

‘Brokerage events Opening the door to international markets’

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Brokerage events

Opening the door to international markets

Introduction

If their business does well in their own country, all entrepreneurs eventually ask themselves: 'Is it worth my while becoming involved outside Germany?' Smaller German companies, in particular, often totally reject this idea, a major argument being the likely shortage of finance and staff to cope with the additional effort and expense entailed in addressing, for example, specific legal issues or foreign language requirements.

This opposition can be clearly understood when considering that in micro-businesses, with less than 10 employees, staff often performs several different tasks. Moreover, not all services can be offered just as easily in other countries.

Why venture further afield?

Germans are traditionally cautious about making decisions. They consider it important to weigh up the potential risks and if they are not sure, they will shelve a business project, just to be on the safe side, even if the idea is good.

If we take a look at other countries we find that it is perfectly common for companies similar in structure and size to be active on other European markets, or even worldwide. What is different about them?

For example, if we look at our neighbour, Denmark, we find that even the smallest companies take it for granted that they deal with customers and suppliers in other countries. Faced with a comparatively small home market, unlike their German colleagues, they have a vital interest in gaining access to foreign capacity. Of course, that requires some mastery of an appropriate foreign language, increases the business running costs, etc. But it also makes a decisive contribution towards the long-term sound development of the business.

The key to success is cooperation. It has always been good to arrange for support in achieving your goal if your own expertise and capability are insufficient. It goes with the need to risk trusting others. It does not matter whether that means complementary services or product ranges, or the mu-

tual sharing of experience – if both sides can benefit from one another, joint activities can also be organised internationally.

At this point, let us just rephrase the question asked at the beginning:

‘When is it worth my while becoming involved outside Germany?’

Instead of a question which we can simply wave aside, we now have one which requires answers. We can literally feel how the mental block is overcome, how ideas are suddenly rearranged and problems, which a moment ago seemed like impediments, are seen as issues capable of being resolved. Sometimes it only takes a slight change of starting position to find a new way of approaching things.

What are the most effective ways of finding new contacts, business associates or technology partners? Apart from cold calling, the proven methods have always been visits and attendance at trade fairs. Both marketing activities take a huge amount of time and money to prepare and carry through, and that cost must be allowed for. Quite often, the costs outweigh the benefits.

Since the enlargement to the East of the EU in the mid-1990s, another instrument which firms can employ to find partners – which is particularly useful for small and medium-sized companies – has increasingly become established and is now a regular element of the events market. These events go by various names, such as a brokerage events or business contact exchange, B2B (business-to-business) or matchmaking event; they are aimed at bilateral rounds of talks spread out over a certain period and subject to strict time limits. Appointments are booked in advance and give both sides the opportunity to offer one another cooperation and to exchange ideas in a concentrated way without being disturbed. The concept is equally appropriate to bilateral (business trips) and multinational events. It offers companies an established platform geared to specific subjects where they can make contacts, gain impressions of foreign markets and present themselves in a manner which is genuinely cost and time efficient.

In my job as an international project manager at the Technologiezentrum Warnemünde e. V. (TZW) [Warnemünde Technology Centre] and a member of the Enterprise Europe Network I have been organising business trips and brokerage events for international participants for many years. In the following pages I would like to tell you about my experiences and my views of the potential opportunities available, particularly to small and medium-sized companies, but also to research institutions and public bodies, by making active use of a marketing instrument which is still seriously underestimated.

Tailor-made platform for new contacts

Nowadays, the range of events for the tangible promotion of business co-operation is vast.

In Germany, the federal government and the Länder frequently offer project aid for business trips with integrated bilateral business contact exchanges. Multinational brokerage events are funded mainly by projects receiving EU aid - often the only way of affording something which is so expensive to organise.

Let me anticipate a question which is often asked here:

No, the organisers are not allowed to make a profit. If participants pay fees, the money is used to cover event-related costs which do not qualify for aid, or the fees are already included as a variable element of the overall budget when costing the project. It is therefore mainly non profit-oriented private or public institutions which take responsibility for the projects.

In any case, the financial cost incurred by European companies taking part in contact exchanges lasting several days in Europe is nothing like the expense of preparing and conducting their own market research and visits, in relation to the same number of worthwhile initial discussions. At an average cost of EUR 600 to 800 per person including travel expenses, companies can even gain an impression of hitherto less familiar regions of Europe.

With more than 570 contact points in 45 countries, the Enterprise Europe Network is the biggest European advice network for small and medium-sized companies. One of the results of cooperation with partner organisations is an extensive range of multinational brokerage events focusing on various subjects; they are clearly listed at <http://www.enterprise-europe-network.ec.europa.eu/public/calendar/home.cfm>.

The business contact exchanges are always prepared and organised in much the same way, regardless of the provider.

First, the companies have to prepare a profile of the cooperation they are offering. The organiser asks them to complete a form giving basic data and a brief but concise presentation of the range of products or services offered and a description of the cooperation desired. The company's profile acts as its own visiting card, intended to draw the attention of visitors and registered participants to the company's own entry in the web catalogue. The care taken in preparing it pays off, particularly if many great profiles are published and readers spend little time assessing individual presentations.

The web catalogue offers a constantly updated overview of registered companies. It is generally possible for companies to register directly on the

web and indicate to which other participants they wish to talk. Indeed, the Internet is highly beneficial for all parties, as it allows 24-hour access to the latest information and enables direct interaction between the parties.

It is interesting to take a look at the dynamics of the registration process. While the organiser specifies the economic sectors targeted by the event, the exact composition of the participant group only emerges during the preparations. For that reason, the presence of each individual company in the web catalogue plays an important role in promoting the brokerage event. Apart from effect of promoting individual companies it enhances the attractiveness of the event and helps undecided parties to reach a decision.

With the aid of specially developed software tools, all the requests for talks received by the set date are analysed and converted to individual appointment plans for each individual company.

This means that, before the event, all participants have the opportunity to prepare for their partners and appointments. These plans often need last-minute updating to take account of developments in the final few days before the start of the event – new registrations, late cancellations, or additional requests for talks.

Here are a few figures by way of example:

Every year, at the **B2Fair Hannovermesse** brokerage event organised by Enterprise Europe Network, some 250 companies from 36 countries (the figures for 2009) get together. Bilateral **business trips** such as those organised by the TZW to Bulgaria, Croatia or Russia (2007-2010) each give about 20 German and 50 foreign companies the opportunity to explore mutual interests. The rounds of talks are organised in similar ways in both cases, so that participants know the format.

At this point, to illustrate the typical pattern of a brokerage event, I would like to recount the impressions of the Rostock journalist, Frank Schlößer. In December 2007 he attended an event organised jointly by the TZW und Berlin Partner GmbH at the Berlin 'Umweltforum' [Environment Forum] concerning the EU PAVE project for the waste/recycling sector:



At 9.30 a.m. the first round of speed dating is already in full swing. Only a few of the 35 numbered tables in the church hall converted to a conference centre are unoccupied. People are explaining their information brochures to one another, exchanging visiting cards, scrolling through PowerPoint presentations on their laptops. At most of the tables, people are speaking English, though seldom fluently. 'We know that the language problem is the main reason why many German companies in the sector are not taking part,' says Elena Arndt of the Org-Team. 'In contrast, operators from eastern Europe consider that the problem can be resolved by agreeing to use English as the working language for PAVE projects. And they certainly don't speak better English than most Germans.'

But language is also a problem for Tony O'Riordan, representative of a Scottish manufacturer of polyethylene containers. He has to use simple language if he wants to be understood by his counterpart from Lithuania. But he does so gladly: 'Where else at the moment can you make contact with the new East European market at trade fairs? Most companies over there can hardly afford the fees for a stand at a fair.' He believes he will meet many more potential customers at this two-day brokerage event than at a trade fair - even one lasting a whole week. Magnus Magnusson takes a similar view. His company 'ekopalkragen' is marketing a patent which enables easy, ecological transportation of lightweight parcels on standard pallets. 'Companies build grandiose stands. People come along, pretend to be interested, ask for a biro and disappear again,' is how the likeable Swede describes his experience of trade fairs. 'In contrast, speed dating is unbelievably effective. Here you have to: 'Talk or Walk'...



The two delegates from a large paper mill in Klaipeda, Lithuania, also seem pleasantly surprised. 'We have made quite a few contacts which we ought to follow up. In recent years we have set ourselves up to process waste paper. Western Europe has ample quantities of that and we could buy it because we still have some capacity. We shall have plenty to do once we are home again'. The fees for participating in the PAVE brokerage event – EUR 100 to 200 per person plus travel expenses – have been worthwhile in any case.

The decision on which contacts to maintain and cultivate is taken jointly with the management. Sometimes the decision is motivated by strategic rather than technical considerations: Where does the company want to expand? Could we open up new areas of business?

Unscheduled talks with unanticipated partners often lead to unexpected ideas about such questions. Such was the case of Carmen Braun from the Rostock branch of a firm of engineers from Schleswig-Holstein which specialises in recycling plants. She happened to come across representatives of a Swedish municipality.



