.2 – Increase SME Internationalisation through Sophisticated Services and Consultancy.

The aim of the Action Plan is to support the "Programme of Investments in Employment Growth "in compliance with the ERDF priorities and through the Operational Programme Enterprise and Innovation for Competitiveness in the scope of the Ministry of Industry and Trade (OPPIK) focused on the support of the Czech business investment projects with emphasis on SME projects.

- Ústí Region is an important industrial area with high concentration of industry in the fields of energy, chemistry and automotive industry. A lot of jobs have been offered in large companies which has been advantageous (job creation in the period of boom), but there is also high rate of risks to lost dynamics and jobs, economic decline, as well as development of Industry 4.0 which will first of all affect big multinationals but also Czech SMEs. Focusing on supporting SMEs therefore a measure to mitigate these risks.
- The SMEs in the region search for information sources, detailed field research in new markets and contacts. They are interested in innovation and efficient ways of matchmaking, they want to attend fairs, nevertheless they face capacity problems, labour market barriers including "brain drain" and operation workload.
- We have defined several actions within the framework of the SIE project and two are incorporated into this Action Plan for pilot testing. The actions are explained in terms of the time schedule of the actions, the costs for their implementation, sources of funding and the involvement of cooperating stakeholders (regional and national level).

## Introduction

The Action Plan specifies the “Export Pathway” and “Go & Come back” actions which were observed in other partner regions during the learning phase of the SIE project, while other actions (Matchmaking, Work with clusters, Process embedding One-Stop-Shop) could offer potential for future possible implementation in the region. The “Export Pathway” and „Go & Come back” actions have been developed in detail for pilot testing.

## Part II Policy Context (background)

The aim of the Action Plan is to support “Programme of Investment into Employment Growth” in compliance with the ERDF priorities.

The title of the policy instrument: **Operational programme Enterprise and Innovation for Competitiveness (OPPIK)**, is one of the operational programmes thanks to which the Czech Republic can draw money from the [EU structural funds](#).<sup>[1]</sup> in the period from 2014-2020. OPPIK is mainly intended for the support of Czech business investment projects, but subsidy can also be provided to the subjects of state administration or cities and municipalities. Emphasis is mainly put on SME projects and the fields of research and development. Energy savings and ICT are prioritised within the programme. The total budget of the programme reaches the amount 4.3 billion EUR (117 billion CZK).<sup>[2]</sup> OPPIK fits within the scope of the Ministry of Industry and Trade of the Czech Republic.

The Operational programme Enterprise and Innovation for Competitiveness<sup>1</sup> supports businesses, especially SMEs.

The Action Plan of the SIE Project implemented by the Ústí Region is in the scope of the Priority axis 2 – Enterprise Development and Competitiveness of SMEs, Specific target 2.2 – Increase Internationalisation of SMEs through Sophisticated Services and Consultancy.

### Competences of the Usti Region given by National European funds coordinator (Ministry of Regional Development]

In relationship to OPPIK has Usti Region three significant roles:

- 1) Preparation of Regional Innovation Strategy (smart specialisation), one of the ex-ante conditionality for usage of structural funds.
- 2) Usti Region as a policy instrument stakeholder and member of Association of regions of the Czech Republic has the right to design modifications of the OPPIK and funds allocation through OPPIK monitoring committee.

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<sup>1</sup> Operational Programme Enterprise and Innovation for Competitiveness 2014 – 2020, OPPIK, version 8-0\_SFC EK\_07-2014, page 14

- 3) Ústí Region is obliged to establish the “regional standing conference” (RSK), the body responsible for structural funds utilisation in region (OPPIK urban dimension). RSK of the Ústí Region coordinates the drawing of EU funds in the Region.

## Supporting Documents

The Action Plan is based on available annual data from the Czech Statistical Office for the Ústí Region 2017, and the following conceptual and strategic documents:

- Programmes for the support of SMEs in the OPPIK,
- Regional innovation strategy (RIS3),
- Development strategy of the Ústí Region by 2027 (SRÚK),
- Development programme of the Ústí Region 2014-2020 (PRUK 2014-2020),
- RE:START Programme – the Office of the Government Agent for the Ústí Region, Moravian-Silesian and Karlovy Vary Regions (RE:START),
- Export strategy of the Czech Republic 2012-2020 (MPO),
- National export strategy of the Czech Republic 2012-2020,
- National development plan (NRP),
- Documents for the preparation of ERDF further programme period.

Ústí Region is an important industrial area with high concentration of industry in the fields of energy, chemistry and automotive industry. A lot of jobs have been offered in large companies which has been advantageous (job creation in the period of boom), but there is also high rate of risks to lost dynamics and jobs, economic decline, as well as development of Industry 4.0 which will first of all affect big multinationals but also Czech SMEs. Focusing on supporting SMEs therefore a measure to mitigate these risks.

In the analysis part of the SIE project we verified there were a lot of programmes for the support of business internationalisation in other European regions. In the programme period 2014 – 2020 Czech exporters and institutions focused on export have tended to ask for support from EU funding through operational programmes, or they have attended various support activities of locally export-focused organisations. There has been, for example, within the OP PIK, the possibility for: Cooperation among SMEs– clusters devoted to the development of innovative networks, OP PIK Marketing supporting, including participation at international events and the possibility to present products

and services, raising awareness within society and the Czech business media about the possibility to apply for capital from investors.

**Interviews with regional companies highlighted the following needs:**

- SMEs search for sources of information and research into new markets which they need but often they are too narrowly focused and only make use of resources for a certain period.
- Regional SMEs are looking intensively not only for new markets but also products. There is a high interest to innovate. Businesses are aware of the boom which enables to fund development. On the other hand, they face capacity issues. High volumes of orders often have a negative impact on innovation potential (there is no time to innovate).
- Regional SMEs search for new ways of attracting qualified people to work on exports. Within smaller and medium sized businesses there is a trend of “drawing” experts from large multinational businesses and also attracting people who have left to work elsewhere. The companies in the region are able to offer them new challenges.
- There is a big interest in the tools like conferences and fairs. But they are often too narrowly focused i.e. very specialized events within a certain field or within a specific territory.
- Businesses would welcome “field market research”, for example research with the topic “rapid prototyping in automotive”, technology and export foresights.
- Businesses are interested in ‘contact actions’ like speed dating and matchmaking. They have experience, for example, from cooperation with German economic chambers.
- Smaller businesses call for support for regional products or events promoting certain regions and their businesses.
- Small businesses lack know-how in export. They mostly have no time to attend training because they have to focus on addressing day-to-day operational issues.

Export from the Ústí Region is quite high (seventh place out of 14 regions). But most export is covered by the large businesses and takes place within their value chains (automotive, chemistry). Yet there are successful businesses in the region which fulfil the “born global” ambition (definition



of the Ministry of Industry and Trade export strategy). In the region there is a good knowledge of export techniques in the area of “back office” services as the administration of foreign trade, logistics, payments, export “after-care services” that follow on from the export performance of the large businesses. However, there is a lack of export managers, salespeople, experts on business development in new markets and market experts working with international data i.e. export “front office” activities.

Small innovative businesses need to attend specialist conferences, start-up events and closely targeted fairs. The activities where they can participate under a bigger brand (umbrella brand) like Czech national presence or Regional exposure can suit them.

## Part III Details of the Planned Action

### Action 1 Go and Come Back – Inspired by the Molise SIE Partner Region

#### 1.1. Background

Human resources form one of the limitations for the wider application of exports mainly for smaller and medium size businesses. It is an absence of professionals with an experience with the strategic side of exporting and so called “brain-drain“, whereby qualified workers leave for better work opportunities out of the region. This action seeks to address both the above stated issues; providing strategic export management of a business and preventing “brain drain”.

OPPIK axis 1, priority 1.2 shows a suitable instrument which we could adapt with certain modifications. It is an instrument of “knowledge transfer partnership”. At the moment, the OPPIK programme is designed so that small and medium size businesses and research organisations can request funding for internships to place students and postgraduates in companies where they address certain projects with the support of mentoring. It is currently only possible to support cooperation in the Czech Republic. We also want to verify whether this could be successfully implemented in an international context by extending the definition of “partnership” to include the topic of internationalisation as per the OPPIK priority 2.1.

The table below shows the planned impacts for specific targets and as well as partial OPPIK subprogrammes (CzechStarter, marketing etc.) defined in the “policy instrument“. We are assuming a better take-up of the policy instrument tools by regional SMEs. The red text highlights the main, specific target for influencing the policy instrument.

Priority axis and specific targets	Sub-programs	RAP Action 1
		Go and Come Back
Priority Axis 2		
Entrepreneurship and Competitiveness		
Specific targets 2.1, competitiveness	CzechStarter, CzechMatch, advisory services	x
Specific targets 2.2 internationalisation	Marketing,	xx
Priority Axis 1		
Development of R&D for innovations		
Specific targets 1.1	Innovations, Application, Potential	
Specific targets 1.2.	Partnership of knowledge transfer	x

## 1.2. Action description

Steps	Target Group	Instruments
1. Improve awareness about export	SMEs with export ambition  Individuals, especially University graduates with ambitions in export activities.	Workshops  Information provided one stop shop/stakeholders
2. Diagnostics of readiness for internalisation	SMEs which obtained support from the Ústí Region	Diagnostics for the business which have not exported yet
3. Export strategy	Innovative SMEs, potential of growth  Individuals	Specific courses organized by stakeholders.  Mentoring  Export accelerators in the form of workshop

4. Foreign internship trip	SMEs with export strategy  Individuals interested	Connection to EEN network  Connection to foreign incubators and support organisations /ECH etc/  Connection to foreign businesses  Participation in fairs organized by the Ústí Region.
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We are planning the involvement of 6 participants in the pilot stage. After piloting we estimate demand about 20 – 30 companies will participate yearly.

### 1.3. Partnership and stakeholders

This action will be developed by the Ústí Region (CZ) with partnership and inspiration from the Molise Region (IT).

#### Stakeholders

- The Ústí Region – coordination, database of experts, contact point for businesses (one stop shop), fairs and events, organization support,
- The University J. E. Purkyně in Ústí nad Labem – selection of postgraduates for internships,
- Innovation centre of the Ústí Region – selection of SMEs for internship,
- CzechInvest – national agency for SME support, communication with national level (Ministry of Trade and Industry),
- Chamber of commerce – contacts, export courses,
- Employment Pact of the Ústí Region – human resources development programme.

## 1.4. Time Schedule

The time schedule for the proposed implementation of the action plan is based on the analysis and is also in compliance with other current projects in the region

	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q
	2019	2019	2019	2020	2020	2020	2020
Decision about the action implementation							
Signing contracts with partners							
Obtaining means							
Instruments proposal							
Pilot verification							
Recommendation for OPPIK modification*							

\* Recommendation for the OPPIK modification in detail

During the pilot stage (II Q 2020 – IV 2020) we will combine two of policy instrument subprogrammes from specific targets 2.2 and 1.2, focused on internalisation and knowledge partnership transfer. About results we will communicate with two actors during the last project quarter, i.e. towards the end of 2020.

- Our stakeholder CzechInvest, so we will improve the CzechInvest start up subprogrammes (ie. CzechStarter, CzechMatch etc) in the field of internationalisation.
- Ministry of Industry and Trade (MA) through our common platform “regional standing conference” (see above), so we will widely share details of this this approach with the MA via documents and recommendations.

## 1.5. Costs

The costs of actions are divided by individual types and will be specified during the implementation also for the reason of pooling resources or dividing actions by stakeholders.

- Labour costs: Current employees will provide the service on behalf of the Ústí Region. Regional stakeholders will be covered from the Ústí Region budget - The employment pact, a regional entity coordinating development of human resources is in the regional budget.
- Travelling costs, other costs of internships (expertise, mentors), 150 th. CZK/per participant.
- Structure and volume of the costs will be discussed with the partners by the end of the project.

## 1.6. Source of Funding

A survey of funding sources has been done within the SIE project and the following will be accessed:

- The Ústí Region's own budget, the main source. We assume budget 30 th. EUR for next year.
- Sharing financial resources of regional stakeholders (e.g. CzechInvest), mainly for funding programmes from the national level. The following overview defines potential sources of funding by the actions:

1. Knowledge transfer partnership – OPPIK
2. Labour office
3. Region
4. Economic Chamber, or the projects of mixed chambers

## 1.7. Monitoring

The aim of the SIE Action Plan is to increase the level of knowledge about the tools for supporting SME internationalisation. This is expressed by increasing the number of applicants for the support within national and regional support instruments. The data will be collected through the CzechInvest Agency from the Ministry of Finance of the Czech Republic databases (CEDR).

Key Performance Indicators (KPI) are as follows:

- Number of participants in the pilot verification phase (defined in the request for pilot action), 4 to 6, according to the budget and selection of target destinations for internationalisation actions.

- Number of projects in specific targets 2.2 and 1.2

The results will be summarised in an “Evaluation Report”.

## Action 2 Export Pathway – Inspired by the Nouvelle-Aquitaine Partner Region

### 2.1. Background

The Export pathway is a system of services for export-oriented businesses or businesses with an export focus. The pilot action will prepare and verify the feasibility of the programme on a small sample; combining individual advisory services/mentoring with collective information actions (training organised by the regional stakeholders). Participants will orientate themselves in their own foreign trade (export strategy, export plan) as well as the area of support tools (EEN, CzechTrade etc).

The aim of the pilot action is to strengthen the capacity of human resources for business internationalisation in the region. The instrument is focused on the innovative SMEs with growth potential. The programme will be offered to the other businesses which use another instrument of the regional support (start-up or innovative voucher) or have national OPPIK or TACR support.

The table below shows the impacts on different policy instruments in Usti as well as partial OPPIK subprogrammes (advisory services of Czechstarter, CzechTrade agency etc.)

Priority axis and specific targets	Subprograms	RAP Action 2
		Export Pathway
Priority Axis 2		
Entrepreneurship and Competitiveness		
Specific targets 2.1, competitiveness	CzechStarter, CzechMatch, advisory services	xx
Specific targets 2.2 internationalisation	Marketing, main project target	xx
Priority Axis 1		
Development of RaD for innovations		
Specific targets 1.1	Innovations, Application, Potential	x
Specific targets 1.2.	Partnership of knowledge transfer	

Red text above highlights the main specific target from policy instrument.

## 2.2. Action description

The pilot actions of the Export Pathway are described in the table which is based on experience gained from the SIE project partners during phase 1 of the project. Due to the existence of instruments at a national level the intervention action is focused on the work of a mentor who can combine the national instruments with the needs of the regional SMEs.

Steps	Target Group	Instruments
1. Improve awareness about export tools	SMEs with export ambition Individuals	Workshops Information provided one stop shop/stakeholders
2. Diagnostics of readiness for export	SMEs which obtained support from the Ústí Region	Diagnostics for the business which have not exported yet
3. Export strategy	Innovative SMEs, potential of growth Individuals	Specific courses organized by stakeholders. Mentoring Export incubators in the form of workshop
4. Market targeting	Innovative SMEs, potential of growth Individuals	Collecting data about foreign trade Export opportunities IP in foreign trade Validation of export potential and risks
5. Export Action Plan	SMEs with export strategy	Development export plan Financial plan Searching support sources Organisation support /fairs, EEN, contacts to partner regions of the Ústí Region, trips abroad/ Matchmaking action Web site focused abroad On line marketing abroad

We are planning the involvement of 3 participants in the pilot stage. After piloting we estimate demand for about 10 companies yearly.

### 2.3. Partnership and stakeholders

Action will be developed by the Ústí Region (CZ) in partnership and inspirations from CCI Nouvelle Aquitaine (Fr).

#### Stakeholders

- The Ústí Region – coordination, database of experts, contact point for businesses (one stop shop), fairs and events, organization support,
- Innovation centre of the Ústí Region – selection of SME, mentoring program Platinn,
- CzechInvest – national agency for SME support, communication with national level (Ministry of Trade and Industry), transfer of knowledge about national programmes,
- Chamber of commerce – contacts, export courses.

### 2.4. Timeschedule

The time schedule for the proposed implementation of the action plan is based on the analysis and is also in compliance with other current projects in the region

	II Q	III Q	IV Q	I Q	II Q	III Q	IV Q
	2019	2019	2019	2020	2020	2020	2020
Decision about the action implementation							
Signing contracts with partners							
Obtaining means							
Instruments proposal							
Pilot verification							

### 2.5. Costs

The costs of actions are broken down into different categories and will be specified during the implementation as well as the ensure the pooling of resources or dividing actions between stakeholders.



- Labour costs: Current employees will provide the service on behalf of the Ústí Region. Regional stakeholders will be covered from the Ústí Region budget - ICUK has already got an operational subsidy for 6 mil CZK which will cover operational costs.
- Costs for mentors : 400 ths CZK
- Other costs: Other induced costs which occur by e.g. operation and administration of the mentors and company needs database (one stop shop), promotion, will not exceed 200 th. CZK a year.
- Costs of direct services for companies, 250 th. CZK per company.
- Structure and volume of the costs will be discussed with the partners by the end of the project.

## 2.6. Source of Funding

A survey of funding sources has been done within the SIE project and the following will be accessed:

- The Ústí Region's own budget, the main source. We assume budget 60 th. EUR for next year. Usti region also allocated contribution 75 th. EUR for Usti Innovation Center /ICUK/, nominally for mentoring program Platinn, including also internationalization.
- Sharing financial resources of regional stakeholders (e.g. CzechInvest), mainly for funding programmes from the national level. The following overview defines potential sources of funding by the actions:
  1. Green line for export,
  2. BusinessInfo.cz –main provider of online information for exporters,
  3. Clients centre for export,
  4. Catalogue of services of Uniform Foreign Network (JZS) and Clients centre,
  5. Export education of CzechTrade and Export Club CzechTrade,
  6. Funding and insurance – overview of services provided by ČEB and EGAP,
  7. Internal EU market – practical information and contacts,
  8. Access of European businesses to third markets – Market Access Database,
  9. The Ministry of Industry and Trade programme for the support of Czech businesses participation at international fairs and exhibitions in the year 2019,
  10. Internationalisation support of SMEs – Programme Marketing in OP PIK (MPO),
  11. Service offer CEBRE,

12. Chamber of Commerce of the Czech Republic,
13. EEN – Enterprise Europe Network,
14. Digital garage,
15. Business Contact Systems.

## 2.7. Monitoring

The aim of the SIE Action Plan is to increase the level of knowledge about the tools for supporting SME internationalisation. This is expressed by increasing the number of applicants for the support within national and regional support instruments. The data will be collected through the CzechInvest Agency from the Ministry of Finance of the Czech Republic databases (CEDR).

Key Performance Indicators (KPI) are as follows:

1. Number of businesses in the contact point database with an interest in export instruments, (at the moment 0 businesses and the target is 30 businesses).
2. Number of “service cards”, which are focused on internationalisation – i.e. products of public services aimed at supporting businesses, 0 at the moment, target 8 services.
3. Number of participants in the pilot verification phase (defined in the request for pilot action), 3, according to the budget and selection of target destinations for internationalisation actions.

The results will be summarized in an “Evaluation Report”.

In Ústí nad Labem, 19. 09. 2019



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