

# THE NEXT SOCIETY

INNOVATORS  
SHAPING THE FUTURE  
IN THE MEDITERRANEAN



Project  
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# A Small Business Assessment Tool by OPEE

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# Outline

1. OPEE in a nutshell
2. SBAT: principles and rationale of OPEE's Small business assessment tool
3. Key figures for innovation in Jordanian companies

# Objectives and missions of OPEE

How do we work?

- ① An observatory focused on companies and policy makers perspective
  - i. SMEs survival and growth
  - ii. local development
  - iii. Inclusive growth
- ② An innovative approach
  - i. Development of a set of tools dedicated to small firms
  - ii. Close collaboration between academic and economic world
  - iii. Economic models and empirical tests to test in vitro the robustness of our proposals



# An original positioning

A clearly delimited field of expertise

2 objectives:

- i. To put at the service of SMEs of developing countries the most up-to-date techniques to strengthen their growth
- ii. To provide this service free of charge to SMEs during the development phase

A approach backed on data mining

- i. A large dataset coming from different sources to be more reliable
- ii. A set of statistical techniques borrowing to AI the more efficient classification techniques

# One tool, three users

SBAT can be used to assess, pilot, and signal a company

Complementary uses by:

① The enterprise to:

- +Self analyze and adapt its strategy
- +Compare its performance and organization with those of competitors
- +Improve the bargaining power when dealing with financial resources providers

② The stakeholders to:

- +Estimate *ex-ante* the impact of supports and subsidies provided to a company
- +Understand better the characteristics of an entrepreneurial ecosystem

③ The financing system:

- +Complete their usual rating models

# A two-level analysis

## General framework

### **Level 1 : definition of the business model to which any firm belong**

+ Most evaluation techniques rest upon the size (number of employees, sales, total assets) and/or the industry in which a firm operates to make a judgement on its robustness

+SBAT considers a mix of productive and market characteristics to determine the most accurate bench to which a given firm should be compared

### **Level 2 : positioning of any firm in relation to a reference group considering several topics:**

- + Financing,
- + Innovation,
- + Internationalization,
- + Human resources (in progress),
- + Leadership (in progress),
- + Risk (in progress),
- + CSR (in progress)

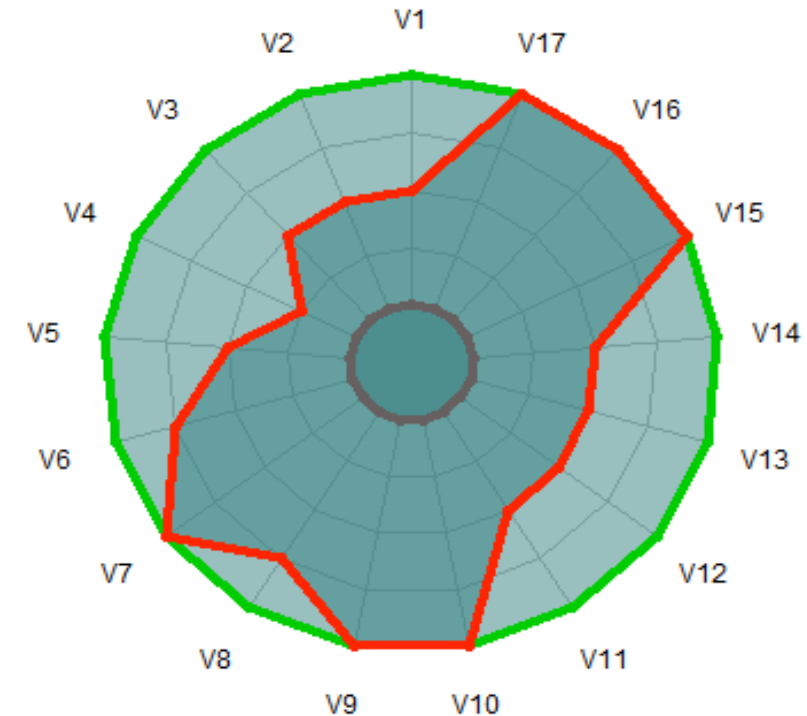


# Deliverables

Positioning of a firm in the relevant business model

## ➤ Report for the 1<sup>st</sup> level:

- Presentation of the characteristics of the business model to which the firm belongs
- Characterization of any respondent firm compared to the other firms belonging to the same business model
- Identification of the strengths and weaknesses of the respondent firm
- Comments and advises dedicated to the entrepreneur





# SBAI

Small Business Assessment Tool

## Key figures for Jordanian companies

# Innovation : Market target

Question 5 - the main new or significantly improved product is destined to...

	Jordan	Lebanon	Egypt	Morocco	Tunisia	West Bank & Gaza
Local market	58%	78,01%	<u>81,79%</u>	70,49%	75,19%	61,40%
International market	<u>37%</u>	26,17%	17,57%	22,95%	30,23%	14,03%

Source : Observatory on Practices of Entrepreneurs and Enterprises (OPEE)

# Innovation : Quality

Question 8 - the main quality certification (ISO 9000, 9002 or 14000)

	Jordan	Lebanon	Egypt	Morocco	Tunisia	West Bank & Gaza
Yes	42,10%	32,98%	32,21%	<u>47,54%</u>	38,75%	24,56%
No	50%	61,25%	65,69%	<u>36,06%</u>	55,03%	70,17%
In Process	7,90%	5,75%	2,09%	16,39%	6,20%	5,26%

Source : Observatory on Practices of Entrepreneurs and Enterprises (OPEE)

# Innovation : New products

Question 11 - the way in which the main new or significantly improved product was introduced or developed

	Jordan	Lebanon	Egypt	Morocco	Tunisia	West Bank & Gaza
Introduced the establishment's own version of a product or service already supplied (by another firm)	0,87%	1,57%	3,76%	1,63%	<u>8,52%</u>	3,50%
Developed or adapted by this establishment, from its own original ideas	35,96%	45,54%	64,85%	<u>67,21%</u>	37,98%	49,12%
Licensed products or services from another firm	3,5%	4,18%	6,48%	<u>9,83%</u>	2,32%	8,77%
Developed in cooperation with domestic suppliers	<u>15,7%</u>	0%	6,27%	0%	0%	0%
Developed in cooperation with suppliers from abroad	20,17%	21,46%	6,06%	8,19%	<u>30,23%</u>	26,31%
Developed in cooperation with domestic client firms	23,6%	<u>27,22%</u>	10,46%	13,11%	20,93%	12,28%
Developed in cooperation with client firms from abroad	0%	0%	<u>1,67%</u>	0%	0%	0%
Developed in cooperation with external academic or research institutions	0%	0%	0,41%	0%	0%	0%

Source : Observatory on Practices of Entrepreneurs and Enterprises (OPEE)

# Innovation : Improvements

Question 15 - the establishment introduced new or significantly improved...

	Jordan	Lebanon	Egypt	Morocco	Tunisia	West Bank & Gaza
Production methods	58,77%	42,40%	39,12%	<u>63,93%</u>	42,63%	49,12%
Logistics, delivery or distribution methods for this establishment's inputs and/or products	<u>45,61%</u>	28,27%	16,73%	40,98%	37,20%	31,57%
Ancillary support services, such as purchasing, accounting, computing and maintenance	28,9%	32,46%	15,06%	<u>63,93%</u>	32,55%	35,08%

Source : Observatory on Practices of Entrepreneurs and Enterprises (OPEE)

# Innovation : Research & Development

Question 19 – does the establishment make R&D expenses?

	Jordan	Lebanon	Egypt	Morocco	Tunisia	West Bank & Gaza
Yes	24,56%	18,84%	12,34%	<u>44,26%</u>	36,43%	28,07%

Source : Observatory on Practices of Entrepreneurs and Enterprises (OPEE)

# Innovation : Patent & trademark

Question 20 – Did the establishment applied for a patent or a trademark

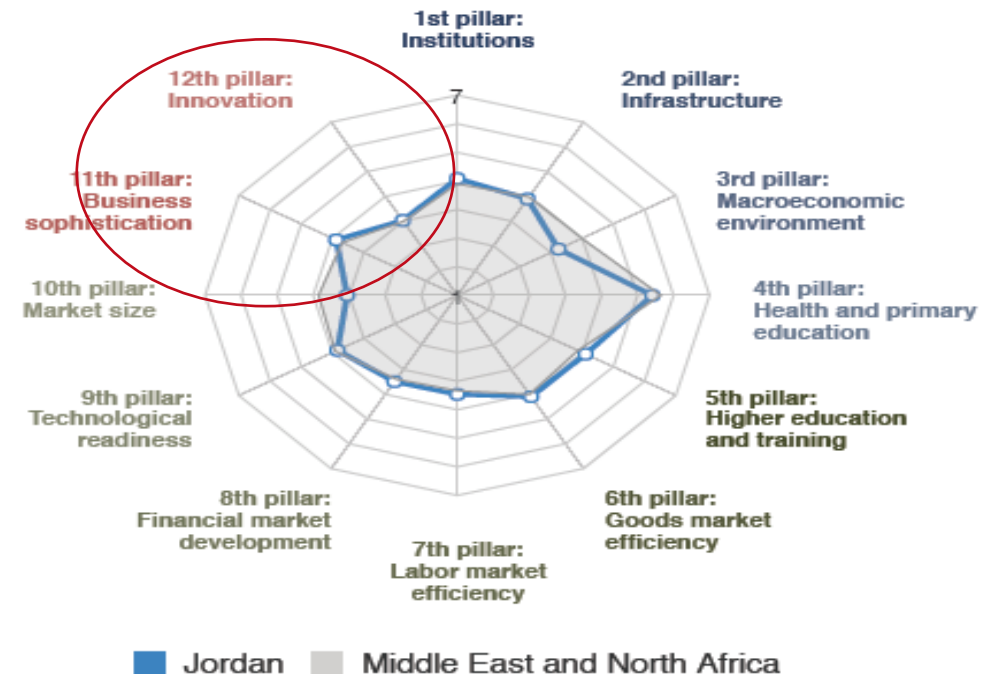
	Jordan	Lebanon	Egypt	Morocco	Tunisia	West Bank & Gaza
Yes, for a patent only	<u>7,01%</u>	2,61%	0,41%	4,91%	6,20%	3,50%
Yes, for a trademark only	2,63%	<u>14,65%</u>	5,02%	6,59%	10,85%	12,28%
Yes, for both a patent and a trademark	1,75%	1,57%	0,62%	3,27%	<u>3,87%</u>	1,75%
Total	11,39%	18,83%	6,05%	14,77%	<u>20,92%</u>	17,53%

Source : Observatory on Practices of Entrepreneurs and Enterprises (OPEE)

# To conclude : OPEE results positioning

SBAT is consistent with the Global competitiveness Index

- A noticeable association between innovation and internationalization...
- ... confirmed by the strong involvement in logistics, delivery or distribution methods, ...
- ... and a narrow cooperation with domestic suppliers
- On average, OPEE-SBAT confirm the median position of Jordanian companies



Source : The Global Competitiveness Index 2017



Thank you for your attention

For more information, please visit our website

<https://opee-sbat.org/en/>

**Observatory on practices of Entrepreneurs & Enterprises**

# A two-level analysis

Level 1 : identification of the business model of the company

4 business models resulting from an economic analysis to make sense of the vast diversity currently observable throughout the world's industrial regions :

## ✓ Price competitiveness business model

Companies offer standard and generic products, employ a uniform workforce and aim at maximizing factors productivity. Underlying industrial standardization and market predictability make it possible to make production plans and to adapt productive equipment to expected economic risk.

## ✓ Innovative business model

New services and new families of products are conceived and created to answers new or expected needs or to finds new properties and uses to existing products. The companies create a general knowledge that can be adapted to various uses or able to introduce change in already existing production processes. Their main problem is to balance the taste for novelty and its acceptance.

# A two-level analysis

Level 1 : identification of the business model of the company (Cntd)

## ✓ Economies of scope business model

These companies adapt products provided by firms belonging to the price competitiveness business model to meet a particular demand: they sell standard products to specific customers. Activities are designed by the demands of the buyer. The few producers who can meet this demand compete each others on the basis of price and speed of delivery. Great flexibility is needed to respond to customers' changing requirements.

## ✓ Customer relationship business model

New These firms offer dedicated products made through a specialized process. Their output rests on specialized skills and know-how of individuals organized to stick to the preferences of specific customers. Personal relationships matter and are a core asset for the companies. Firms provide personalized products or services and need to make accurate expectations and to be very flexible to keep their position on the market. Investments in intangible assets and in human capital are crucial.