



The ADAPT and  
EMPLOYMENT  
Community Initiatives  
Innovations n°10

Employment & European Social Fund



## Learning Networks

Small firms co-operating  
to compete

Employment & social affairs



European Commission

# What is the European Social Fund?

The European Social Fund (ESF) invests in people. Its purpose is to improve the prospects of those who face the greatest obstacles in finding, keeping or regaining work. In this way the ESF enables millions of people throughout the European Union to play a fuller role in society and thus improve their quality of life.

The ESF provides European Union funding on a major scale for programmes which develop or regenerate people's employability. This task centres on providing citizens with the right work skills as well as developing their social interaction skills, thereby improving their self-confidence and adaptability in the job marketplace.

The ESF channels its support into strategic long-term programmes which help regions across Europe, particularly those lagging behind, to upgrade and modernise workforce skills and to stimulate entrepreneurial initiative. This encourages domestic and foreign investment into the regions, helping them to foster greater economic competitiveness and prosperity.

The ESF is the main tool through which the European Union translates its employment policy aims into action. In the six years 1994-1999 the ESF, which operates in all Member States,

will have made available 47 billion Euro, accounting for almost ten per cent of the European Union's total budget. The ESF also helps unlock funding at national level, through the use of a joint-funding principle which permits ESF support to be made available only for active measures already being undertaken by Member States to increase people's employment prospects.

The ESF's aims are both preventive and remedial. To help prevent future long-term unemployment, the ESF focuses its support on programmes which prepare young people better for working life, which help those in employment adapt or develop their skills to meet the challenges of change in the workplace, or which intervene early to help those losing their jobs who may be at risk of long-term unemployment to regain work quickly. For those who have reached the stage of long-term unemployment, the ESF concentrates on supporting co-ordinated programmes which provide a step-by-step path for people back into work. Underlying all the ESF's work is the principle of ensuring equal access to employment for men and women, the disabled, and disadvantaged minorities at risk of social exclusion.

Programmes are planned by Member States together with the European Commission and then implemented through a wide range of provider organisations both in the public and the private sectors. These organisations include national, regional and local authorities, educational and training institutions, voluntary organisations, trade unions and works councils, industry and professional associations, and individual companies. The ESF helps fund a broad range of active schemes and projects, which include vocational training; work experience and placement schemes; training of teachers, trainers and public officials; employment counselling and job search assistance; employment aids and child-care facilities; schemes for developing or improving in-company training systems and structures; and research projects which anticipate and help plan for economies' future workforce needs.

The ESF acts as a catalyst for new approaches to projects, harnessing and bringing to bear the combined resources of all involved. It fosters partnerships at many different levels and encourages the Europe-wide transfer of knowledge, sharing of ideas and best practice, ensuring that the most effective new solutions are incorporated into mainstream policies.

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# Foreword



Anna Diamantopoulou  
Member of the European Commission

ADAPT, through its 4,000 projects, is enabling tens of thousand of European small firms to develop or acquire practical solutions to the challenges they face as they operate in markets swept by change. Coming as I do from a background of working with small firms, I appreciate that the very best solutions are those which firms develop and apply themselves. The least satisfactory are those supplied or imposed from above. To do this, small firms must find ways of becoming learning organisations, acquiring knowledge and know-how and putting it to good advantage.

In its Entrepreneurship and Adaptability pillars, the European Employment Strategy addresses ways in which companies can be modernised, and the conditions under which they can be improved. This report shows how small firms can do a great deal for themselves by building and participating in strong local and

sectoral partnerships: networks which learn together, do business together and share ideas and resources.

It is often said that SME entrepreneurs are loners who are reluctant to co-operate with others. Nothing could be further from the truth. They are individualists, but the successful ones know the value of good networking. This report documents the great variety of networks and partnerships set up by ADAPT projects throughout the Union. It illustrates the ways in which many networks have been set up to meet a specific need, and have then matured and begun to offer a wider range of services. It underlines the extent to which the new information and communication technologies have enhanced the power and the scope of SME networking.

The key idea is that the most powerful of networks develop the capacity to think independently for themselves. They become capable of matching what they do to their members' needs, and to the demands and opportunities presented by the outside world. To the powerful ideas of 'learning organisations' and 'learning regions', we must now add the highly practical concept of the 'learning network'.

The message of the learning network is also a challenge to our established institutions and policies in the employment, training and SME development fields. They cannot function without collaboration. I hope that these examples of ADAPT partnerships will stimulate the creation of many other learning networks throughout Europe. They are needed to serve the business and human resource needs of SMEs, and are becoming powerful vehicles for improvements in the quality of work and for the principle of a labour market open to all.

# The context

## Co-operation and competition

### An economy of opportunity for Europe's Small firms (SMEs)

Europe's small firms have the opportunity as never before to share the fruits of growth with large companies. They can do this by using new technologies and new ideas about networking to co-operate. In doing so they can increase their supply of knowledge, gain access to shared resources, and reduce their costs. If they do not, many may find themselves unable to compete on even terms.

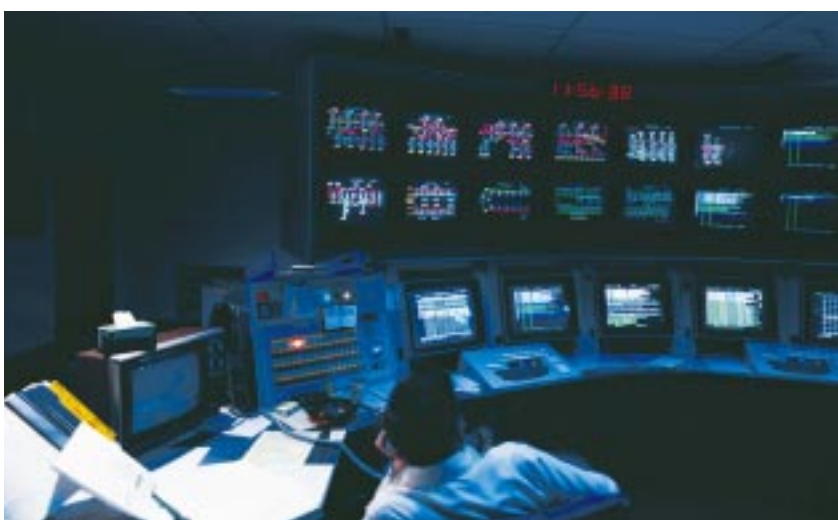
The very same forces that are confronting more and more small firms with competition from outside their regions, and even from outside their national markets, provide them with the stimuli and the opportunities to co-operate and network.

- **The digital economy**, directly or indirectly, is revolutionising working processes and methods, company structures and commercial transactions, value-added chains and inter-firm relations; and at the same time it offers to SMEs the means - **the Information and Communication Technologies (ICTs)** - to access all relevant information and support, and to reap the benefits and economies of scale and scope.
- **Access to international markets** presents a similar mixture of opportunity and threat. SMEs are learning to collaborate to seek and fulfil new business opportunities. SMEs which pool some or all of their capacity in networks can realise some of the benefits of critical size which they need if they are to tackle large contracts.

- **Constant innovation and investment in R&D** - which is increasingly essential for sustained success - becomes feasible for SMEs that form pre-competitive partnerships with research bodies and other firms.
- **Networks and partnerships** in which SMEs share the costs of compliance with local, national and international regulations and standards, significantly **reduce the burden of regulation**.
- **There is a sustained demand for quality in processes, products and services** which SMEs can satisfy more easily and cheaply by sharing expertise and experience. In networks and partnerships they can introduce approaches like lean-management, they can establish learning-organisations, and they can create new management/worker networks and relationships. Competition which used to be based mostly on price, is also now widely based on quality.

## Europe's Employment Strategy targets SME co-operation

Following the adoption of the **Amsterdam treaty**, which introduced a new title on employment, it was agreed at the **Luxembourg Jobs summit** in November '97 that this strategy should be built on four main pillars: **employability, entrepreneurship, adaptability and equal opportunities**. Every year, a set of Guidelines are adopted for each of the pillars, which set out a number of specific targets for Member States to achieve in their employment policies. This European Employment Strategy is reviewed each year by the Commission and the Member States. Both the objectives of the Strategy and its achievements are set against the Member States' own National Action Plans for Employment. The 1999 Guidelines clearly set out an EU agenda for change in the way that work is organised and companies are run, and the Commission's proposed Guidelines for 2000 have reinforced this. In referring clearly to the need for partnerships at all levels, they include the need for better co-operation between companies themselves, and between companies and the organisations which supply them with services and which control or change the environment in which they operate.





## The challenge to modernise Europe's SMEs

Small firms are traditionally reluctant to commit themselves to co-operation and other forms of collective activity. Their owners tend to be highly individualistic, and are sensitive to competition. Where they have readily co-operated, it has generally been in order to defend themselves against some common external threat.

They are now faced with compelling reasons for co-operating in quite different ways. The setting in which many SMEs operate has changed radically within a relatively short period of time. The behaviour and demands of their direct customers and of companies operating supply chains have also changed. SMEs are now expected to cut costs, speed up their production and services, improve and guarantee quality and compete fiercely on price.

As they create most of Europe's jobs, and employ some two thirds of the workforce, Member States are understandably keen to find every possible way of enabling SMEs to function effectively in this changed business environment.

## ADAPT and its projects – a major shift towards learning partnerships

The dominant unifying theme linking a majority of ADAPT's 4,000 projects is the creation of partnerships to enable SMEs to compete effectively in labour markets which increasingly favour large organisations capable of achieving economies of scale and of drawing their knowledge and information from a broad base.

In many, the partnerships are informal. In others they point to new large and permanent structures like learning regions, or to completely new ways of organising work within learning organisations.

Some 400 projects are directly concerned with SME networking and co-operation, and for around 200 of these it is their primary objective. These projects are dedicated to setting up networks and forms of co-operation which give SMEs some strategic advantage, and which, in many cases, enhance their ability to think and work together whilst continuing to compete freely with others, and sometimes with each other.

These networks are, inevitably, based on the idea that the basis of co-operation is the decision to learn together.

### Key facts about Europe's small firms:

- they make up 99.8% of all enterprises;
- there are 18 million of them;
- they account for 55% of companies' turnover;
- they employ 66% of the workforce;
- they employ more women than larger firms;
- they employ more part-time workers than larger firms;
- their workers are younger than those of larger firms;
- in many sectors their education and training levels are lower;
- jobs in SMEs tend to be less stable than those in larger firms.

(Source: Eurostat 1999)

# The idea

## Small businesses and learning networks which think for themselves

*"Sustaining development networks is not about creating new institutions, new structures or new positions. It is about establishing a new culture of thinking networks."*

*Bootstrap, Sweden (A-1995-S-019)*

The Bootstrap experience, and that of other ADAPT networking projects, suggests that the key feature of effective networks is that they inspire and empower member SMEs to be more creative. They do this by enabling member companies to think together about solutions to problems, and about future opportunities. They do it by recruiting outside experts and specialist organisations to help SMEs think. They do it by encouraging SMEs to make use of the experience and ideas of all their workers. They create a learning and thinking environment both within, and around, small firms.

## Four key features of learning networks

The learning and thinking network is a powerful idea. It is as much about the attitude of network animators and members as it is about any specific techniques and mechanisms. 'Thinking networks' are built only on the most solid foundations. These have four key features.

- **A demand-driven approach in which network structures and services emerge from the real needs expressed by firms and other participants:** All networks need to be managed, but their initiators and managers need to refrain from imposing ideas, ready-made training offers or network structures on SMEs. They must encourage SMEs to articulate their own goals and objectives. Self-creating and self-sustaining networks with a high level of participation from their members are best able to adapt and survive.
- **Patience and time taken to establish a culture of trust and confidence**
- **amongst partners:** Companies are not easily convinced to share their strengths and weaknesses, even in the search for solutions to common problems, with others who may turn out to be competitors. A culture of trust and co-operation cannot be imposed. It must grow from shared experience. So many networks benefit from a slow and deliberate start-up.
- **A common and shared vision:** Participants join networks in order to work with others who have common interests. Strong co-operation can also be forged between partners with a variety of motivations under an umbrella of a shared vision of networking activities. Where there is a strong, shared vision, and where members are active in a network, there is real potential for self-sustainability.
- **Help at the start from external institutions:** Despite the need to encourage SMEs to launch and run their own networks, initial external stimulation and support is usually essential. This

### A-1997-GR-504

#### Flexible organisation of the hotel owners and tourist enterprises of the Cyclades

The tourism industry dominates the economy of the Greek Cyclades Islands. The industry is highly diverse, but shares a great many common problems and opportunities. Naxos and Paros are the main destinations for tourists from outside Greece, whilst in recent years, Syros has begun to attract a large number of summer visitors from other parts of Greece. A study conducted by the ADAPT project has shown that this is mostly family tourism. The island of Ios,

on the other hand, attracts mainly young people, mostly Greek but also from other parts of the world. Tinos attracts religious tourists, and Kea is a popular venue for weekend Athenians. The project has created a website (<http://www.Cyclades-Info.gr>), updated daily, containing information about all the tourism businesses and events on the islands. Associated with this, the partners, including training centres and representatives of the tourism industry

and of local authorities, have used ICT to set up a network through which business people can exchange information, seek support and improve their skills. So the use of information technologies is reducing the costs of publicity, and improving its quality, enabling the businesses on the islands to co-operate with each other, and the business people to improve the quality of what they offer to visitors.





generally comes from public bodies, training providers, consultancies or social partner organisations. As well as bringing outside expertise and motivation, such agencies can ensure that the SMEs who will have the long-term responsibility for sustaining networking see some early benefits from the process.

## ICTs are the vehicles of change

The company networks of the future are already emerging. ICTs are enabling small firms to take advantage of the access to information and services available to large companies. They are opening up networks and co-operation with other SMEs or with larger partners. Individual workers are communicating more freely both in and outside their firms, extending personal contacts, conducting business more quickly and, in some cases, altering their working patterns and locations.

The many ADAPT projects concerned with networking and co-operation confirm the growing operational effectiveness and efficiency of networks linked and driven by ICTs. Internet communication, tele-centres, telematics and ICT-supported distance learning schemes have not only enlarged the geographical scope of networking, but are improving the quality of co-operation by enabling networkers to share knowledge at the click of a computer mouse.



A conclusion of all of these projects is that while ICTs actively stimulate increased co-operation, the true success of networks invariably depends on the capacity of their participants to communicate directly with each other. Nothing can replace face to face dialogue as a means of generating trust between partners.

ADAPT projects confirm that **many SMEs first use an ICT network** to access learning resources. Their workers are able to choose from a wide range of learning, to access it when they wish, and to interact freely with tutors and other trainees. This must however be appropriately designed for distance learning, and for multimedia use.

**Once companies have established networks** they quickly see the advantages of using ICTs to manage them and to communicate between members. In some cases this communication becomes the principle behind the way work is organised, and distance working and even virtual organisations evolve. In others, service organisations create virtual business parks.

### A-1997-A-502 Cluster Netz

The Austrian project Cluster-Netz uses an on-line Web-based knowledge and training management system. Before the project started, none of the participating SMEs used on-line systems and only a few had previously used CD-ROMs for learning. Most of its participating firms are too small to make cost-efficient use of computer-based training. Web-based training, however, offers maximum flexibility and requires only modest bandwidth. This suits SMEs, most of which use dial-in Internet connections which cannot sustain more interactive computer-supported learning like video-conferencing. Problem and company-focused units can be constructed on its basic

building blocks combining classical trainer-led training materials with flexible electronic media. A further web-based store of company and sector specific information, like images of production processes, which can then be introduced into on-line training and company presentations, has been built up. Each learner can be trained in technical English through becoming more familiar with the processes used in his or her own company, and can also learn about a wider variety of production processes and supply chains relevant to other companies. Companies can also use this web-based system in their daily work, not just for training.

### A-1995-IT-071 J100-Regiones

Some 1,500 small firms in Italy's Emilia-Romagna Region have either taken a direct part in one of the project's training innovation activities (700), or have decided to become involved in training needs analysis or the design and delivery of training systems. A significant part of this improved company co-operation in the region has been attributable to increased use of ICTs in general, and Internet in particular. Almost 300 firms have begun to use flexible and distance learning as a result of their involvement in the project. One feature has been the increasing use of common ICT platforms, which has improved the communication between companies and training providers and other bodies, as well as between the firms themselves. Training systems have become more responsive to SME needs. Firms have become more focused on securing training that answers market needs.

### A-1995-S-019 Bootstrap

Bootstrap in Sweden set up well-structured exploratory conferences involving managers and employees from different companies. These approaches to planned change engage the participants' collective learning and creativity and challenge them to identify common strategies, initiatives and activities. In one SME grouping made up of two separate networks of five companies of between six and 100 employees each, these conferences or meetings have, since 1994, become monthly events, each one hosted by a different company. The project used dialogue to move from strategy discussions to agreed common work on issues like improvements to work organisation and the introduction of information technology. Firms became used to involving both employees from other companies and external experts.

### A-1995-D-087 Learning Region Chemnitz

This German project has concentrated on developing existing embryo SME networks, often based on two entrepreneurs co-operating. Some create value-chains in which one partner finishes or enhances a product or service begun by the other. Others combine the resources of several firms in order to tender for projects too large for either to manage individually. If a network's vision seems viable, the project helps it draw in new members. Wherever possible, these are companies which have had previous contacts with one or other of the founders. Meetings move from company to company to allow entrepreneurs to get to know each other's companies and employees. A monthly meeting moderated by the project deals with network strategy and individual problems like financing, and recruitment. Additional meetings happen when one of the companies holds an event or launches a new product. In one network, the project has established an Intranet-server giving all members immediate e-mail access to each other. The project does not organise the networks. It helps the networks organise themselves.

## Launching a learning network

Successful networking is built on:

- systematic planning based on good information;
- properly analysed research;
- well-constructed strategies;
- and good platforms established by networkers able to act as catalysts.

The first step is to establish a **dialogue**. Priorities and plans can only begin to emerge when SME managers, employees and other potential network supporters and participants have begun to talk to each other about their needs and their roles.

Launching any network between companies is a delicate business. **A balance must be struck between external stimulation and the sense of ownership of those involved.** External help may not involve money at all, but where there is external funding, participants often feel pressured and there is a danger that they will do things simply because the money is there.

Networking is likely to be more solidly founded if it springs from **existing activities** and partnerships.

In this first phase, **two pressures** are always there:

- SME owner-managers' determination to maintain and underline their independence and to be seen as unique;
- a certain distrust amongst companies from the same sector based on the fear that confidential material may be disclosed to competitors.



### A-1997-F-627 "Glass Valley"

In the Bresle valley in France, a network of perfume-bottle manufacturers is improving co-operation between SMEs dependent on the perfume industry. Initially, the strong tradition of competition among these companies made co-operation in human resource development, training and job rotation difficult to organise. The problem was overcome by formally and openly distinguishing the skills and company techniques common to all the firms in the sector from those constituting production secrets which firms wanted to hide from their competitors. It took time to establish trust, allay fears and strengthen co-operation in a sector with no previous tradition of it.

The aim of any network should be to ensure that co-operation helps SMEs directly. They will always recognise that networks are helpful if they:

- reduce costs;
- reduce uncertainty by providing clearer insights into likely future technical and market conditions;
- develop business by helping with introduction of new technologies, techniques or processes;
- bring immediate, tangible benefits – it does not matter of what type these are, so long as they are real.

Networks will only be launched successfully when prospective members can see that the objectives of co-operation are clearly identified and that resources are available to realise them. The availability of external funding can often be important in motivating SMEs to take the initial decision to get involved.

#### Partners need help to co-operate

Networks creating partnership between public agencies and SMEs are inevitably complex. Private sector partnerships

between small and large firms may seem to be more straightforward, but objectives and methods can often be as far apart. Unless those who take part succeed in understanding a good deal about each other's concerns and ways of working, they are likely to experience great difficulty. Experience from ADAPT projects suggests that the following points are central to this understanding.

- Networks can only succeed by recognising SMEs' business motives and promoting their interests. One of the most important innovative features of the ADAPT networks is their sensitivity in ensuring that they satisfy the social objectives and motivations of the public sector, as well as the business objectives of the SMEs.
- Sub-contractor and supply chains, in an economy characterised by customer oriented production systems and just-in-time logistics, need high levels of co-operation and partnership. Quality of products, services, production methods, and human resources are becoming the focus of networks between large and small firms. In a world where quality dominates, partners in supply chains are completely interdependent. They achieve and maintain quality by using their networks to share improvements in efficiency, modernised working methods and effective learning processes.
- Public institutions are also key partners providing small firms with HRD, research and product innovation services, and complementing private resources to help create good labour



market and social conditions. Traditional approaches to training unemployed people for work need to be reorganised to respond to company needs which networks involving HRD service providers are able to articulate with increasing clarity. Periods of practical experience in companies combined with training have been seen to be successful in reintegrating the unemployed into work. These lessons of co-operation have wide relevance.

- When regional authorities and development agencies join company networks their regular dialogue with entrepreneurs and training providers opens up entirely new training and job creation options. Prospects for the unemployed are improved as a result. More innovative responses to long-term unemployment become available. Potential emerges for self-organised forms of socially useful work.
- The success of these networking relationships depends to a significant degree on the establishment and acceptance of sensible ground rules. Here, and in the resolution of conflicts of aims and interests, the social partners have a potentially important role to play. It makes sense to use existing structures of social dialogue in order to give networking initiatives the best chance of developing to their full potential.

#### Managing learning networks

Co-operation is a great idea, but it only works properly when it is professionally facilitated or animated. ADAPT projects have adopted a range of models for doing this. The two dominant models are:

- co-ordination by some neutral body, perhaps a company created for the purpose – most projects agree that this is best option, where it can be achieved;
- co-ordination by an inner circle comprising a core group of members with a strong commitment to networking.

### A-1997-DK-539 Euromanager

This SME network is co-ordinated by the AMU-Centre in Aarhus, Denmark. It collects information and experience and acts as webmaster of the network homepage. This contains newsletters, discussion forums, timetables of network activities and mailing lists. It also arranges conferences and workshops to inspire and support individual companies to reorganise their work. It organises visits to outside companies likely to stimulate the ideas of network participants and creates specialist networks within the network, made up of companies of comparable size and resources. In these, companies are expected to share both good and bad experiences. But the managers of the participating SMEs are the focus of the network. They must take on leadership of the reorganisation within their firms, creating a culture of change, and being seen to be the first to implement its results. Change can only be embraced if managers lead the way and then support the staff affected by it. When change is resisted, it is a sign that decisions have been made without consulting and involving employees. A process of change requires continuous dialogue and a high level of information.

- To be able to withdraw from networks, leaving behind a set of balanced relationships - members neither totally autonomous nor totally dependent on each other – if either is the case, the networks themselves become redundant.
- To fashion networks with structures which encourage autonomy, give each member a vote and the same rights, and require the same financial contribution from everyone.
- To create structures and processes which encourage the growth of trust between members, and to set an example by their own sensitivity.
- To stimulate co-operation at every level in companies, on the shop floor as well as amongst management.

Complex networks in which a large number of participating companies and other bodies need to take decisions present particular challenges. In these, ADAPT experience suggests that an active core-team needs to take on network management.

### A-1995-D-087 Learning Region Chemnitz

Amongst shop floor workers, the project has set up inter-company circles. They are modelled on quality circles and meet regularly. They move their meetings between companies, enabling

workers to make new contacts and to learn about the culture of their partners. The networker takes on the task of mainstreaming the results of the work within this region of Germany. This is done through regular workshops with entrepreneurs and short pieces in the press and on television, all intended to stimulate further co-operative initiatives.

The need to maintain this sensitive balance in a highly professional way has been leading some ADAPT projects to experiment with new kinds of professionals - network-managers or 'networkers'.

#### The role of the networker

- To stimulate and moderate debate.
- To encourage individual workers to express views and ideas.
- To facilitate rather than lead, avoiding becoming prescriptive, making decisions and acting on behalf of others – this only creates passive networks.





### A-1995-A-018 Learning Region Graz

Another learning region project, this time in Austria, has developed what it calls a 'dynamic co-operation model'. Companies are grouped according to the intensity of co-operation they want and can sustain, and the fields of co-operation they consider most useful. Each field of activity is run by a core group. Other members are associates. The nature of the co-operation may vary depending on:

- companies' degree of economic, legal, and organisational independence;
- whether the co-operation is hierarchically or managerially organised;
- how information is to be managed;
- and what kind of identity the group will have.

When the pattern of co-operation has been decided, rules are adopted by the participating companies. Styles of co-operation vary. Core partners are involved in formal meetings and exchanges, while associate partners receive information informally. The human resources for each activity are provided from a pool established by the partners. The core partners structure the team and the associate partners lease or attach people with specific expertise as they require them. The model is highly flexible and allows for changing participation.

**When networks grow they inevitably become more complex.** Networks which have experienced some initial success are often under pressure to expand. Perhaps to bring in more partners. Perhaps to diversify their membership. Perhaps to grow from a local to a regional scope. To make these larger networks work, their managers need to review their common and complementary objectives. They must ensure that their initiatives and services are of immediate benefit to all the members. If not, they risk losing the sense of a close

shared identity which makes a network attractive to small firms in the first place.

### Evolution and growth

As the needs, interests and potential of those involved in networks change, so do their structures and methods. Their very existence depends on their participants' conviction of their value. Networks created from the bottom-up have the flexibility to manage this change.

ADAPT projects approach sustainability in two main ways:

- some establish '**anchor institutions**' (public or private training providers, universities, enterprises, etc.) to manage, co-ordinate and animate network activities, after ADAPT funding is ended;
- others are **developing holding companies** of the core-members of the network, enabling participating companies to buy networking as a service.

### Four rules for sustainable networks

- **Provide practical benefits:** SMEs want rapid help with modernisation, marketing, HRD, learning and local development issues.
- **Embrace change:** Flexible networking demands an openness to the experience and ideas of others. It can involve considerable change, including the disappearance of the network itself, as long as it is in the participants' interests.
- **Make sure the network can get organisational help even after it is well-established:** Initial funding may end, but networks always need help in responding to their members, taking decisions and managing their services.
- **Members must take ownership of the network:** If they are prepared to do this, they can replace the outside animators, reducing costs and increasing the responsiveness of the network. Participant members must control promotion, animation and management, and must own the network's structures, processes and developments.

### A-1995-UKgb-065 STEP TRAINING

In the UK, Calderdale College's STEP TRAINING project illustrates the importance, in projects setting out to create self-sustaining networks, of encouraging a sense of ownership from the start. It has set up a Yorkshire business-to-business Internet network called Yorkshire Busnet. Its site features a live discussion forum, topic pages, promotional pages and web link pages. The owner of the lead SME in the network has successfully taken on the management of the site for the life of the ADAPT project, creating a virtual business park with 200 business participants currently paying up to £50 or about 80 euro to register on its directories. Beyond that, it is hoped that there will be a sufficient membership to finance a full-time manager.

# The ADAPT experience

## How learning networks emerge

More than 200 ADAPT projects list SME co-operation and networking as their main priority, and many more signal it as one of their important objectives. These networks are triggered by changes in the products and services firms bring to the market, in how they design and construct them, in how they acquire and use knowledge, and in how they organise their work.

With a few exceptions, the ADAPT networking projects were initiated by intermediate organisations like universities, training providers, public bodies or social partner institutions. The SMEs involved had to be persuaded and motivated to co-operate and create partnerships.

They were motivated in general by one or more of five dominant objectives:

- to find new ways to develop and grow;
- to tackle the problems SMEs experience as they attempt to modernise;
- to tackle employees' concerns about their job security;
- to find new ways of linking local employment policies to SMEs' human resource needs;
- to deal with the practicalities of initiating, managing and sustaining mixed networks involving companies and other public and private bodies.

These networks divide into three main types:

- **business-driven networks**, motivated mainly by the prospect of gaining business advantage;
- **learning and competence networks**;
- **local employment networks**.

Although most of the principal lessons learned about managing networks are transferable between the various types of network, it makes sense to review each in context, and then determine its wider application.

## Business driven networks

Some SME networks are mainly interested in gaining access to new markets, additional finance, or new technologies and services normally unavailable to individual companies or too costly for them to afford. Change does not, however, only affect new sectors of activities and high-technology businesses. It is just as important in traditional fields of activity, and it is strikingly clear that networking has also enabled **small craft companies to face up to the challenge of competition** from large industrial production units.

### A-1997-F-1013 Pain

The project run by the Chamber of Crafts in the French Auvergne Region, has set up co-operation between French and Spanish bakers, helping each other become more competitive and face the challenges of industrial bakery. They have been exchanging know-how, technologies, information about new products, working methods and marketing experience, and, as a result, have devised a common European training module. Small neighbourhood bakers are not generally in competition with each other, and are content to co-operate and network through their traditional professional organisations.

Many networks are organised sectorally. Their advantage is that they offer SMEs opportunities to **market their goods and services collectively**. This can include the opportunity of **access to wider regional, national and international marketing opportunities**.

Sectoral networks often involve **supply or service chains** where SMEs co-operate with large companies in ways which not only improve their direct relationships, but which also open up completely new opportunities for the smaller partners.

### A-1997-UKgb-649 Cascade

At the initiative of the local university, a group of SMEs in Coventry in the UK has set up a network to improve their access to information, advice and feedback on entering and competing in EU markets. The network enables them to meet SME owner-managers, exchange best practice, and get access to new markets and supplier networks. One firm, Professional Engineering, joined the network through its supply chain links with Rover and because it was looking for new business in Europe. Through the network they have gained access to another network in Italy. Rover itself participates because it wants to understand its suppliers' problems in meeting its requirements. It is also keen to extend the cultural training and awareness-raising programme it has developed for its own employees to its supplier SMEs.

Business-driven networks often set out to help SMEs achieve the kinds of **economies of scale** which larger firms are able to take for granted. When they succeed in doing this, they enable co-operating groups of firms to combine the advantages of small and highly flexible working units with the benefits of their shared knowledge and resources. If they can do this without creating the inflexible bureaucratic structures which often handicap large companies and institutions, they can achieve real advantage.

In these networks, the key targets for co-operation are:

- sharing infrastructure and staff;
- sharing services;
- providing common services;
- creating common functions – like HRD and quality control - which can be shared by all network partners;
- combining to acquire and manage knowledge.



Increasingly, this co-operation involves **joint investment** in, and use of **technology and knowledge**. The tourism sector is one in which companies have no option but to co-operate if they want to retain the goodwill of their customers.

**A-1997-D-583  
IKoKo**

This German network encourages tourism SMEs to use the Internet to simplify their business-to-business communications. The network helps reduce costs and speed up work in a sector where relationships between a large number of service companies require complex communication structures. The damage to customer relations resulting from mistakes, over-complex processes and sudden changes in transport and accommodation plans caused by poor communications is as serious a problem, as the level of basic communication costs themselves.

In other examples, there may be little direct customer pressure for improved quality, but companies are anxious to find ways of reducing their isolation.

**Networks of agricultural and rural SMEs** are often motivated in this way. They seek to share services and resources. They typically include individual farms and small producer co-ops, food-processing companies and a range of other rural SMEs, and are often explicitly based on local traditions of agricultural co-operation, using ICTs to open up a range of hitherto inaccessible services and opportunities.

**A-1997-F-809  
Proximite et réseaux Midi  
Pyrenées**

A learning network of company service centres and 40 local help-desks and ICT-supported training facilities for rural enterprises is being set up in the French Midi-Pyrenées Region. It encompasses existing service structures like training providers, and will involve local public-private partnerships. SME partnerships have been developed on the basis of an existing pattern of inter-firm co-operation, which is possible in rural communities where the need to co-operate is stronger than mistrust between competitors. A shared service infrastructure does not automatically stimulate co-operation and networking between companies.

In other cases, existing agricultural co-operations are being transformed into **rural networks of companies drawn from a variety of sectors**. Again, they serve mainly SMEs and provide new opportunities, services and employment in the rural economy.

**A-1997-F-1008  
Federation Nationale des Cumas**

Again in France, the traditional farmers' network CUMA (Coopérative d'utilisation du matériel Agricole), which pools machinery and materials, has been opened up to share its resources and experience of co-operation between SMEs with rural businesses in other sectors of activity. This new role and these new functions are changing classical farmers' co-operatives into rural SME networks driven by need and demand. They can help the rural economy adapt to new market challenges, as well as providing an organisational basis for part-time work and job-sharing.

**Modernisation** of management and work organisation and methods is a major stimulus for networking. SMEs' relatively scarce organisational resources oblige them to seek consultancy and other forms of assistance when they embark on organisational development, flexibility programmes, technology applications, product and service development, management development and human resource development.

**A-1997-D-747  
WIR Wesentliche Ideen  
Realisieren –  
Innovationsmanagement im  
Zollernalbkreis**

Company survival can be improved greatly if key success factors like low costs, product quality and good customer focus are supported. At the same time, many SMEs have an immense unexploited potential to use know-how and ideas for innovation. These two key conclusions have led SMEs in the Zollernalb region to join a network managed by GiMA, a small firm specialising in management development and training. This is a region where traditional textile, machinery, mechanical engineering and electronics businesses have been experiencing difficulty as they face up to modernisation. GiMA's other partners include the Reutlingen Technology College, the regional development agency, and other organisations providing ICT and teleworking expertise. Participants all receive a qualification in innovation management and do supported project work within their own companies.

Forward-thinking SMEs see networking and co-operation as a means of getting access to these services, and enhancing their business capacity at an affordable cost. When networks are well-established, they can gain even greater advantage by distributing the cost and responsibility for maintaining and further developing expertise between their members.

Amongst SME projects in ADAPT, the aspect of modernisation which most frequently motivates firms to form and join networks is the **application of ICT**. They are increasingly aware of the extent of the ICT gap between them and larger firms, and of the fact that it may quickly turn out to be the decisive factor in their profitability, and ultimately their survival.

## Learning and competence networks

All ADAPT enterprise networks reflect the **strategic importance of skilled individual workers in modern companies**. Human resource development and training have long been seen as major strategic factors affecting competitiveness in firms and the economy as a whole. The cost and difficulty of maintaining skill levels are greater burdens the smaller the firm. So nearly all SME networking projects involve HRD and training to some degree as the smallest firms in the economy strive for flexibility, quality and productivity. They need learning support as they reorganise management, create multiple-function jobs, and, for the first time train or recruit workers with hybrid technical skills and a grasp of methodologies, social networking and decision-making.

Even networks launched with purely business activities in mind are now to be seen redesigning themselves as **competence networks**. Basic vocational training is generally available from regional public and private suppliers, but this rarely meets anything like the whole of individual SMEs' needs. Content, methodology and delivery all need to be specifically adapted by training providers and their SME clients.

### Three issues for learning companies

- Traditional companies transform themselves into learning organisations by fully integrating learning with each aspect of their business activities. This means that external training suppliers must customise everything they provide.
- SMEs often have difficulties understanding the importance of directing HRD policy at all workers, not just the most skilled. External training institu-

tions have a major role to play in dealing with stereotypes, traditional thinking and irrationality. For this they need the capacity and the skills of good consultants.

- There are real financial and organisational limitations on what SMEs can do in relation to HRD. They can generally spare neither the time nor the money to send their staff to external courses. Training institutions must deal with these problems creatively and see them as challenges to which innovative solutions must be found.

The small scale of SMEs, and the financial restrictions under which they operate, oblige them to assure the skills they need by training their workers with those of other SMEs, and by setting up joint management training programmes.

These ADAPT networks show how, by identifying tacit knowledge and formalising it, they can create **new patterns of learning**. To do this, SMEs require expert help from other institutions. Projects, networks and partnerships increasingly confirm benchmarking as a powerful learning tool.

### A-1997-S-517 Learning enterprises by local, regional and transnational networking

The Gnosjö Region in the south of Sweden is well-known for its spirit of enterprise and for the active tradition of networking amongst its many small firms. One of the striking results of this project has been the manner in which extending inter-company networking to enable employees at all levels to communicate with each other has released existing knowledge and tacit learning. Another has been the impact of the transnational partnership with other ADAPT projects in Italy, Germany, Belgium, The Netherlands and Spain. This has enabled companies and their partners to benchmark international experience and techniques.

Networks encourage training organisations to change in significant ways. They can be seen developing new services, new learning methods and new ways of organising training. They become more customer-oriented, as they respond to the demands of SMEs which have learned how to assess and **express their HRD and training demands as partners** and are no longer dependent buyers of ready-made and standardised training courses.

### A-1995-Bfr-012 RECIF

Through the Belgian (Francophone) RECIF project, companies are linked into transregional and transnational networks of enterprise clubs concerned with human resource development and new technologies. Each club has a membership of around 10 companies. Through this arrangement companies benefit from improved training and advisory services. They pool complementary skills, enabling tasks to be shared and products and experience exchanged. Services are based on constant assessments of companies' strategic, organisational and operational needs, and services and products are developed to meet them. Employees develop broader and more readily transferable skills. The solutions on offer are company-driven, relevant to need, coherent and therefore sure to be widely used. In its first phase, the project organised and set up the clubs, which then co-operated in a detailed analysis of their requirements. HRD products and services were developed and made available. Finally achievements were evaluated and the conclusions used to point to the next steps.

As is the case with business driven networks, many of these learning networks are **sectorally organised** or link companies dealing with common market pressures, similar production or service processes, and the same technology. As in other spheres, co-operation is limited largely by SMEs' fear of allowing actual or potential competitors to share their advantages.





### A-1995-FIN-028 Mac-AGRO

Mac-Agro has set up four regional training programmes in Finland, and two training programmes for unemployed graduates, using teams made up of representatives of regional food companies, regional vocational colleges and regional development organisations, sometimes including consultants or advisors from other agro-food organisations. The first contact was with a regional co-ordinating college which brought together other training institutes and located a suitable tutor for the regional networking process. Each of the training institutes nominated one agro-food sector SME to the regional team. The tutor then contacted the regional development organisations and other possible team members. The tutor carries the main responsibility for the regional process, the promoter remaining responsible for the overall project. The promoter planned and organised regional training sessions, worked closely with the regional networks, and serviced the needs of the project nationally and regionally. The project established its own web-site for the participants, and to provide an open forum for the regional networks and teams.

Some sectoral initiatives involve learning linked directly to an actual **market trend** or a use of **technology common to an entire sector**. Networks based on such coherent and clearly understood demand can lead to much wider forms of collaboration.

### A-1997-Bnl-523 Spread

Another Belgian (Flemish) project, addresses the construction sector, where new building work has increasingly been replaced by restoration and renovation. This is the result of funding, regulations, growing consumer awareness of environmental issues, and greater interest in maintaining cultural heritage. Companies and their employees must adapt.

Traditional techniques and materials must be rediscovered, and the project has created a network of construction SMEs to reinvent some that have been lost. These techniques must be adjusted to local climate and comfort requirements. Training plans for skilled workers like plasters and joiners must be tested in companies and training centres, both in Flanders, and at European level. The approach is being networked nationally and transnationally through workshops, conferences, publications and a web-site.

An inherent strength of sectoral networks is that they often automatically include social partner organisations, professional bodies and public education and training organisations. They can take

advantage of **existing sectoral structures**, facilities and contacts which are very likely to be national, and may often be transnational.

### A-1995-FIN-023 Problem solving – Management

This graphic shows how the Finnish Tevanake Center depicts the relationship between its activities and its project partners, as it uses networking to help SMEs in the textile and clothing sector to modernise their operations and extend better training opportunities to their employees.



But other learning networks and partnership approaches set out to **transcend sectoral borders** and they have different strengths.

### Three strengths of networks which cross sectoral boundaries

- Fears of confidentiality and unfair competition are greatly reduced. Companies can become more open about the problems they face and the solutions they use.
- They deal with issues common to all companies - basic principles of company and work organisation, changes in management cultures and systems, the common decisions and problems associated with technological change - and search more widely for solutions.
- They can more freely encourage innovation and share its transferable benefits, allowing members to tap into new experiences, and extend the range of potential ideas and solutions available to them.

These strengths are reflected in a **successful ADAPT intersectoral learning network** project managed by the Portuguese University-Enterprise Association for Training (UNEFOR).

In these intersectoral projects the networks are often exploited to devise, produce and disseminate **multimedia learning packages tailored for small businesses** at reasonable cost. The interactive nature of these learning models is often supported by network-based tutoring or hot line support services.

#### A-1997-F-556 Manche Expansion

Manche Expansion's integrated local partnership in northern France uses ICT-based training modules, created and disseminated through company networks to develop companies in the region. A sponsorship committee drawn from the companies involved offers a service that identifies priority development projects, analysing them and specifying training requirements. They involve use of tele-services, telemarketing, use of electronic trading and promotion for existing or new products, and networking with customers, suppliers and partners so as to

combine complementary skills in response to invitations to tender. A taskforce of consultants and executives from large public companies in the region, and from the La Manche regional authority, helps with projects and training. Generic training networking and distance working (intra and inter-organisation co-operative work), Business Process Reengineering, the use of electronic trading, the use of telemarketing and call-centres and establishing Competitive and Technological Scanning all being developed. Taskforce members will place technical platforms and skills (Internet, Extranet, Intranet servers, export network, video-teaching network) at the disposal of the SMEs.

#### A-1995-P-044 TRANSFORM

TRANSFORM has been set up to improve management quality in 20 Portuguese SMEs with less than 50 workers, helping them develop three year integrated strategic plans including counselling and training in human resource management for managers, consultants and trainers themselves. A network of intermediary training and consultancy organisations has been created to provide SMEs with new training services.

This is done through training consultants skilled in evaluating SME markets, product development, marketing, and training, counselling and change-management needs. The companies selected for work were all relatively stable or expanding enterprises. All had young, well-educated managers with some knowledge of English. They were in the ceramics, porcelain, metal-mechanics, footwear and clothing sectors. Information about them was systematically collected, the skills toolkit was applied and its capacity to define three year company objectives and training plans was tested.

Projects have experimented widely in complementing formalised training with systematic communication and exchange between companies themselves, and between companies and external training providers. Mutual exchange of experience, visits to networked companies, regular communication and joint problem-solving combine to make for a powerful learning process. Among the most valuable legacies of ADAPT networks will be their reinforcement of the potency of **learning by experience, informal learning and benchmarking**.



### A-1997-DK-539 Euromanager

The Danish EUROMANAGER project is helping SMEs in the Arhus region reorganise their working processes and managerial culture to encompass group-work. A network of SMEs initiated by a local training provider helps individual firms reorganise. This is done through benchmarking, using the experience of firms in the network, complemented by experience from outside. Descriptions of good practice in developing fully or partially self-managing groups, and the processes used, is distributed in handbook form. Companies join a network level or circle with others at roughly the same point in the reorganisation process. Information is also gathered from outside the network on companies, organisations and institutions working on the establishment and development of self-managing groups. This information is made available to members through the network's homepage. Experience gained by network participants is structured and distributed inside the network and to other interested parties.

Among the noticeable features of learning and training networks is their inherent capacity not only to disseminate information and implement knowledge amongst participating SMEs and other institutions, but **to create new knowledge** by co-producing solutions for common problems. They also **exploit tacit knowledge** through shared experience.

Competence networks are generally company-based but organised regionally, enabling independent companies and organisations to pool and share a region's human resource development capacity. The quality of co-operation determines a network's success. The mixture of top-down and bottom-up work is also important. An overview enables skills of most importance to a region to be defined. Priorities and strategies for sharing and improving knowledge and practice then need to be defined in collaboration with companies. From this point on the bottom-up approach takes over.

Networking clearly changes the emphasis of company development and modernisation. It ceases to be an activity conducted exclusively within the firm, and becomes the focus of **inter-company co-operation**. SMEs combine in networks to acquire a competitive edge by sharing skills and resources with their peers.

### A-1995-S-019 Bootstrap

Bootstrap's experience in Sweden is that most problems encountered by companies are multidimensional and can be discussed and solved in many ways, from the point of view of technology, training, organisation. This requires a strategic approach to development, planning and time tabling. Strategies are formed through broad dialogue, often in periodical "strategy forums". Strategy is then carried through by a development organisation, using seminars, discussions, conferences and other forms of arenas with broad participation. Project groups and task groups tackle and implement specific strategies. Normally there is a need for professional support. Companies are expected to look for this from other companies and organisations in the region before seeking outside expertise. The regional university plays an important role, not as a detached expert but as a partner in a joint process of knowledge creation. The project and other regional bodies act as relay stations or intermediaries supplying expertise. The network:

- develops activities through interaction and communication, creating organisations for the purpose;
- moves the focus of development activities from individual companies to networks;
- embeds companies and public bodies in a region as elements in a structure with other bodies and institutions like universities, training providers, and other agencies providing company support.



## Local employment networks

Public authorities concerned to encourage SME development as an important aspect of the regeneration of **cities and regions** are recognising the potential strength of existing networks. If properly encouraged they can both be used to underpin the growth of existing SMEs, and to provide assistance and support to new firms.

### A-1997-UKgb-579 UPBEAT

A formal partnership has been created between a number of UK local authorities, further education providers and business support agencies. It has been working closely with a network of small town centre retailers whose businesses have been under threat from the expansion of out of town supermarkets and shopping centres. The small retailers are being provided with training services, guidance and business support, both on-line and through outreach centres.

In other contexts public sector bodies are stimulating the creation of networks to address **industrial restructuring and labour market problems**.

### A-1997-F-728 Antiope

Local labour market committees (bassins d'emploi) in the Tarn Region of France, whose objective is to bring key public and private organisations and social partners together on employment and training issues, are focusing a major effort on introducing companies to the new communication and information technologies. This ADAPT project networks SMEs to help them embrace the Information Society whilst minimising the attendant risks of increasing levels of social exclusion. It does this by:

- providing information, and raising levels of Information Society awareness amongst companies and public bodies in the Castres - Maxamet and Albi - Carmaux - Gaillac local labour markets;
- assessing and analysing SME requirements based on information from an extensive sample of firms;
- preparing and organising a training response to companies' demands.

Jobs depend on competitive companies. Business and learning networks, which enable companies to fulfil their economic and job-creation potential, are themselves vital elements in regional and territorial development. Labour market policies and integrated local development schemes increasingly recognise the capacity of local networks to stimulate and support the priorities of employment, competitiveness and growth adopted by the European Commission and the Member States in response to the challenges of industrial change. Member States' Structural Fund programme for the 2000 to 2006 period in most cases include references to the development of local networks. Their role has also been recognised in the design of Territorial Employment Pacts.

## How local development helps address industrial change

- It involves public-private partnership, mobilising new partners and financial resources for development projects. This extends potential beyond that permitted by restricted public budgets and energises public authorities. Bottom up development is encouraged and public bodies are forced to develop effective partnerships.
- Proper application of the principle of subsidiarity results in local initiatives which involve all those affected - enterprises, public authorities, trade unions and social and cultural organisations - in local development. These initiatives contribute to economic growth by boosting entrepreneurial activity and identifying fresh local potential.
- Local development ensures greater efficiency in public expenditure. Local projects are better managed and infrastructure and resources can be used to promote local dynamism. The growing role of intangible investments and human resources in economic development mirrors the priorities of company networks.
- Local development is directed towards more equitable redistribution of wealth. It is designed to give permanence to a redressed economic balance between regions and territories.

These **territorial approaches and the learning region approaches** are extending networks built around SMEs beyond their pure business and skills focus. The addition of public bodies to **enterprise networks** transforms them into **local or regional networks** with extended membership, wider objectives and a mission to provide **integrated solutions to regional problems**.



### A-1997-D-535 Entwicklungsförderung KMU

In Germany, the Hamburg economy is undergoing a structural upheaval, creating great uncertainty in both the public and the private spheres. The project is networking SMEs so that they can contribute to the modernisation and strengthening of the city's economy by becoming active in regional and local development. SMEs with fewer than 50 employees, where economic know-how and entrepreneurial thinking are scarce, need support in order to participate. Of the 13,000 firms in the craft sector, some 96% have less than 50 employees, but account for almost half (47,4%) of the 140,700 employees in the sector. Almost 80% of manufacturing firms have less than 50 employees and this is a sector with some 11,800 workers. The project's networking is designed to ensure that structural change in the economy is an open process, and that development springs from existing economic potential and its interaction with local social processes and institutions, accelerating the rate at which SMEs in the disadvantaged areas of the city adapt.

The fact that ADAPT regional networks of this kind emerge as part of **national or regional** strategies guarantees that their experience and innovations will be mainstreamed and transferred to others. In some cases, ADAPT networks are functioning as 'umbrellas' for **integrated regional development initiatives**.

### A-1995-S-019 Bootstrap

Participants in the original Bootstrap networks are now offering their ideas and experience to other parts of the region. Amongst the projects resulting from these meetings have been:

- attempts to improve the work environment in accordance with the Swedish Work Environment Act;
- making a start towards meeting the standards of ISO 14000;
- helping a participant company to re-examine its market strategy;
- and the PRYO project, where employees from different companies visit other companies for a day to see how they work.

Six different but highly interdependent network developments have been unfolding simultaneously. In addition to the two individual networks and a "network of networks", four new collaborative structures are being developed, all based on ideas generated through the initiative. If this continues a new infrastructure linking small enterprises to each other, as well as to their communities, will emerge. These different activities together constitute a potential pattern of evolving connections, a socio-economic "warp and weft", which could be a step towards a new regional infrastructure. As a kind of umbrella, the ADAPT Bootstrap project is organising a transfer of learning between the different networks.

