



## **Summary of developments**

**January 2009 to 30 June 2010**

### ***Introduction***

FutureSME is a major cross-European project involving 26 partners from Ireland, UK, Italy, Turkey, Poland, Sweden, Czech Republic and Slovakia. Supported by a €6m grant from the EU Framework 7 programme, the project commenced in 2009 and will complete in 2012. It will deliver a set of practical tools and methodologies to assist European SMEs reach and maintain worldwide competitiveness. It will provide a strategic and operational framework to help companies involved in complex supply chains to optimise their business processes in terms of time, cost, quality and sustainability. Ultimately, it will deliver a model for successful small businesses in the future.

### ***Overview of the project objectives***

The primary objective of this project is to develop a new practical business and manufacturing model for SMEs in Europe, which will enable them to compete successfully at a national, European and global level.

FutureSME will research and develop a set of tools that will help SMEs to:

- Identify a business and manufacturing model that will allow them to develop and sustain their competitive advantage
- Develop suitable roadmaps and change plans to allow them to pursue their new business and manufacturing model
- Engage the necessary support from their local industry support agencies and educational institutions to facilitate their transformation
- Implement the new business/manufacturing models, tools and techniques.

### ***Main results achieved so far***

FutureSME has conducted a wide range of research into the needs of SME and management philosophies that impact the target sector. The needs of SMEs have been categorised under 6 priority areas:- Strategy, Products & innovation, People, Processes, Customers and the External environment. Figure 1 summaries the main findings under each priority area.

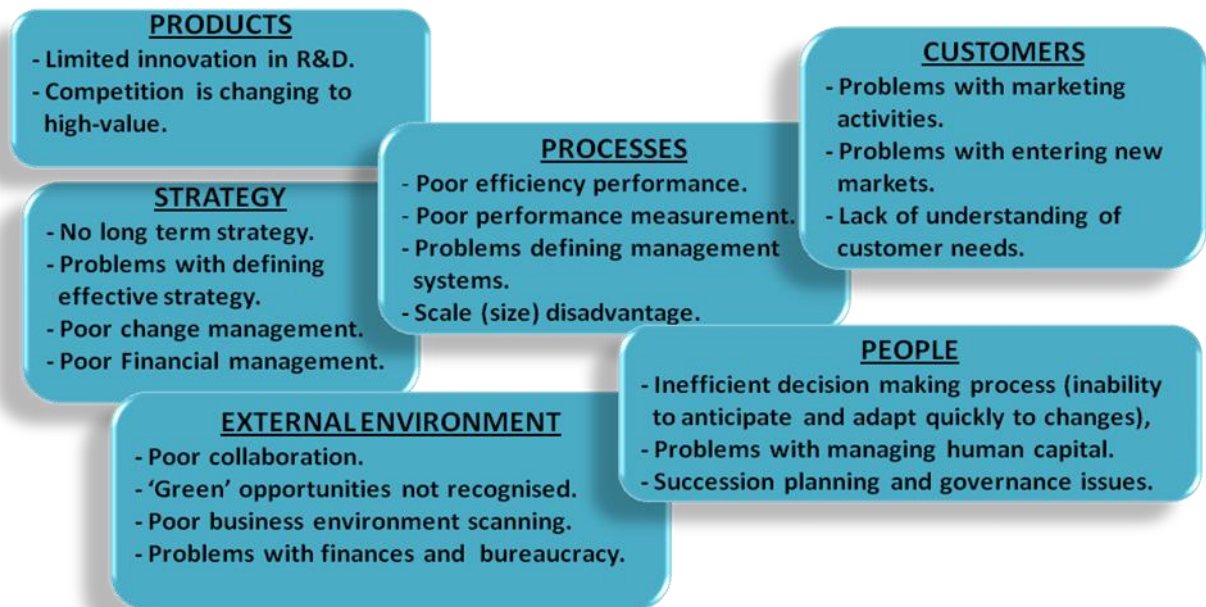


Figure 1 – Summary of the 6 user priority areas

The research formed the basis for developing a FutureSME Capability model (business model) and a project Architecture. The Capability model underpins the Architecture. The Capability model identifies 4 areas of capability an organisation requires (Strategic, Operational, Managerial & Adaptive). Adaptive capability is the ultimate capability (the others being pre-requisites) to ensure long-term sustainability.

