

## Establishment of Sustainable Collaborative SME Networks

2008-1-TR1-LEO05-03154

<http://www.adam-europe.eu/adam/project/view.htm?prj=5873>

## Project Information

Title: Establishment of Sustainable Collaborative SME Networks  
Project Number: 2008-1-TR1-LEO05-03154  
Year: 2008  
Project Type: Transfer of Innovation  
Status: granted  
Country: TR-Turkey  
Marketing Text: Establishment of strong partnerships provides an opportunity for Small and Medium Enterprises (SME) maintaining and expanding their position in global markets. This requires SMEs to make a transition from intra-firm to inter-firm collaboration. In this context, information technologies (IT) may also enable an efficient information exchange between the related SMEs regardless of their location.

The project aims to build an infrastructure where all SMEs in an organized industrial zone can communicate instantaneously and simultaneously with all other SMEs in Ankara Region through a digital platform.

**Summary:** The present market situation, flexibility and efficiency necessary to acquire and maintain competitiveness in the international arena exceeds capacities of individual companies. In the case of individual SMEs, the task seems impossible.  
The aim of this Project is to establish collaborative networks between the SMEs in OSTM Industrial Zone, namely; to develop the the SMEs in OSTM Industrial Zone to enterprise networks: networks that act like enterprises to produce high value added products. The rationale behind enterprise networks lie in concentration of each SME into its key competences, inter-firm collaboration, introduction of new ways of connecting with each other and forming knowledge networks as well. First task of the project is to identify the obstacles that prevent the collaboration of SMEs, then to train the SME managers and employers where they will acquire skills and abilities to collaborate and form inter-firm networks.  
Our main partner in this project is FUNDACYT. FUNDACYT was the coordinator of MENS Project which was completed in 2006. The aim of MENS was also to establish enterprise networks among SMEs within an industrial region to increase their worldwide competitiveness.  
The result will be provision of a web-based distance learning/training system, which will help managers acquire skills to collaborate. Later, the system will also be developed into a platform which will enable managers to communicate and also form and manage inter-firm networks in a fast and efficient way. This last process of collaboration using electronic media is often addressed as e-collaboration.  
The project will help develop the sector and gain international competitiveness and innovation, help the industry to connect with funds and research (i.e research centers, universities) efficiently, create jobs and increase exports which is expected to benefit OSTM industrial region, Ankara and Turkey in general.

**Description:** OSTM is the biggest industrial zone in Turkey where the small and medium enterprises (SMEs) produce and operate. It is also one of the biggest industrial zones for SMEs worldwide. Approximately 5000 SMEs operate in OSTM with 50000 employees at 100 different sectors. OSTM is an active industrial zone in Turkey producing goods with high value added.  
A preliminary analysis in OSTM has been conducted via interviews with managers to understand OSTM better. The results of the analysis point to a cut-throat competition between firms where collaboration between firms is less frequent or non existent. This competition in small scales decrease profitability of SMEs and prevents SMEs from gaining competitiveness in the larger scale, i.e. worldwide. Cut-throat competition prevents firms to compete on quality and brand aspects, aspects which benefit firms in the long run and causes the SMEs the compete in prices. Additionally, price competition rather than quality or brand competition between SMEs tends to decrease the quality of the outputs. This in turn harms the relatively bigger final producers who purchase outputs as inputs and at times forces them to import or not to purchase the local inputs or decreases the quality of the final output. Considering that a substantial part of the final output is exported, this

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phenomenon harms the OSTM producers, decreases their international competitiveness and increases their costs.

