



Benchmarking of international policies and policies done in Catalonia

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Promotion policies of business internationalisation have been basically addressed at industrial companies. In a scenario in which barriers to internationalisation are removed thanks to technological progress, gaining an international footprint at companies becomes an increasingly rich and complex process, borderlines between industrial and services companies are blurring and new opportunities are opened to internationalisation of service companies. Agencies supporting internationalisation adapt existing services for industrial companies to tackle the new needs created by service companies. Catalan service companies have a wide range of support tools for internationalisation through ACCIÓ in line with international best practices. This article looks into such initiatives both in Catalonia and in the rest of Spain as well as in model countries like the United Kingdom, Finland, Norway and Belgium.



Support policies for business internationalisation used to be addressed until fairly recently at industrial companies manufacturing goods, mainly to promote trade missions and trade fairs or to facilitate access to financing. According to a report by the [European Commission](#),¹ this sort of basic support action aimed at industrial and manufacturing companies still amounts to 70% of programmes in support for internationalisation throughout the world.

Services feature some peculiarities making them different from goods, and they could bear some additional difficulties in internationalising them. However, the context of international trade is changing and introduction of new technologies as well as improvement and extension of means of communication and transport encourage expansion of international trade in all areas, especially services.

All this comes with new ways of setting targets by internationalisation support agencies. Export has long ceased to be the only subject, but promotion agencies have also included the term *internationalisation* into their daily business. Policies to encourage sales to third countries have been completed by tools to assist local companies in placing their trade or production abroad to become international or multilocal. However, the role of internationalisation support policies needs to go further and address internationalisation in all parts of the company's value chain. Sales (through export), acquisitions (through procurement abroad), production and commercialisation and distribution networks (through investment abroad) are internationalised, but other parts of the chain are also quickly becoming international that were considered non-internationalisable until recently because they were key to define the identity and competitive advantage of the company, like R&D&I – with mechanisms of international open innovation – or human resources, with offshoring processes (moving parts of the production process to third countries, which may include core business segments) and hiring skilled labour from all over the world. In this respect, exporting companies that were

selling abroad have become international companies integrated in international commercial and production networks. Such international companies are increasingly global and include the international element into their whole value chain, where headquarters and subsidiaries blur and the national origin is becoming a mere footnote.

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These trends are completed with tertiarisation of industrial companies, not only based on their disintegration through subcontracting processes outside their core business but also due to the need of being as close to the customer as possible, who thus becomes a «prosumer» intervening increasingly in the product creation and manufacturing process² and driving the company to integrate in order to dominate distribution, customer service and retail. Proximity to the end consumer becomes a powerful differentiation factor for the company, which needs to change its traditionally industrial business model for a new service-based one in which the manufacturing process becomes less important.

In this scenario in which barriers to internationalisation are removed thanks to technological progress, gaining an international footprint at companies becomes an increasingly rich and complex process, borderlines between industrial and services companies are blurring and new opportunities are opened to internationalisation of service companies.³ To this we need to add the opportunity created by internationalisation for economies of scale in certain services addressed at specific niches (e.g. tourism, engineering and leisure) or intangible assets like access to better reputation, larger networks or better knowledge of certain processes. Additionally, new technologies allow overcoming some limitations derived from little entrepreneurial size thanks to online promotion and

provision of specialised services through the internet. Further, although the regulatory framework of international trade in services has a much higher degree of protectionism than trade in goods, important progress has been made with liberalisation of trade in services in the EU with the Bolkestein Directive, especially regarding improved transparency and equal opportunities in public international procurement, in which service companies have a wide range of possibilities.

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Policies in support of internationalisation need to be prepared to tackle these new challenges and respond to internationalisation needs of service companies. Based on their characteristics and the bigger complexity of the internationalisation process, support policies need to go beyond basic action like trade missions, support at trade fairs or access to financing. Demand for support is focused on specialist tailor-made strategic consulting, support to the search of partners in the target market, human resource development and training, support to business cooperation, encouraging international technology transfer and R&D&I, corporate image improvement, support to establishment in target markets and to participation at international public tender.

