

# Replication of the Foreign Market Entry System Model in the countries from the Balkan Region

## Replication of the Office Business Center (OBC) Pilot Model

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- For the needs of USAID RCI, an assessment was conducted by CEED Macedonia in order to systemize the lessons learned and knowledge gained through the implementation of the Kosovo Integrated Market Entry System (KIMES) project and use it as a starting point for the other countries in the region, such as Albania, Macedonia, Bosnia&Herzegovina and Serbia and explore the possibility to develop a network of business support centers throughout the region.
  
- The assessment was conducted by interviews and discussions with the:
  - key stakeholders in the implementation of the KIMES project
  - KIMES participants – representatives from the Macedonian companies
  - desk reviews
  - field analysis of the current business climate in Albania

The **Foreign Market Entry System Model** represent cost and time effective alternative for companies to explore new markets for their respective products and/or services.

# Kosovo Integrated Market Entry System (KIMES) Pilot Project



- ◎ The pilot project implemented by the Center for Entrepreneurship and Executive Development – CEED Macedonia in the period April 2009 – March 2010 and co-financed by the USAID Macedonia Competitiveness Project and companies.
- ◎ The main objective of the KIMES pilot project was to boost up the growth of the Macedonian companies by supporting their regional expansion and exporting activities in Kosovo, thus becoming a role model for future export support for other countries.
- ◎ During a difficult year in financial crisis **CEED Macedonia has managed to create and maintain a sustainable export supporting model** that with certain modifications can be easily replicated in the region, adjusted to the specific circumstances of the country.

The KIMES pilot project had three components.

**Component 1** - Office Business Center Kosovo (OBCK)

**Component 2** - Training and in-company consulting services

**Component 3** - Creation of pipeline of Macedonian companies

Business Centre Dodona



Reception



“Ocean” office space



Conference room



Conference room



Office

Working spaces / rooms



Working station



# Offered Services



- **Premium Package** (use of own furnished and equipped office, unlimited use of meeting facilities, administrative services, consultancy services, presence in OBCK promotional materials and web)
- **Standard Package** (use of one workstation within joint office, unlimited use of meeting facilities, administrative services, consultancy services, presence in OBCK promotional materials and web)
- **Package Operational Support** (partial use of meeting facilities, administrative services, consultancy services, presence in OBCK promotional materials and web)
- **Package Finding a partner in Kosovo** (identification of 3-5 potential local partners, small market analysis, scheduling meetings and use of OBCK meeting facilities)
- **Other services upon request**

# OBCK Clients



[www.soloprom.com.mk](http://www.soloprom.com.mk)



[www.biotek.com.mk](http://www.biotek.com.mk)



[www.zhurnal.mk](http://www.zhurnal.mk)



[www.event.com.mk](http://www.event.com.mk)



[www.datalab.com.mk](http://www.datalab.com.mk)



[www.vrabotuvanje.com](http://www.vrabotuvanje.com)



[www.mikprom.com.mk](http://www.mikprom.com.mk)



[www.zlatnakniga.com.mk](http://www.zlatnakniga.com.mk)



[www.nestsense.com](http://www.nestsense.com)



[www.snt.com.mk](http://www.snt.com.mk)



[www.menslegis.com.mk](http://www.menslegis.com.mk)

# Project Activities



- ⦿ Establishment of local Kosovo legal entity Office Business Center Kosovo
- ⦿ Search, renovation and furnishing of suitable premises
- ⦿ Recruitment and hiring local staff
- ⦿ A Handbook on “How to start and grow a business in Kosovo”
- ⦿ Workshop -“How to start and grow a business in Kosovo”
- ⦿ In-company consultancy
- ⦿ Systemizing of information, templates and documents
- ⦿ Continuous promotional activities
- ⦿ Trilingual (Macedonian, Albanian, English) brochure
- ⦿ Continuous capacity building of the employees
- ⦿ Further development and diversification of the services, documents and templates

# Main business results and prospect of the companies within KIMES (1)



- **The support offered by the OBCK was the determining factor for even 70% of the participants in the KIMES project to start operations in Kosovo in 2009**
- Concluded business deals and won tendering procedures resulted in reported increase of their exporting activities in value of approximately \$ 193,500 (for 8 active months of usage of OBCK).
- Companies' projections for the next year are to have exporting activities in value of at least \$ 400,000 in Kosovo.



# Main business results of the companies within KIMES (2)



- Winning of **Government tender** for E-Parliament in Kosovo.
- HR services for Raiffeisen Bank Kosovo and first HR services in Kosovo **increasing their export for 250% in 2009.**
- International IT company used Macedonia as a **hub for market entry.**
- Legal company created a **strategic partnership** and established local presence in Kosovo with ambitions to implement several large tenders.
- Another regional IT company used Macedonia as hub to enter to Kosovo market and **increased their sales in Kosovo for 350%.**
- **Media portal** opened their arm in Kosovo and started attracting marketing income from the portal.

# Lessons learned from the operation of OBC Kosovo Pilot



- OBC Pilot Model turned out to be a **successful model for PPP**
- Shown **interest** by companies **to use OBCs in other countries**
- OBC services are **more suitable for micro and SMEs**
- The **first 6-12** months are considered as a “**preparatory phase**”
- OBC employees should be **more engaged in pre-sales activities**
- OBC offices should be **modern and in the center of the city**
- Increased utilization of the **unique opportunity** for exchange of experiences, information , and regular meetings among OBC clients
- Most used packages - **Standard Package and Find a partner.**
- Need for **market researches** and analysis for certain industries
- Provided **information documents**, operational and implementation templates by OBC staff were very useful
- Knowledge on the **legislative frame** and engaging a local legal expert
- Support in recruitment and **pre-selection of employees** for the companies

**OBCs offer unique temporary solution for these needs of the companies**



# The assessment shows that:



- **Several stakeholders should be included** in establishment of such centers throughout the region.
- **Governments from all countries should be supportive** and willing to expand their economic cooperation through this model.
- This kind of cooperation will lead to **further regional development** especially when 5 countries from the Balkan region are included: Macedonia, Albania, Kosovo, Serbia and Bosnia and Herzegovina.
- **Donors' support** as well is of great importance in order to initiate the establishment for the first and second year, at which stage OBC model can reach the break even point.

- OBCK is a model that is suitable for companies not only from Macedonia but for companies from other countries as well, having on mind similar economic environments and economic ties between the countries from the region.
- Even more, these markets are so close that such centers might serve to companies from the region rather than to companies only from one country (**Macedonia, Kosovo, Albania, Serbia, and Bosnia and Herzegovina**). That will encompass regional knowledge, will strengthen regional networks and support regional development.

# Regional Network of OBCs

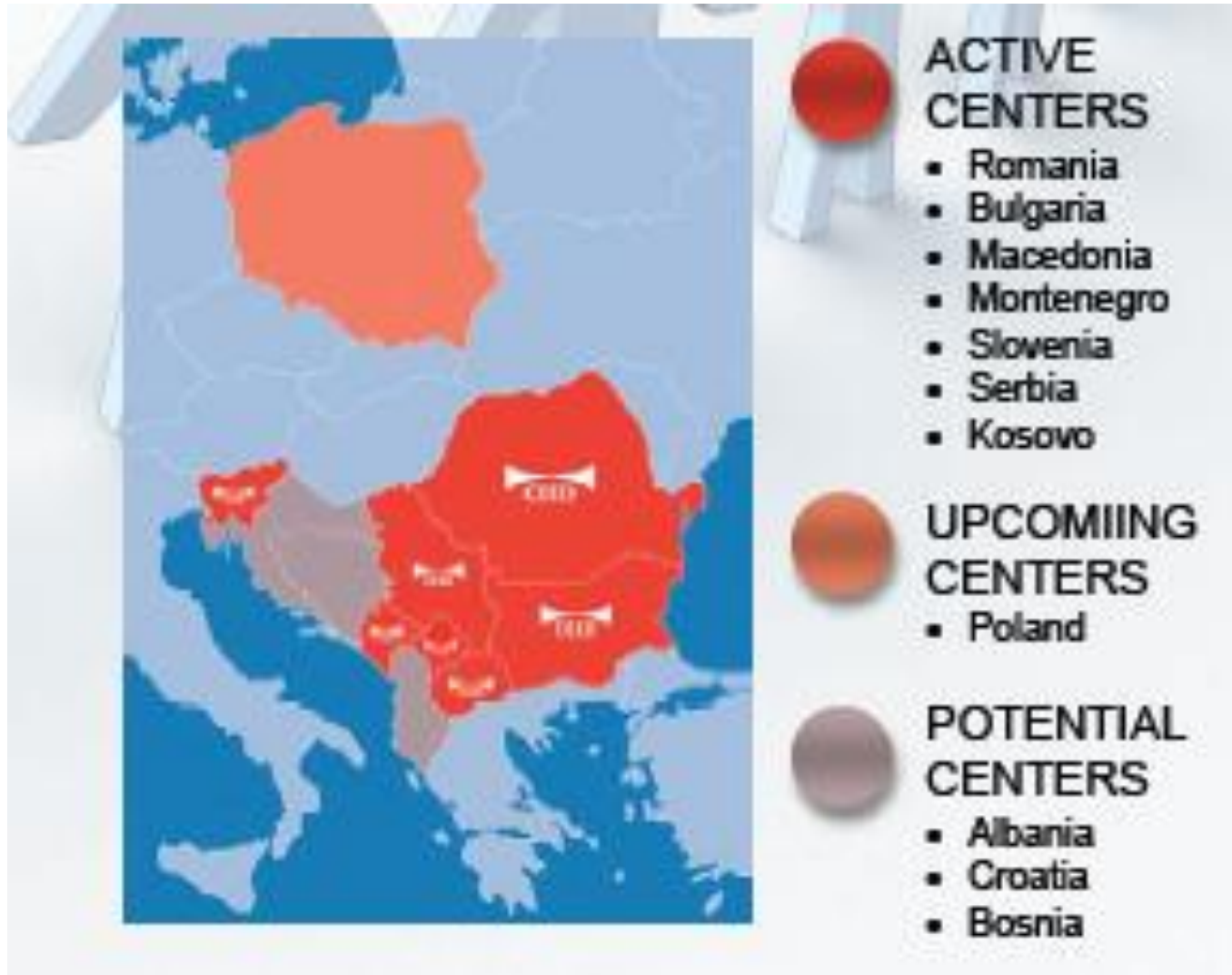


- The network of OBCs in **Kosovo, Albania and Macedonia** will be a trilateral system of centers providing services for the companies of these countries which will support their economic cooperation and trade and inflow of FDI. This small support system will help the region to develop further while the economic ties are strengthened and mutual cooperation developed.
- The expansion of the system to **Serbia and Bosnia and Herzegovina** will make strong regional network of five OBCs from which companies can take advantage of, so further development strategy should go into direction of setting up OBCs in Serbia and B&H also.
- The network of five OBCs throughout a region will certainly be a base for improved economic cooperation and trade relations between countries which will lead to further **regional development.**

# Regional network of OBCs



# Regional network of OBCs



# Future Steps:



- Trilateral system of centers providing services for the companies from Kosovo, Macedonia and Albania will increase regional economic cooperation and trade among these 3 countries. This system should encompass Bosnia and Herzegovina and Serbia later on.

# Replicating the OBCCK pilot model in Albania with following adaptations: (1)



- OBC Albania (OBC-A) should start with smaller space
- OBCA should have focused approach in terms of industries supported and represented
- OBCA employees should be trained and more engaged in pre-sales activities
- OBCA should conduct market researches and analysis for particular industries in Albania that will benefit all clients coming from these industries
- OBCA should outsource specialized professionals in different areas and local consultants for providing market analysis for the specific sectors

# Replicating the OBCK pilot model in Albania with following adaptations: (2)



- Develop a Handbook on “How to do business in Albania”
- Develop data bases of companies from different industries
- OBCA should provide networking through membership in various trade unions, chambers and associations
- OBCA should develop services based on the client’s needs
- OBCA should investigate the impact of the larger Italian and Greek business presence in Albania as well as the brand awareness among Albanian citizens
- Invest in constant promotion on the Albanian market

# Opportunities for Doing business in Albania



Albanian government has taken steps to accelerate businesses in Albania:

- It has triggered Governmental, institutional and donor community activities
- Brought Strategy for the Development of Business and Investments
  
- Adopted the European Charter of SMEs:
  - Cost and time reduction on business registration.
  - The reduction of steps in entering a business.
  
- 1. National Program of Trainings for boosting Competitiveness of SME-s in EU market
- 2. The improvement of online access
- 3. Improvement of business financing schemes
- 4. Business incubators
  - Starting of Italian program on support of SMEs
  - The operation of leasing services
  
- Have worked to increase SMEs competitiveness through Competitiveness and Innovation Program for SMEs
- Have established Export Credit Guarantee Fund (ECGF)



# Possibilities for replication of the OBCK model in countries from the Balkan region



## Macedonia

CEED Macedonia could establish and manage OBC in Macedonia to serve Kosovo and Albania companies and later companies from Bosnia and Herzegovina and Serbia

- CEED Macedonia will take advantage of its premises and personnel to establish an OBC for foreign companies. Companies will make use of the know-how (pre-sales, market research, management, etc.) by the CEED Macedonia staff .
- OBC Macedonia in the first phase will offer services which require **logistical, administrative, operational and consultancy support as well as virtual office** for foreign companies.
- Several types of events might occur in the Macedonian OBC having in mind the developed network of CEED's clients like **B2B, matchmaking, partnership establishment** etc.

## Bosnia and Herzegovina

- Bosnia and Herzegovina market is very similar to the ones in other countries in the region having in mind the common past and similar economic activities. The replication of the OBC model would be possible with the similar resources that it will shorten the time for its establishment.
- An analysis of the specifics of the market is required prior starting the procedure of establishment that will provide information of the legal system, economic regulations, incentives for foreign investments and other useful data. Having in mind the European perspective of the country and the strategic geographical position, the economic relations with the countries from the region are inevitable and will influence the regional development.

## Serbia

- It is the biggest country from the region and is neighboring Kosovo, B&H and Macedonian market, and the Albanian one is very close. Macedonian companies are already dealing on this market and the trade exchange is big share of the total exchange of the country.
- As for the micro and small companies it is necessary to perform on this market in organized way to cut the costs having in mind the bigger competition. Besides good relations with B&H, the economic relations with Kosovo and Albania suffer from political influences and the OBC that will encompass companies from the region will positively affect such relations. Serbia is a market that is different in size but also very similar in terms of common past with other countries, as well as similar in terms of EU aspirations that brought the country to accelerated harmonization of their laws with the EU legislation.

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