Transforming an SME into an Adaptive enterprise is achieved through the FutureSME Architecture. The Architecture consists of four elements:-

1. A delivery mechanism which consists of a web portal or Gateway. The portal has a public front end for attracting users and an end-user environment to manage their transformation.
2. A Business Diagnostic which assesses the SME in the 4 capability areas and recommends an implementation plan.
3. A support environment where end-users can access a wide range of resources to facilitate implementation. Resources include learning materials, tools, methodologies, templates, etc.
4. A Capability Development program designed to embed the Capability Model in the organisation through a structured programme which can ultimately lead to accreditation.

Figure 2 illustrates the Architecture and the relationship of the capability areas

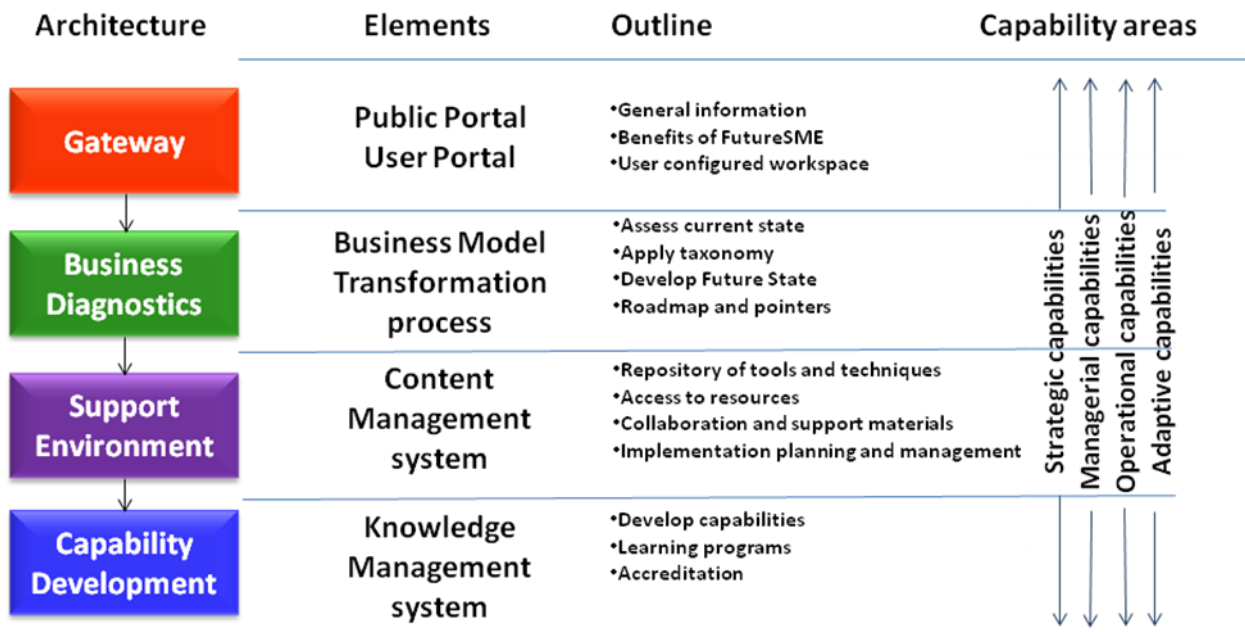


Figure 2 – FutureSME architecture

### ***Current implementation status***

The end-user portal (Gateway) is designed to be flexible and adapt to changes in end-user needs. This will be realised through the use of widgets. End-users select and display relevant widgets in their personalised dashboard. Widgets represent different functionality, initial sets of widgets to be developed include one for the Business Diagnostic, the Applications store, a Collaboration space, a remote consulting resource. As user needs and technology change, widgets may be added or removed.

The Business Diagnostic has been implemented in an initial format with some end-user partners. An online self assessment version is under development. The online version will be accessed through the Business Diagnostic widget. The Capability Model will continue to evolve in line with the diagnostic.

Within the support environment, a selection of initial content is being developed. This includes Lean materials, a life-cycle tool set, 6 Sigma for SME's, Strategy and Horizon scanning methodologies, Process simulation, Collaboration tool and Leadership training. A process for developing content has been developed and is being piloted to ensure consistency in content development. The Business Diagnostic points the end-user to content required. Content can be accessed through the Application store widget.

The Capability Development programme curriculum has been developed. The programme will be piloted in Scotland, delivered by Strathclyde University.

## ***Other implementation activities***

The results reported above largely involve work packages 1, 2 & 3. Research, Production Model Architecture and Pilot Development & Validation. Activities in other work packages are also underway. Within the 'Integration into the People Supply Chain' work package, A modified Architecture for schools has also been proposed based on surveys conducted in second level vocational schools in Europe and the U.S. This will will be piloted in September.

In the Valorisation work package, a number of dissemination activities have taken place throughout Europe and exploitation planning is also underway.

Full details of all results and deliverables are in the interim report.

## ***Fundamental principles behind FutureSME***

The reality is that future is highly uncertain and unpredictable. Those organisations who are able see and rapidly respond to emerging opportunities and threats with innovative solutions are the ones that will survive and prosper. So the fundamental principles that underpin FutureSME are ADAPTABILITY, INNOVATION and SPEED

In FutureSME this is called ADAPTIVE CAPABILITY, Organisations with high adaptive capability not only demonstrate high levels of Strategic Focus, Operational Excellence and Managerial Maturity, but also are able to take these capabilities and restructure them and transport them in to a new paradigm.

Another principles that underpin FutureSME are CONTINUOUS IMPROVEMENT, EMPOWERMENT and VISUAL MANAGEMENT.

- CONTINUOUS IMPROVEMENT has been applied as a main principle behind manufacturing productivity improvement programmes for many years, such as TQM, JIT, Lean and Six-Sigma. In Future SME we apply the fundamental principles behind continuous improvement to ADAPTIVE CAPABILITY. In other words... 1. you need to understand the factors in your business that constrains it from changing and adapting rapidly and innovatively... and 2. you need to continuously improve your adaptive capability by alleviating these constraints.
- EMPOWERMENT - SMEs, by definition, are short of resources, both financial and human. It is thus critical that all human resources are developed and empowered to deliver business objectives as well as maximising the adaptive capability of the organisation.
- VISUAL MANAGEMENT - In an empowered organisations, in order to make the right decisions, people at all levels need to understand what the organisations objectives and priorities are and how these are changing. To enable this in a dynamic and fast changing environment Visual Management becomes the fundamental.

What Makes FutureSME unique is that, we have taken the well proven management practices associated with Lean Management and applied it to Strategic and Change Management creating the ADAPTIVE ENTERPRISE paradigm.

### ***Expected final results***

The expected final results for the project will be a methodology for organisations to develop their Adaptive capability. The tools, techniques and delivery platform developed in FutureSME will provide the vehicle to achieve this.

### ***Potential impact and use***

The number of European manufacturing businesses (classified as NACE D3) is around 2.5 million, of which 99% are SMEs. The potential impact of FutureSME methodology is extensive, however, in order for SMEs to embrace FutureSME there has to be a driver or a perceived need within their organisation and the methodology also needs to have a proven track record to meet these needs. The challenge for FutureSME as it develops its methodology is to address these two items.