'I would never have thought of it,' says the young woman. 'But these people are looking for new ecological solutions for urban waste management. We have experience in that field.' Then she greets Jyotirmoy Roy from an Indian firm involved in the recycling of oil pumps. After a quarter of an hour it is

clear that the fields in which the two companies are active do not overlap at all.

Participants' thoughts

The voices that the journalist Frank Schlößer heard in Berlin make one thing clear – people have varying expectations of these events. First of all, many participants are naturally interested in finding customers or marketing partners for their products or services. That is what happens at fairs. How often have I heard the complaint 'They are all only there to sell.' However, those who are flexible enough to be receptive to the ideas of their discussion partners and think outside the box sometimes find totally new approaches to projects.

For example, the representatives of a major North German confectionary chain were pleasantly surprised during a two-day brokerage event for the food industry at Warnemünde in 2004. They had come along with the aim of finding customers for their product range and they encountered a small Polish company with five employees, using a patented process to make vitamin-rich baking additives based on oats and plant proteins. The outcome was the idea for a new type of baked goods for health food stores, and joint development of a marketing strategy in both home countries.

In another case, a German specialist engineering company used a brokerage event for the environment sector in Vilnius/Lithuania in 2006 to find marketing partners for a cleaning robot which the firm had developed for fodder silos. The mobility of this technical solution meant that even very small companies could offer a silo cleaning service. A conversation with a Swedish manufacturer of similarly mobile underwater robots for cleaning drinking water reservoirs gave rise to the idea of offering the two products on a complementary basis on one another's home markets.

On a business trip to Varna/Bulgaria in 2007 a Mecklenburg manufacturer of quick assembly systems met a Bulgarian supplier for the shipbuilding industry who is now successfully marketing the products in Bulgaria as the exclusive dealer.

Another German representative from the shipbuilding industry supply sector will provide one last example. Only six months after going on a business trip to Split/Croatia in the summer of 2008, the firm specialising in ship insulation and ship interior fitting signed a contract with a Croatian shipyard for fitting special insulation in a fruit shipper's warehouses. The contract is currently in progress and follow-up contracts are expected.

The road to success

Participation offers company representatives the exciting opportunity to gain access to an entire pool of highly motivated business partners from various European regions at low cost to the company and to have intensive discussions with them over the one to two days of the event. The advantage of centrally organised networking events is obvious and all those involved in business marketing appreciate this convenience straightaway, as soon as they have taken part for the first time. The number of returning companies is growing steadily – in the case of TZW business trips, it is now over one third.

It is mainly the decision makers – proprietors, business managers, marketing directors, heads of development departments – who invest their time in travelling all around Europe. They are all similarly interested in taking home results that they can follow up.

However, it is still a matter of luck if a contract can be concluded at the first contact. That is in the nature of things. Instead, participants tend to see their talks as the start of a relationship which can be built up in the medium term.

However professionally the brokerage events are organised, success is down to the individual participants, and depends on their persistence in following up the meetings. There are a thousand and one reasons why the other party does not answer emails or telephone calls. Often these are the same reasons for not responding oneself to the other party's attempts to make contact: other priorities at the moment, insufficient capacity, a change of location, foreign language difficulties or simply being disorganised.

A few months after taking part in his third brokerage event, a Western Pomeranian supplier of mobile purification plants informed me with delight that his many meetings were now at last producing tangible results. When I asked what had changed, compared to the first two occasions, he laughed and said 'I refused to give up, I simply kept at it.'

As an organiser I can only urge you to give clear signals in your communications. Everyone will be sympathetic about delays or accept cancellations if they know **WHY**. Conversely, failure to communicate destroys the motivation for any kind of cooperation. It is easy to open the way to renewed contact by referring to an event attended by both parties. However, once confidence in reliability has been destroyed, the chance is gone for ever. And that is precisely the crucial point where many genuine chances are wasted.

It's good to have support when getting going

During the development of a business partnership across national borders, there is a constant succession of practical questions and problems for which professional support is available. And that certainly does not mean only questions concerning the legal framework.

Differences in national and business culture are at least of equal importance. No matter how well-informed the participants, people still sometimes put their foot in it. Attendance at international brokerage events therefore always does much to help raise awareness of socio-cultural issues in business life.

As a result of cooperation between the Enterprise Europe Network (<http://www.enterprise-europe-network.ec.europa.eu>) and other business promotion networks in particular regions and across national borders, assistance is available, particularly for small and medium-sized companies, thus enabling them, depending on their individual potential, to acknowledge the European market as their own.