According to past research, the challenge of SMEs is to maintain or expand their position in global market by establishing privileged partnerships. This requires SMEs to make the transition from intra-firm to inter-firm collaboration. (Stamm and Golhar, 1991). The past research also points out that the sophisticated inter-firm relationships are enabled with business to business e-commerce. With the help of information technologies (IT), the large enterprises composed of SMEs can profit more from flexibility and innovativeness of SMEs. (Bilili and Raymond, 2001) The result was the development of a new terminology that is the "virtual enterprise". A virtual enterprise is a temporary network of independent firms connected through ICT, with the aim of reducing costs and gaining market share. (Moniz and Kovacs, 2000)

OSTM Organized Industrial Region, the biggest of its kind in Turkey, derives much attention from the government. The development of OSTM is highly supported as a national priority. Also, the "enterprise network" business models have already derived attention in the form of government support and projects addressing these issues. (See the supporting documents.) Prominent businessman mentioned the destructive aspects of wild competition which takes place within the sector rather than the international arena. (Dr. Rustu Bozkurt) Also the quality and overall size of subcontractors producing inputs is a determining factor in international competitiveness. This phenomenon is a result of lack of quality standards which in turn is due mainly to the miscommunication or absence of collaboration between firms. (Fahrettin Kurklu, Domsan Furniture's President). Frequently, the President of OSTM OSB, Orhan Aydin mentions OSTM OSB's interests in developing the collaborative & cooperative culture in OSTM to produce high value added products. The problems and strategies stated above are also mentioned extensively in the 9. Turkish Government's Development Plan (2007-2013), by Turkish State Planning Organization (DPT) and in the 60th Government Program of Turkish Republic (January 2008). Such strategies are also mentioned within industrial policies to be formulated in the 5. National Summit of SMEs as a development strategy and by Minister of Industry and Trade, Zafer Caglayan in the context of supported industrial developments.

The project aims to build the infrastructure where all SMEs can communicate instantaneously and simultaneously with all other SMEs in OSTM through a digital platform. The ultimate aim of this project is formation of enterprise networks in OSTM; these are SMEs which form production networks to produce high value added products, do not compete with each other in the small scales and in the form of price competition but compete worldwide in the form of quality.

For this ultimate purpose in mind, the project will provide a training program to help managers build inter-firm collaboration and network formation skills. The potential topics of training include building collaboration and communication skills such as finding a partner, planning, legal and financial issues. After the training, the managers will focus on network formation and inter-firm collaboration rather than price competition, which will enable them to gain worldwide competitiveness and profitability.

The training mentioned above will be a web-based distance learning program. The program will partly be created within the project and partly be adopted from the previous Leonardo Project "MENS". The Project MENS (Managing Enterprise Networks) had the aim of developing the SMEs into enterprise networks. The main output of the project is a web-based distance learning toolkit/software. Through this toolkit, the managers will be able to build skills to collaborate and communicate for the ultimate purpose forming production networks. The course will be online, and will be held through the digital platform. The online course will be a practice for managers to collaborate and form production networks online. It will also be a good experience for managers in terms of building computer and internet skills. The shortcoming of the toolkit that is to be transferred is that it has a non-user friendly interface as concluded from our preliminary analysis and also stated by Fundecyt, the main partner of the original project. Our project SMEnet will address this issue by developing the user interface, developing new training modules in the topics

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determined according to the results of questionnaire. The target group in the short term will be OSTM managers. After the transfer program, the training package will be accredited and a related certificate program will be designed. The certificate program will be available to all managers/employees following the program.

The impact of the outcome of the training program will be measured in two ways. First, a survey for managers will follow the training. This survey aims to assess the success of the training by asking the managers to evaluate the training program. Second and more important would be the number, extent, size and nature of the production networks formed during and after the project via the digital platform which will be a true measure of the success of the training and project.

- Themes:
- \*\*\* Sustainability
  - \*\*\* Lifelong learning
  - \*\*\* Open and distance learning
  - \*\*\* Enterprise, SME
  - \*\* Continuous training
  - \* Recognition, transparency, certification
- Sectors:
- \*\*\* Administrative and Support Service Activities
  - \*\*\* Construction
  - \*\*\* Manufacturing
  - \*\* Education
  - \* Information and Communication

Product Types: evaluation methods  
material for open learning  
modules  
program or curricula  
open and distance learning  
transparency and certification  
teaching material  
website

Product information: OSTM Authority and Çankaya University jointly conducted the system analysis in Turkey while Romanian partner made the same in her neighborhood. Turkish partners defined the OSTM Environment, analyzed the documents and the web-site(s), made sector visits, compiled potential sectors to establish collaborative networks, determined the selection criteria and gathered data.