# ADAPT innovations

## Summary of key ideas

### SMEs – the importance of co-operation and networking

The manner in which SMEs co-operate and network with each other in order to grow, innovate and increase the skills of their employees is central to their ability to understand industrial change and respond positively to it. Through these networks it is possible to realise ADAPT's objective of supporting innovative approaches to preventing redundancy, strengthening companies, sectors and local labour markets threatened by change and improving the capacity of SMEs to grow and create new employment. So, ADAPT regards SME co-operation and networking as one of its most important areas of project activity.

ADAPT projects, especially the 200 which have co-operation and networking as their primary objective, are distinctive in that they share a bottom-up approach to networking. They recognise the importance of SMEs taking control of networks for themselves, and not simply allowing them to be led by consultants or large training and development bodies. They largely reinforce the principle that the most effective networks find ways of including employees at every level in SMEs. This enables them both to learn from their peers in other small firms, and also prompts them to use their skills more effectively within their own firms.

The purpose of this inclusive approach is to create companies and networks of companies which can lead and direct their own networks, making use of outside expertise as and when they need it.

## ADAPT learning networks

### At the core of this report is the idea of the learning network

A learning network is a system of co-operation in which SME members:

- analyse and articulate their opportunities, problems and needs, and decide on their priorities;
- use the network to develop the services they need;
- secure outside assistance and expertise as they require it;
- learn together, and are therefore able to innovate together.

The success of learning networks depends on their members feeling confident that they understand each other's motivations, and are clear that the information they give about their own businesses will never be used to enable another firm to compete unfairly against them.

Learning networks can only function effectively on the basis of rapid and extensive access to information and services, and the ability to discuss and share ideas without delay. The development of these networks within ADAPT has only been possible because of the increased opportunities offered by ICTs, and the speed at which many small firms have begun to integrate them into their work.

### Policy and good practice

The European Commission and the Member States have recognised the importance of helping Europe's small firms become more efficient and competitive by reinforcing their ability to adapt to change and benefit from it. In adopting the **2000 European Employment Guidelines** they have sustained and reinforced the accent on modernisation of work and market structures, as means of promoting and sustaining growth and employment.

This provides a useful framework for passing on a number of the key messages from this report so that the European Commission can take account of them and Member States can reflect them in their **National Action Plans for Employment**.

- **Use of ICTs in SMEs and networks.** Networking has acquired a new dimension as a result of ICTs. SMEs' awareness that ICT applications will become increasingly decisive factors in their competitiveness, whatever their sector of activity or location, is forcing them to network in order to share knowledge and resources. At the same time ICTs offer the means to network more widely and at greater speed than ever before. Communication is no longer a handicap to networking.
- **Networking and competition.** Many SME networks fail to take off for fear of competition. The extent of these fears vary depending on the type of network and whether or not the SMEs are from the same sector. A correctly conceived network with objectives that enable the members to guard their commercial secrets can be an advantage for all of its participants without threatening them in any way. Multi-sectoral networks reduce fears of competition.
- **Learning networks – learning regions.** The most important innovations in development and learning networks, in which increasing numbers of SMEs, large companies, public bodies and local authorities, training providers, and support agencies are becoming involved, are in the learning region concept. This is widening networking beyond the realm of economic interests and new patterns of inter-organisational co-operation. Company networks are no longer broad enough, and local and regional networks are emerging where a wider range of specialist organisations and agencies look for common solutions to regional problems.
- **SME networks, job creation and regional development.**



Networks set up between companies can become the foundations of regional development as they expand and link with others, and as other types of networks – public/private partnerships, R&D and educational networks and combinations of local authorities, regional authorities and social partners – join them in order to create, as well as to sustain, jobs.

- **Setting up networks.**

Even though most networks are initiated by intermediate organisations, they only succeed when they are firmly based on specific SME needs. They should be developed as far as possible by the participants themselves, and owned by them from the beginning. Clear working plans are essential, and there must be visible short-term benefits for the SMEs.

- **Managing networks.**

Networks need permanent animation and management. Support needs to be flexible, adaptable and demand-led, and it is vital that it is provided by a neutral institution. It must not take away participants' need to manage themselves. But not all network members can contribute to management. Creating an

inner core within a network can successfully provide leadership and management. A new role, that of 'networker', appears to be emerging. This role is in fact a combination of several: co-ordinator, facilitator, moderator, innovator and change-agent.

- **Sustaining networks.**

There are five key rules: provide practical benefits, embrace change, make sure the network can get organisational help even after it is well-established, make sure members take ownership of the network, and be flexible and learn from others.



# The ADAPT initiative

ADAPT aims to help the workforce adapt to industrial change, and to promote growth, employment and the competitiveness of companies in the European Union. It does this by co-financing innovative projects in each Member State. These join in transnational partnerships to develop, transfer and disseminate designs, solutions to problems, materials and products. These are all concerned with the preservation of existing jobs and the creation of new ones. The ADAPT Initiative is adopted by the European Commission for the period 1995-1999 and financed by the European Social Fund. The ADAPT Initiative has combined European Union and Member State contributions of 3.275 billion Euro to finance some 4,000 projects.

## The people who benefit from the ADAPT Initiative are men and women who:

- are at risk of unemployment in private sector companies, especially small and medium sized enterprises (SMEs), which are strongly affected by industrial change;
- have recently lost their jobs as a result of restructuring within companies or sectors;
- have had their employment contracts temporarily suspended as a result of industrial change;
- may be threatened with unemployment as a result of re-organisation at their work places;
- have prospects of employment in newly created jobs.

## How ADAPT works

The objective of the ADAPT Initiative is to transform the way in which small firms, the organisations which support them, and workers themselves, respond to industrial change. ADAPT designs and validates new ways of tackling these changes and this development work goes on in projects throughout Europe. National and regional authorities all over Europe selected about 4000 pilot projects. The final task of these ADAPT projects is to make others aware of their results and of how to use them.

ADAPT funds projects that are innovative, have a high degree of local involvement and are able to show how they intend to help others to gain from their experience, results and products. The impact of these projects is reinforced by grouping them in transnational partnerships so that the lessons learnt in one Member State or country can be taken up and used throughout the European Union.

Priority is given to experimental projects that help workers and firms cope with change by:

- developing new ways to anticipate its effects;
- raising awareness about the consequences;
- providing workers with additional forms of training, counselling and guidance;
- setting up networks to help companies;
- adapting existing support structures;
- promoting job creation.

In the second phase of ADAPT (1997-99), an additional priority has been added to the Initiative, providing supplementary funding and focusing on the employment implications of the development of the Information Society. (ADAPT-Building the Information Society)

## The Outcomes

ADAPT projects and transnational partnerships will continue to produce their final results during 2000 and 2001. Member States and the European Commission will identify, highlight and disseminate these positive outcomes and decide on how they can best be used to influence current policies and practice at both European and national level.

ADAPT projects cover the four pillars of the European Employment Guidelines agreed at the Luxembourg Job Summit: entrepreneurship, employability, adaptability, equal opportunities. They will contribute to national employment policy by demonstrating good practices and new ways of working. Simultaneously, ADAPT projects will contribute to the adaptation of the workforce, and will provide a source of new insights and new tools, enhancing the ability of European small firms to grow and to become more competitive.



# ESF National Administrations and ADAPT National Support Structures

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