

SOCIAL + BUSINESS = MUNICH COMPETENT

To any outsider, Munich is a prosperous city in the South of Germany. It has good employment, backed up by positive headlines from the city's employment and national vocational qualification strategy. Munich also has a healthy economy, meaning that recent economic diversification has enabled a favourable balance between traditional and new emerging sectors. But Maria Rauch, co-ordinator of the EQUAL project, *Munich Competent*, has looked a little further into this picture of Munich and tells us of a different story.

In fact, there is a real problem in Munich. Young people are not obtaining the types and levels of qualification required to match employers' needs and 20% of them are having difficulty entering the labour market. Other disadvantaged groups are also experiencing low attainment levels and problems of employment access. Moreover, much of the labour market is becoming increasingly dependent on small businesses and these businesses are not always able to adapt as quickly and as effectively as required. What is more, they do not necessarily create or retain jobs that are of benefit to all. Indeed, there is an increasing social gap and a real danger that the seemingly stable economic picture will not last if something doesn't happen!

Alongside this prospect, another picture comes to the fore: although Germany has very strong regions, it remains highly centralised in terms of its employment and social policies. In fact, Maria Rauch, has taken a look at Germany's National Action Plan (including the part specific on Bavaria), as well as at the MBQ – Munich's Policy Employment Programme, to be able to define the project *München Kompetent*. This has ensured the suitability and vertical coherence of the different levels of these frameworks.



It is however important to notice that the concept of 'bottom-up' is still not widespread in Germany, and the concepts of partnership, ownership or empowerment are not often used. This situation does not empower the city of Munich to take its own strategic approach and come up with its own solutions.

Faced with the above situation, the *Munich Competent* partnership, funded under EQUAL and led by Equal Munich GmbH, aims to achieve two things: assist people and companies to build their own capacity in the face of economic and social change, and demonstrate that the holistic bottom-up approach to policy development is more effective than the traditional, top-down route. Dr Anneliese Durst, Director of the Munich Department of Labour and Economic Development (RAW), explains: *"There is a need to increase partnership development, and individuals' and organisations' capacity to collaborate and learn from each other. Existing structures need to become more flexible to fit the kind of approaches that really work – that is the one that fits the individual and the organisation, not general expectations. EQUAL allows us to operate in this new way."*

Not only is *Munich Competent* about building capacity and bottom-up approaches to regional policy development, but it is also about addressing the social and the business demands of Munich. Maria Rauch explains: *"Our objective is to ensure that jobs are created and to increase the employability of traditionally disadvantaged groups – we want to be able to better match the supply of skills with the demands of the labour market, which is why we have decided to do both. This is about the social as much as it about business, which is why supporting restructuring of SMEs is as important as getting young people into the right apprenticeship."*

YOU SAID BUSINESS?

As a quick introduction, *Munich Competent* is comprised of 14 partners, including professionals in small and medium-sized businesses (SMEs), migration support services and various specialised learning and training organisations. Together, these partners have been developing five complementary project areas:

- A personal lifelong learning project that involves a thorough skills assessment through profiling.
- A transition-from-school-to-work project that seeks to get schools, employers and young people to work together to better meet each other's needs. It also aims to ensure the improved integration and orientation of young people who wish to undertake an apprenticeship. .
- ..and on the business side of things:
- A business start-up project called *GUIDE*, targeted at women entrepreneurs; and
- An institutional lifelong learning project for existing small businesses.

Finally, there is a coordination unit that is responsible for the facilitation of the partnership, monitoring the development of the self-organised work of the projects involved, organisation of the dissemination and publicity of the project work and results, and mainstreaming by liaising with the relevant stakeholders. This project area is focused on improving general governance.

Given that the two business-focused projects are already well advanced, they deserve a closer look.

WHAT THE PEOPLE HAVE TO SAY ABOUT BUSINESS

Let's meet three young ladies who have taken part in the *GUIDE* business start-up project: Iris Barnert is a strategic consultant in inter-cultural management (InterCultConsult); Cecile Torrens-Hornak is a childcare centre manager (Zukunft Kinderkrippe); and Frauke Deutsch is a trader in silver sculptures (BullionArt). All three have very different backgrounds: Iris is a young graduate, Cecile is a mother of two and Fr Deutsch is an artist who used to work for a gallery and lost her job a year ago. But despite these differing pasts, all three women now find themselves in the same situation: they are all independent workers, managers of their own enterprise. And their reason for having this in common? EQUAL and the *GUIDE* project!



What *GUIDE* has clearly understood is that there is more to supporting entrepreneurship than telling people how to get help from mainstream services. As Iris Barnert explains: "*We already know where to get help to set up a business, that is not the problem. The issue is that setting up a business in Germany can be very expensive and very time consuming, which can be a little demotivating. Getting the business project approved is a must, and that is quite accessible. It is everything that happens after you get the initial bank agreement that gets complicated.*"

Indeed, what many young entrepreneurs lack in general is a central point that provides accessible and affordable, rather than piecemeal support. Entrepreneurs need a support infrastructure that allows them to access guidance, legal advice, business support and open networks. And the *GUIDE* project provides just that - and more! Using a competition-based approach, *GUIDE* has already selected and accredited 226 entrepreneurial projects. Now the entrepreneurs running these projects can access: one-to-one business set-up advice and coaching; specifically developed on-line tutoring facilities; targeted thematic workshops and seminars; mentoring. In many ways, this approach reflects the process of 'business incubation' which has already proved effective in countries like the UK. And for the entrepreneurs themselves, this approach has really made a difference. As Iris Barnert comments: "*This is exactly what I need right now: everything a young entrepreneur needs is provided through one service. It is professional, individually targeted and efficient. I looked around before I found *GUIDE* and there was no way I could have afforded seminars and tutoring with the money I got from the bank. This is more than helpful. EQUAL is the reason I am already where I am today.*"

Most importantly, *GUIDE* has enabled women entrepreneurs to rent affordable office space, subsidised by the EQUAL partnership. Dr Bettina Wenzel from the regional entrepreneurship network explains: "*For many women, having an office is probably the most important thing, and they often don't realise it before they have one. Being able to bring a client into an office or a*

meeting room has a very professional feel to it that is very important in the process of becoming an entrepreneur."

Cecile Torrens-Horak agrees: *"I set up my business with a partner, and we both have kids. We realised that it was difficult do business in our own environment – but where do you go? Having that office and the meeting room facility has improved our communication and we are much more productive and focused in our business since – this is a great opportunity for us!"*

But being in a common office has even further advantages. As Iris Barnert explains: *"When you start your business, you are not sure about your product, but this is the time you have to start building your networks and client books. When I got into that office, I saw Cecile and Frauke phoning with clients, so I started picking up the phone with more confidence to do what every entrepreneur should be doing. It is very empowering to be surrounded by other women entrepreneurs and learning from each other that, yes, you are doing the right thing."*

And the results? Well, all the three women in that Equal office are now on their way to striking their first big deals – it is all very promising and it has been a very empowering journey for all of them in very different ways!

UNDERSTANDING YOUR PROBLEM IS THE FIRST STEP TO A SOLUTION

Munich Competent's other business project looks at small businesses that are already well established. Under the motto 'institutional lifelong learning', Michaela Pichlbauer, from the Institute for Social Sciences Munich, and her colleagues have developed a series of interventions for SMEs. The first is to help single-person businesses, which opened up new markets and business opportunities years previously, to better cope with today's market challenges. To revitalise the innovative spirit of these business through building networks within the neighbourhood is the guiding idea here.

The second intervention to assist SMEs is called 'Ready for Transfer' and aims to support businesses to better manage the process of ownership transfer (or finding alternatives to ownership transfer). Both interventions target very specific businesses in Munich, those dealing in the organic foods trade. But why organics? Germany has a very well-established base of organic food stores where people buy local products, but there is now a growing phenomenon of organic supermarkets. Small firms are therefore having trouble in responding to this competition and operating in this new business context.

As Peter Rudolf from the Association for Research and Development in Vocational Training and Occupations – GAB Munich points out, effectively transferring ownership is critical to the ongoing success and sustainability of any small business: *"Small businesses typically face issues in relation to the transfer of ownership, which has many different dimensions. While we know that the efficient transfer of ownership or efficient re-inventing of a business are key factors to growing and maintaining small businesses like these, we have repeatedly noticed that this is where many of them fail."*

Over-arching these SME interventions is an approach developed through the institutional lifelong learning project, that of an 'empowering network'. By getting seven different firms into a network structure, i.e. the project 'Ready for Transfer' has enabled the business participants to regularly discuss issues and concepts together. Thus, *Munich Competent* has, for the first time in Munich, developed structures for businesses to self-develop their own solutions. Let's look at the network of these seven firms, for example, which is now coming to an end and has achieved astonishing results. As Peter Rudolf explains: *"The network participants all came with very different issues and questions, but they all realised that they had all gone through each others' problems at some point in time. While some came in thinking of selling their businesses, others came in because they did not know how to expand their business."*

A key learning point from the network has been that anticipating business changes can often go hand-in-hand with thinking about the transfer of a business. Or put differently, efficient restructuring strategies can often be an alternative to selling a business outright. The network has

therefore prompted people to re-think the way they do business, considering new or alternative solutions that ultimately help business survival. For instance, one business owner was able to learn about how to anticipate local competition through the network. As a consequence, the owner switched to a modern logistics management system and was able to prevent going bust.



And another success story? Well, look no further than the organic food firm in Stemmerhof. This firm is now well established and has managed to open a second store. It is now also thinking about a third store, alongside the process of being transferred to Monika Demgen. As Monika herself recounts: *"It has been great sharing the experience with those who need advice, and it has been great to contribute to the success of other business. With the recent supermarket phenomenon, we are all in the same boat. It is the first time I have been involved in something like this. The reason I got involved was because previously I found it difficult to formulate the future of our business. The network has allowed me to think about this future and now I am exploring the prospect of a third store. It has been very good for us and others!"*

Stemmerhof's owner is keen to continue the network after this one has finished, based on the idea of fortnightly breakfast sessions. Maria Rauch is clearly ecstatic with this result: *"This is exactly what we were trying to prove, and I am delighted with the result. Addressing themes that concern similar businesses together through a network is an incredible tool for problem-solving. Now we have the evidence that this is a viable approach for these small businesses in Munich!"*

TWO TOP CARDS FOR THE FUTURE

It's worth pointing out at this stage that *Munich Competent* has two top cards up its sleeve! Firstly, under its predecessor project in Round 1 of EQUAL, the project understood that there is more to partnership working than having individual partners develop and provide what they already know in isolation. The true meaning of partnership is generating added value and innovation from these complementary ideas. Moreover, having key organisations in the partnership is critical to longer-term sustainability.

And this is where *Munich Competent's* first card comes in. Equal Munich GmbH benefits from being a 100% daughter company of the city's RAW – the Department of Labour and Economic Development. Furthermore, the real strategic advantage comes from Equal Munich's director being no one else than the director of RAW, Dr Anneliese Durst, who clearly thinks that *'this partnership holds the good ingredients for innovation and efficient intentions'*. Thanks to the input of Anneliese Durst and her colleagues, RAW has already integrated the results of previous projects (such as EQUAL Round 1) into its own economic and workforce initiatives in Munich. And this integration is very much set to continue with *Munich Competent*.

And the second card? Well, this comes in the form of Lydia Dietrich, Honorary City Councillor for the Red-Green Party. Lydia Dietrich has been following both rounds of EQUAL and been particularly enthusiastic about its results. Moreover, she has been actively engaged in *Munich Competent* (and the Round 1 project), particularly on the transnational work, and been very impressed by what she has seen: *"It is so encouraging to see that someone takes a look at what happens outside of our own borders. There is a need for partnerships like the ones I see under EQUAL. We need people to work together in innovative ways and to find out the different ways to tackle the issues that, clearly we have not been able to find solutions for. EQUAL allows that sort of flexibility and innovation!"*

With these encouraging words, *Munich Competent* is undoubtedly destined for great things and clearly showing that, what is good for social, is undoubtedly good for business!

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