A survey was designed, developed and conducted to the Turkish and Romanian industry. The aim of the survey is to be able to identify and quantify the obstacles to firm collaboration. SWOT and strategies were formed and their roadmaps determined. SWOT analyses were combined with the topological map of the partner companies to find out the potential of future collaborations with the other firms.

Once we had a complete understanding of the project 149067, that is what it contains and aspires to achieve via what methodologies and then applying the project to our needs we mastered MENS Project training materials and methods. All the materials were translated in Turkish and Romanian languages.

Needs analyses were conducted and we have selected all modules from the transferred projects, made decision to develop new modules, selected trainers, and we are currently at the stage of developing training materials for the new modules.

A training schedule for SME managers is to be prepared. The distance learning packages were installed to SME manager's computers. The web training material was developed and all the modules – new ones as well as the old ones – was be staged onto digital platform. SME managers were selected and provided a training that is fully compatible with their needs in firm collaboration, and was provide SME managers with numerous skills that will enable them to communicate and collaborate with other managers & firms for industrial & productive activities with mutual benefits.

The task is to actually train the SME managers in the topics determined and developed or transferred and translated.

Dissemination of the Training Program through certification will follow.

of accreditation. The rest of the training seminars followed this schedule. The seminars in Romania was be conducted by Fundecyt.

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The final activity was been to organize and conduct the final meeting as well as to prepare and submit the final project report to the National Agency.

Projecthomepage: <http://www.isim.org.tr>

## Project Contractor

Name: OSTM Organized Industrial Region Directorate  
City: Ankara  
Country/Region: Ankara  
Country: TR-Turkey  
Organization Type: public institution  
Homepage: <http://www.isim.org.tr>

## Contact Person

Name: Bülent Çil  
Address: 100. YI Bulvar No: 101/A , OSTM  
City: Ankara  
Country: TR-Turkey  
Telephone: +903123855090  
Fax: +903123545898  
E-mail: [bulent.cil@ostim.com.tr](mailto:bulent.cil@ostim.com.tr)  
Homepage: <http://www.ostim.org.tr>

## Partner

### Partner 1

Name: ÇANKAYA UNIVERSITY  
City: Ankara  
Country/Region: Ankara  
Country: TR-Turkey  
Organization Type: university/Fachhochschule/academy  
Homepage: <http://www.cankaya.edu.tr>

### Partner 2

Name: OSTM Middle East Industry and Trading Centre Research-Development, Training, Development and Solidarity Foundation  
City: Ankara  
Country/Region: Ankara  
Country: TR-Turkey  
Organization Type: association/non-governmental organisation  
Homepage: <http://www.ostim.com.tr>

### Partner 3

Name: OSTM Industrialist's and Businessmen's Assosiation  
City: Ankara  
Country/Region:  
Country:  
Organization Type: others  
Homepage:

### Partner 4

Name: OSTM Radio TV Broadcasting Inc.  
City: Ankara  
Country/Region:  
Country:  
Organization Type: others  
Homepage:

## Partner

### Partner 5

Name: SMIDO-Small And Medium Industry Development Organisation  
City: ANKARA  
Country/Region:  
Country:  
Organization Type: others  
Homepage:

### Partner 6

Name: ODODAM OSTM Training and Counseling Services Inc.  
City: Ankara  
Country/Region:  
Country:  
Organization Type: others  
Homepage:

### Partner 7

Name: Foundation for the development of science and technology in Extremadura  
City: Badajoz  
Country/Region:  
Country:  
Organization Type: others  
Homepage:

### Partner 8

Name: Polytechnic University of Bucharest, Faculty of Automatic Control and Computers – Research Center ACPC  
City: Bucharest  
Country/Region:  
Country:  
Organization Type: others  
Homepage: