

10. EVALUATING THE RESULTS: REFERENCES

"Most of enterprises had few or almost no idea about enterprise management mechanisms before joining the Programme. Most of management attitudes were empirical and it was difficult to managers even to understand and to use Pharos and the other UNIDO IT tools in an adequate way.

Based on this verification and simultaneous Pharos/Produce Plus implementation, the managers had been introduced to the most important and relevant managing tools to permit them to enter in a continuous improvement process, aiming at need to address a word class demand for good manufacturing and managing behavior.

The results are explosive. The managers improved their real results which are confirmed by Pharos/Produce Plus benchmarking, in a very mature way. They started knowing what they are doing and where are getting. They began measuring and controlling their companies very well.

Most of companies are now continuing business in a solid, stabilized situation, even those that had been ready to close business in the past. Some others have specific problems and are not so solid but problems are clearly known now and are observed by using Pharos/Produce Plus, could be interpreted and solved. There are some exceptions based on natural inefficiency of some managers but when detected by their staff it would permit finding possible future solutions in a continuous improvement process.

Pharos/Produce Plus and the continuous improvement methodology are playing together an excellent game to increase real efficiency, productivity and the capacity to compete for these participating companies."

11. CONCLUSION

- The Upgrading Programmes for entrepreneurs provides an effective solution for improving SME results, productivity, competitiveness, quality, business transparency, capacity for trade, export and innovations, minimizing investment risks at an acceptable costs.
- The results obtained from various programmes implemented after 2002 including UK, Colombia, Palestine, etc. indicate that companies achieve measured improvements of between 9% and 45% for key performance indicators within the programme implementation period.

12. CONTACT

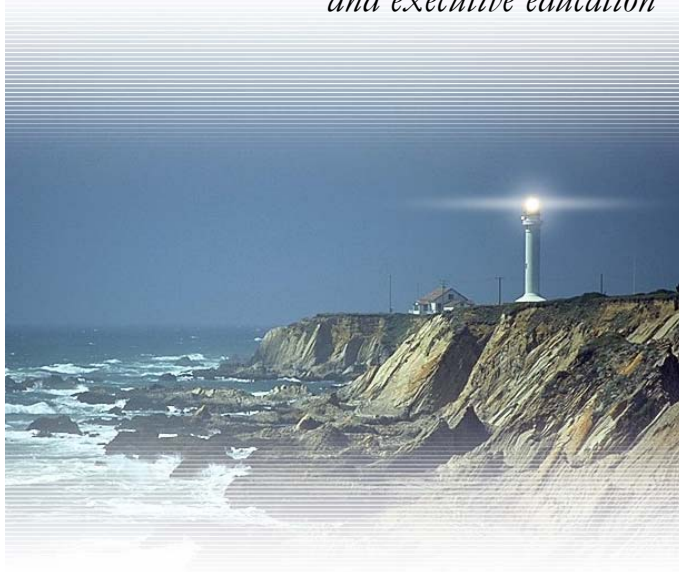
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PHAROS – Business Navigator

by United Nations Industrial Development Organization

*for strategic enterprise management
and executive education*



Overview

Pharos, the "Business Navigator", is simple and easy-to-use, yet sophisticated, introductory PC software for strategic performance measurement, benchmarking and management of enterprises. Its six major lighthouse indicators—Costs, Performance, Quality, Competitiveness, Product Contribution and Customer Sales — allows comparing current results with previously defined business targets. The selected indicators present the most important information for managers.

The lighthouse colors provide a quick overview of the current status of an enterprise: Green means "better than expected", yellow is "acceptable" and red is "unacceptable". Working with Pharos does not require any special qualifications or knowledge of theoretical business concepts. The educational Pharos software suite can be used by entrepreneurs, senior management, shareholders, investors or banks' risk assessment officers in evaluating company performance over time, compliance to BASEL II standard, actual improvements by benchmarking.

Pharos is an excellent vocational training tool helping entrepreneurs learning in real practice. Pharos, Produce Plus and FIT are components of UNIDO Pharos software suite for participants of Upgrading Programmes for entrepreneurs and enterprise certification programmes supporting trade facilitation, export capacity building, investment risk minimization, transparency and sustainable business development.

TRAINING AND UPGRADING PROGRAMMES FOR SMALL AND MEDIUM ENTERPRISES

**IMPROVING ENTERPRISE INVESTMENT
TRANSPARENCY, SUSTAINABILITY AND
COMPETITIVENESS BY INTRODUCING BEST
CONTINUOUS IMPROVEMENT PRACTICES WITH
UNIDO BUSINESS PERFORMANCE SOFTWARE**

Summary

- The performance of Small and Medium Enterprises in various industrial sectors can be dramatically improved.
- The entrepreneurs become better prepared for managing introduction of innovations, new technologies, and investments.
- Improved managerial capacity increases productivity, competitiveness, quality and sustainability of enterprises.
- The performance improvements are measured and documented at each enterprise by benchmarking reports.
- Entrepreneurs are introduced to UNIDO software tools for simple business measurement and benchmarking.
- Savings and other positive improvements in range 9% - 25% can be obtained within 12 months after start-up.
- The cost of the complete service package may include training, software as well as on-site consulting delivered to each participating SME within 9-12 months.
- The costs can be quickly recovered due to improved business results and elimination of inefficiencies.
- The package of services implemented at each enterprise is unique at the international market.



1. INTRODUCTION

The SME sector is an important part of the national economy in every country. However their performance is the subject of concern in many countries of world. Why?

- The majority of SMEs need improving managerial **knowledge and tools for monitoring and measuring businesses, managing innovations and investments by systematically optimized decisions, eliminating inefficiencies and maximizing use of available resources by the entrepreneurs and.**
- Business development after successful start up in many SMEs becomes experimentation in survival with uncontrollable losses and non-efficiencies mostly unknown to management along with inadequate decisions caused by incorrect assumptions, lack of basic information about actual business results.
- Most of the enterprises need **becoming more transparent, minimizing risks by national and international investors, increasing trade and export.**
- ICT applications in business performance measurement tailored to the industrial SMEs are rare; the majority of SMEs remain offline or under-investing in ICT.
- With the **arrived era of e-business**, there is an increasing need for high qualifications of the personnel and knowledge of innovation management as entrepreneurs face a steadily **increasing gap** between the feasible rate of their own progress compared to the major international producers and national corporations in the world of change.
- Newly adopted BASEL II standard regarding investment risk minimization require enterprise compliance in applying for credits and investments into business development.
- Training & upgrading programs provides unique solutions for introducing knowledge capital to SME sectors.

2. THE PROGRAMME OBJECTIVE:

Introducing best continuous improvement practices by comprehensive SME training in performance management, business intelligence and application of UNIDO Business Performance Management software.

3. THE PRODUCT

Delivery of a comprehensive package of training and optional follow-up on-site consulting services to each participating enterprise by:

- training and certification of national consultants as coaches proving further on-site support
- implementing training of entrepreneurs and managers by courses and on-sites in the regions
- supply of reference materials as well as UNIDO Pharos software suite including Pharos, Produce Plus, FIT and diagnostic tools
- optional operating support of best practice development, software installation and use by consulting on-site for 6-12 months
- upgrading of the national network of consultants providing introduction of continuous improvement practices at the enterprises
- pre-and post-programme SMEs benchmarking capacities to present the company actual performance improvements to potential investors, credit and export facilitation institutions.

The Programmes may include implementation of customized ICT solutions for performance monitoring of industrial sectors in real time.

4. CONTENT OF THE PROGRAMME

The content of Training and Upgrade Programs introducing continuous improvement practices is based on UNIDO software providing possibility to measure business and manufacturing performance and simulate managerial decisions. The service package had been developed within several UNIDO Programmes implemented in different countries since 2000 and includes as follows:

- Selection of the enterprises and national consultants for programs
- Training courses and certification for national consultants
- Training courses and certification of executives and senior management from participating enterprises in the regions
- Delivery of the UNIDO Pharos software suite to each participating enterprise and assistance in its installation and applications
- Implementation of local support and consulting at each enterprise site for the period of 9-12 months by national consultants assisting in development of best practices in continuous improvement
- Pre & post programme enterprise diagnostics and benchmarking, manufacturing cost measuring, production efficiency analysis based on actual Pharos and Produce Plus enterprise databases (net-profit and added value improvements, suppliers, non-conformances, planning procedures, production resources' utilization, etc)
- Enterprise and management certification based on the assessment of results in post programme benchmarking, improvement measurements and evaluations
- Training of entrepreneurs in the presentation of their enterprise performance improvement results to investment, credit and export facilitation institutions, compliance to BASEL II standard.

5. CONTENT OF THE ENTERPRISE SERVICE PACKAGE



- Training courses for two senior managers, 5 days, 8 hours per day, total 40 hours
- On-site guidance and support for 6 -12 months after the training course developing best practices (optional by local consultants)
- Benchmarking of initial enterprise performance status and post-programme enterprise status for measuring improvements
- UNIDO Certificate of Enterprise Performance Excellence and Investment transparency supporting BASEL II compliance
- Issuing of "UNIDO Certificates of Business Performance Management Excellence" for entrepreneurs and management
- Providing of at least two complete sets of UNIDO software packages with optional additional licenses under special discounts

- Comprehensive reference materials

5. PRICE OF THE ENTERPRISE SERVICE PACKAGE

The price depends primarily on the Upgrading Programme setup and content, number of participating enterprises, local salaries for national consultants, and presence of the on-site support phase. It may vary significantly for Programmes serving 20 enterprises and the ones serving 1000 enterprises.

6. PROGRAM DURATION

The overall Programme implementation time depends on its content. It can vary from weeks in case awareness seminars and training workshops for entrepreneurs are prime objectives to up to twelve months in case the on-site support phase is implemented including diagnostics, collection and processing of benchmarking results regarding improvement, compliance to BASEL II standard requirements and development of best practices.

7. BUDGET

The budget for the programme is defined in collaboration with the national institutions and financial sponsors after the identification of the priorities and programme content ("training workshops, software, and compliance to standards, benchmarking, and optional on-site consulting). The fees from participating enterprises may cover full or some part the package costs (e.g. 15% - 50%) with other funds provided from national and international sources.

8. IMPLEMENTING AND PARTICIPATING ORGANIZATIONS

- Government organizations assisting economic development and SMEs in countries, regions, states and provinces.
- Associations of Industries, Chambers of Commerce assisting and coordinating SME support programs in countries, regions and states.
- Financial institutions seeking compliance to BASEL II standard, risk minimization, investment transparency and managerial knowledge.
- Vocational Education and Training Institutions, Management Schools, Universities, Business Incubators.
- National training and consulting centers for quality and productivity and entrepreneurship development.

The programme setup may be adjusted to the needs and participation of international agencies contributing to the development of national and regional industries in particular country.

9. EXPECTED RESULTS

- Enterprises completing the programme may expect to be World Class players, significantly improving performance and 'Value Added'.
- Government organizations will see significantly increased contribution from the SME base.
- Both enterprises, governmental and industrial development organizations will see sustainable development of individual businesses and the industry sectors, improved productivity, economic performance, export potential, investment attractiveness, business transparency, human resource development, managerial potential, capacity to meet ISO 9000 and WTO requirements, decreased level of SME mortality in regions, compliance to credit risk minimization requirements by BASEL II standard.