In this respect, both in Catalonia through ACCIÓ and in the rest of Spain through the Instituto Español de Comercio Exterior (ICEX) or other regional promotion agencies as well as at international level, what has been done instead of developing specialist programmes adjusted to the specific needs of service companies is rather adapting existing ones fostering internationalisation to case studies and these aforementioned needs.

What comes now is an analysis of the main support tools available in Catalonia through ACCIÓ by service type as well as other relevant services at other national and international agencies.

Specialist and tailor-made strategic consulting services

For the initial internationalisation stages, most agencies have programmes to detect new exporting companies with later consulting by expert advisors coaching the company. All these programmes include a first diagnose of the company's export potential before a working plan for internationalisation is elaborated that focuses on goals to pursue and markets with the greatest interest and potential for the company. The working plan is implemented with the support of an advisor during a one to two-year period. In Spain, COPCA (now ACCIÓ) pioneered this sort of programmes with the launch in 1994 of the New Exporter Programme (NEX) that became later NEX-PIPE (1998), when the ICEX launched a similar programme for all of Spain, the Programme for Initiation in Foreign Promotion (PIPE), together with the regional promotion agencies and chambers of commerce. So far, more than 1300 companies benefited from NEX-PIPE in Catalonia, of which a 12% were service companies, although this figure increased to almost 20% in recent years. Outside Spain, other agencies have developed similar programmes like Pass-port to Export by British UKTI and First Flight by Enterprise Ireland.

For companies that are not yet prepared to devote resources as demanded by NEX-PIPE, ACCIÓ developed the First Export Programme with the additional goal of including internationalisation into the company's daily business. In 2009, 24% of participating companies were in the service business. PROMOMADRID, the Madrid regional promotion agency, has a similar

programme that was created before PIPE, called **Madrid Exporta**, which can also be used by service companies with no international experience.

In all cases, they are general programmes open to goods and service companies, though especially relevant for the latter due to their lesser degree of internationalisation and size, which makes them an especially interesting target group for such programmes.

ACC1Ó has furthermore the **New Internationalisation Strategies (NEI)** programme for global companies with advanced internationalisation processes, which provides support in strategic ideas in the light of new challenges arising for this sort of companies (management of subsidiaries, expatriates, international mergers and acquisitions, international financing and taxation, etc.). Roughly 25% of participating companies are in the service sector. UKTI has a similar programme for strategic thought, **Gateway to Global Growth**, addressed at companies with export experience.

Support to search of partners in destination

Most agencies provide support to the search of partners through own offices abroad, diplomatic services in third countries or networks of private consultants with whom they sign cooperation agreements. The trend in this sort of services is adding value to go for customised and exclusive service for each company, which allows agencies to charge for this service. National agencies like Finnish **FINPRO** and Korean **KOTRA** developed this sort of service from their very beginning and have been recognised internationally as best practices by the **International Trade Centre (ITC)** of **UNCTAD-WHO**.

At Spanish level, ACC1Ó (then COPCA), which had also been acknowledged as a best practice by the ITC,⁴ was pioneering from its very beginning by opening the current network of

35 **Business Promotion Centres** in addition to information services provided by the network of Spanish commerce offices abroad. Other regions like Andalusia, Valencia and the Basque Country and later also Madrid developed similar networks with own offices providing tailor-made services, while most of the rest developed partly shared networks of private consultants who were actually doing this job for them. Similar processes occurred in federal or similarly decentralised countries like the United States, Germany and even France. The big national agencies like ICEX and **UbiFrance** in France are starting providing such tailor-made services through their offices abroad.

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In the case of ACC1Ó, service companies already amount to more than 40% of Business Promotion Centre customers. Providing tailor-made service adapted to individual needs of companies as well as additional services like information on competition, support for establishment, etc. makes this service especially relevant for service companies wishing to take up internationalisation.

Of international experiences, FINPRO is worth mentioning, with a model very similar to ACC1Ó but with sectorial specialists in destination, some of which specialise in services, or the **SPRI** (Basque agency) offices, which organise every year meetings between Basque entrepreneurs based in the target country and local experts in the main relevant sectors, among which services, thus offering great networking opportunities. ACC1Ó envisages a similar initiative, Empresa.món, in its **2009-2013 plan** with the aim of promoting communities of Catalan businesspeople in the different countries around their Business Promotion Centres

both physically and virtually, taking advantage of the enormous possibilities provided by new technologies.

Human resource development and training action

Having employees trained in foreign trade techniques, foreign languages and minimum professional experience in this area is indispensable for internationalisation. In the case of service companies, this need becomes the more relevant not only in the international department but also in all their functional areas, as the service offered abroad requires adequate professionals to be actually provided.

Availability of adequate human resources thus becomes a key limitation posed on internationalisation of service companies. Most agencies

have developed scholarship programmes in foreign trade training so young professionals develop practices at their offices or in companies abroad. ACCIÓ sent nearly sixty Catalan scholars to do such practice in 2009.

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ACCIÓ also has a **Young Professionals Directory** to provide access to projects and companies, thus allowing them to implement and enlarge their knowledge, and companies can hire them and deepen into their internationalisation process.

As to searching local professionals in destination, an especially relevant problem for service

International Branches



Business Promotion Centres Map

Through the network of 35 **Business Promotion Centres** around the world, **ACCIÓ** promotes the competitiveness of Catalan companies through internationalization, innovation and attracting inward investment.

ACCIÓ's international network is a trampoline for Catalan companies with internationalization projects. It has more than 20 years of experience, is staffed by 125 professionals from 32 different countries, and worked on 770 projects for 504 Catalan companies and organizations in 2008.

▲ Empresa.món, in its 2009-2013 plan, promotes communities of Catalan businesspeople in the different countries around their Business Promotion Centres.

companies, there are still few agencies providing this sort of service as it requires some specific knowledge that is not always within their grasp. ACCIÓ provides it through its Business Promotion Centres, although it is still little demanded by Catalan companies (3.8% of total services by the Business Promotion Centre network).

Another interesting programme for the search of foreign professionals who can later be hired by companies is the **PROPEX inverse scholarship** by ICEX, available for China, India, Russia, Bulgaria, Romania, Poland, Turkey, Morocco and Algeria.

Support to business cooperation

The reduced size of Catalan service companies is a major obstacle to their internationalisation. Classical support tools for business cooperation in origin like export consortia developed by ICEX and other international agencies, among which **ERVET** in the Italian region of Emilia-Romagna, can therefore be a good tool to overcome this problem.

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In the case of ACCIÓ, an export groups in destination programme in addition to that of ICEX has been in place for years, with 25% of all companies being in services. Yet the main business cooperation tool ACCIÓ makes available to Catalan companies are Integral Competitiveness Plans as well as support to Catalan clusters. Regarding services, support plans for the ICT, environment, health and building (including architecture) industries were developed in 2009, together with some specific support action for

internationalisation of legal services. These plans regard cooperative action like compiling potential exporting company directories, export groups in origin and destination, joint attendance at international shows, etc. Related to Catalonia, it is also worth mentioning that for the cultural industries, which are usually statistically classified as services, there are specific organisations providing support for their internationalisation, like the Catalan **Institute of Cultural Industries (ICIC)** or **Catalan Films**, specialising in the internationalisation of Catalan cinema. Also, another typically internationalised service area of our economy, tourism, is developing an internationalisation plan for its companies under the leadership of the **Catalan Tourist Board** in order to invest or provide services abroad. Other agencies fostering internationalisation of their clusters are SPRI (Basque Country), UKTI (United Kingdom), Finpro (Finland) and **Innovation Norway**. The latter created the **Norwegian Centres of Expertise (NCE)** with the aim of fostering innovation and internationalisation processes of the most dynamic Norwegian clusters, some of which are related with services like systems engineering and health services.

Further innovative action in support of business cooperation, in this case virtual, comes from platforms like the **Business Ring** developed by ACCIÓ. The latter has three specific communities focusing on areas of service companies like ICT, environment and international public contracting. SPRI, together with the **Basque Department of Industry**, has also developed a business cooperation network related to internationalisation.

Action to foster international technology transfer and international R&D&I

The union between internationalisation and innovation is in itself a tool to foster global competitiveness of companies. Having competitive

advantages based on new business models or advanced services able to differentiate the offer is undoubtedly a support to the internationalisation process. In Catalonia, this has been enhanced with the merger of former COPCA and CIDEM, resulting in ACCIÓ, the agency supporting competitiveness of Catalan companies especially by means of innovation and internationalisation.

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At international level, several initiatives integrating innovation and internationalisation are emerging. There is for instance the UKTI **Soft Landing Zone** programme providing support to cooperation between British companies and international companies, universities and research centres. Another case is **FINNODE**, in which different Finnish agencies cooperate within one same structure in the United States, Russia, China, Japan and Korea to facilitate access of Finnish companies to target markets with international R&D&I and technology transfer projects. Other innovation agencies like Spanish **CDTI**, Innovation Norway and Enterprise Ireland have financial support for internationalising innovation at their companies. All these programmes are especially relevant for internationalisation of companies and technology and research centres providing R&D&I services.

As far as Catalonia is concerned, ACCIÓ provides different programmes for Catalan companies to strengthen synergies between innovation and internationalisation. It thereby gives aid for protecting patents at international level, provides specialist service to participate in the **7th EU Framework Programme**, leads the Catalan node of **Enterprise Europe Network** (EEN), the European international technological

transfer network, and provides Catalan technology-based companies with landing zones in **Silicon Valley** through the Catalan Enterprise Landing Area promoted by the Business Promotion Centre in Los Angeles. However, the big step forward that will come about in services regarding R&D internationalisation and technology transfer of Catalan companies is the programme of technological missions to be carried out during 2010 in destinations like the United States, Germany, Korea, Israel and China with the help of the ACCIÓ BPC network and financial support by CDTI.

It is also relevant to note the European support centres the European Commission is setting up in China and India with the aim of providing additional support to European companies in their search of technological partners in these countries. In the case of India, the **European Business and Technology Centre** is already operative in its New Delhi headquarters, and ACCIÓ has been participating there from the very beginning, deploying its first action at the BioAsia show that took place in Hyderabad last February.

Action related to improving the corporate image

For service companies, conveying a good image is a key element as trust and reputation vis-à-vis customers are paramount in selling an immaterial product. Several agencies offer customised support to improve brands or marketing and communication strategies of companies like the ACCIÓ **Brand Programme**, 61% of whose beneficiaries in 2009 were service companies, and the UKTI **Export Communications Review Service**. They have traditionally also done presentations of products through different platforms (trade fairs, showrooms, etc.) but are commonly addressed at industrial companies. In this respect, UKTI developed several experiences in its **Tradeshaw Access Programme**

with service companies in areas like advanced engineering, logistics, leisure as well as tourism.

Other ways of promoting the image of companies abroad include the use of new technologies. Many agencies have developed industry-based directories of companies from their countries, including service companies, available online to foreign companies in several languages. The Hong Kong **HKTDC** agency is especially noteworthy, having developed different tools not only to disseminate its export offer and import demand but also to arrange virtual business meetings with advanced matching tools that can eventually lead to **B2B** e-business operations.

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Other interesting tools to improve the image of a company abroad are support programmes to improve positioning in the internet, like **2BDigital** by ACC1Ó and **PIPEnet 2.0** by ICEX, both acknowledged by the European Commission as best practice. In the case of service companies, usually small and with few financial resources, this sort of programmes allow them to strengthen their image abroad while devoting relatively few funds.

Finally, regarding improving the positioning of the image of service companies abroad, there is institutional action in support of certain service subsectors like the different institutional missions headed by members of government to promote service companies in city management or the service excellence dissemination programme by the Madrid Region. **PROMO-MADRID** works in different actions to increase knowledge and improve the image of Madrid architecture studios, finance services and lawyer firms abroad.

Support tools for establishment in destination

For many service companies, settling abroad is the only way to go international. There are cases in which this move is not necessary, like certain online services or market surveys, in which it is the service that moves across borders, or others like training and technical assistance in which there is an international movement of persons. However, support tools for establishment in destination are definitely among the most common for service companies from within the whole range of programmes and services offered by promotion agencies.

In the case of ACC1Ó, the business platform service offering spaces and coaching in destination to Catalan companies wishing to settle abroad is mostly used by service companies. Other agencies like **ERAI** from Rhône-Alpes (*Implantis*) and **SPRI** (*Euskadi*) have similar services.

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Also, most agencies are cofunded through investment of companies abroad. Spain has the **PAPI programme** by ICEX and financing and capital share offered by **COFIDES**. ACC1Ó provides financial advice and cofinancing for direct investment of Catalan companies abroad with the **Direct Investment Abroad Programme (IDE)** and the **ICF-ACC1Ó Foreign Investment line**. About one quarter of projects with IDE support comes from Catalan service companies.

Support services for participation of companies at international tenders has traditionally been

the only service of promotion agencies specialising in service companies, and even without excluding industrial companies, it has been mostly used by service companies from fields like engineering, architecture, consulting, technology and research centres. In Catalonia, ACCIÓ (then COPCA) started the **International Public Contracting Service (CPI)** in 2005, a pioneering project in Spain in this area. Although there were already some similar programmes in place like ICEX aid for travelling, submitting offers or different information or training initiatives for some institutions, the CPI service by ACCIÓ was the first providing customised advice and coaching for companies to get initiated in international tendering. Chambers of commerce developed a similar programme in other Spanish regions afterwards, called **Initiation to International Tender (ILI)**. ICEX itself is about to reformulate its related policies through the **LICITA plan**, the main novelty of which are business meetings to search partners in specific target countries for international tender. ACCIÓ has also developed similar action, like specific missions for the environmental industry in Chile and Morocco as well as renewable energies in Latin America.

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An innovative initiative in this area is the **CPI Community** of the ACCIÓ Ring. This virtual community is a unique meeting point for companies interested in sharing experience and finding information and potential partners for international tender. Another interesting experience in using new technologies is **Consulbasque** developed by SPRI, an offer and demand matching platform in the multilateral market by which international project managers get in touch with Basque companies.



▲ ACCIÓ is the agency in support of competitiveness and internationalisation of Catalan companies.

Such services are generally less developed outside Spain. Some noteworthy examples are however the Walloon (**AWEX**) and Flemish (**FIT**) agencies, which developed several programmes and support services for participation of their companies in international tender.

To conclude, it is obvious that policies to foster internationalisation of service companies will become increasingly relevant within promotion agencies as service companies will become growingly international and generate new support demand. Besides adaptation of existing tools to new needs generated by this company profile, promotion agencies will be developing new programmes and services especially designed for this company profile.

Foreseeable budget constraints in the future due to necessary public austerity policies as well as higher sophistication of demand by service companies on promotion agencies will require articulating an added-value service offer less based on possible financial support but rather on the competitive advantage of promotion agencies

thanks to their institutional component and their global footprint. International agency networks will be a major competitiveness factor, so searching cooperation schemes with other international agencies will be increasingly common. Some projects with exchange of resources and services between agencies, joint programme

and supporting structure development, technical aid services and exchange of experience between agencies are already being started. ACCIÓ plays an active role in this sort of projects that will curiously lead to internationalisation of services by agencies promoting business internationalisation.

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Notes

1. EUROPEAN COMMISSION (2008). *Support to internationalisation of SMEs. Best practice selection*. Luxembourg: Publications Office of the European Union.
2. Prosumer is a concept merging producer and consumer as in some cases, end consumers can take part in the design and manufacturing process of the end product and adapt it to individual needs thanks to technology. For further information on the concept, cf. section «Change in preferences and consumption: a new social rationale; emotional consumption; yeppis; homing; territory and globalisation» of the 2006 Foreign Market Observatory (OME) Annual Report, *Tendències de futur i noves realitats* (COPCA; 2006), available at www.anella.cat
3. For further information on the characterisation of this process in Catalonia, cf. BARÓ ITOMÀS, Ezequiel. «La Nova indústria: el sector central de l'economia catalana». *Papers d'Economia Industrial*, 26. Observatori de Prospectiva Industrial (OPI). http://www.gencat.cat/diue/doc/doc_25018078_1.pdf
4. "TPO Best Practices. Strengthening the Delivery of Trade Support Services", CCI; 2004 http://www.intracen.org/eshop/f_e_IP_Title.Asp?ID=30166&LN=EN