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ENTERPRISE DEVELOPMENT AND MARKET COMPETITIVENESS (EDMC)

MANAGEMENT SYSTEMS AND SKILLS ASSESSMENT

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Table of Contents

List of Acronyms

BDS	Business Development Service(s)
CAD	Computer Aided Design
CAE	Computer Aided Engineering
CIS	Commonwealth of Independent States
CPD	Continuing Professional Development
CRM	Customer Relationship Management
DRC	Domestic Resource Cost
EDA	Electronic Design Automation
EDMC	Enterprise Development and Market Competitiveness
EU	European Union
F&B	Food and Beverage
FAO	Food and Agriculture Organisation of the United Nations
GMP	Good Manufacturing Practice
HACCP	Hazard and Critical Control Point
ICT	Information and Communications Technology
ID	Integrated Device
ILO	International Labour Office
IP	Intellectual Property
ISIC	International Standard Industrial Classification
ISO	International Organisation for Standardisation
IT	Information Technology
KPI	Key Performance Indicator
PNA	Product Network Analysis
QMS	Quality Management System
R&D	Research and Development
R&D	Research and Development
SME	Small and Medium Enterprises
SWOT	Strengths / Weaknesses / Opportunities / Threats
USA	United States of America
USAID	United States Agency for International Development
VAR	Vendor Approved Reseller
VC	Value Chain
WHO	World Health Organisation

Definitions of Technical Terms

Buyer-driven network	Where large retailers and brands owners (e.g., Carrefour in food, Levi in garments) play the lead role sourcing from decentralized networks of independent suppliers, designing and defining product and process specifications and standards often retaining the intellectual property (IP). It tends to be characteristic of labour-intensive, consumer goods industries such as apparel, footwear, agro-industry and consumer electronics.
Domestic resource cost	Domestic resource cost (DRC) is the ratio of the economic cost of domestic resources, such as land, labor, and capital, to the economic value added that is created. When measured in terms of a common currency that reflects the true economic value of foreign exchange, the DRC ratio is an indicator of the comparative advantage that a country has in producing a given product either for export or as a substitute for similar imports.
DRC analysis	DRC analysis not only calculates the DRC indicator of comparative advantage, which is closely related to the economic profitability of the entire value chain but also estimates financial profitability measured in terms of the costs and prices faced by producers, processors and traders at each step along the value chain (VC).
Lean	A lean organization identifies customer value as a key driver for business improvement and focuses key activities to continuously improve this. The target is to provide perfect value to the customer through a value creation with zero waste. To accomplish this, lean thinking changes the focus of management from optimizing separate technologies, assets, and vertical departments to optimizing the flow of products and services through entire value streams that flow horizontally across technologies, assets, and departments to customers.

Producer-driven network	A network mainly characterised by a lead firm, often a large multinational manufacturer, such as Toyota or the Samsung Group, which plays a central role in exercising relatively close control in coordinating a geographically distributed network of subsidiaries, affiliates and suppliers. This type of chain / network tends to be characteristic of capital and technology-intensive industries, such as automobiles, telecommunications, information and communications technology (ICT) and semiconductors.
Sector	A broad grouping of industries that corresponds to the two-digit level of the International Standard Industrial Classification (ISIC).
Sub-sector	A narrow grouping of industries that corresponds to the three-digit level of the ISIC. Most firms operate at the level of the sub-sector.
SWOT analysis	Strengths / Weaknesses / Opportunities / Threats (SWOT) analysis examines the various characteristics of a sector, sub-sector or value chain as a way of evaluating its potential for expansion.
Value chain	In the first instance, the value chain corresponds to a chain of activities that produce and deliver a specific product in a specific location to a specific market. In common parlance, “value chain” is also used to refer to a broader grouping of individual product to market chains.

1.0 INTRODUCTION AND OBJECTIVES

This report is the result of the work undertaken to assess management skills and systems as part of the Enterprise Development and Market Competitiveness (EDMC) project in Armenia. The EDMC program is a 5-year USAID funded project that is being implemented by a consortium of international and Armenian consulting companies under the leadership of the Pragma Corporation.

The objective of this assignment is to develop a clear understanding of the major deficiencies in strategic management capacity and relevant systems within selected companies in EDMC targeted value chains. The ultimate findings of this activity will serve to assist EDMC in the development of value chain-specific technical training strategies and activities and also inform on the potential improvements to be made to the types of BDS services delivered by the current Business Development Service (BDS) providers.

During the early fact finding stage in the EDMC value chain selection process, interviews were conducted with selected companies which appeared to reveal systemic constraints related to management capacity and systems. Unless effectively addressed, these core strategic and operational management limitations are likely to restrict efforts to enhance enterprise competitiveness. Examples of critical issues include: poor strategic and business planning practices; inadequate governance strategy / planning; inadequate human resource planning and management; inadequate financial management planning; inadequate quality control planning; poor marketing / outreach-related strategic planning; and fragmented internal communication strategy / practices.

The ability of Armenia to undertake sustainable development can be based on, to a large extent, the capacity of its people, its institutions and its technological and geographical setting. In particular, capacity-building encompasses human, scientific, technological, organizational and institutional resource competences. Specifically, this report covers the capacity development of management skills at a company level that will lead to increased competitiveness and employment opportunities and thereby potentially create a positive impact on the wider environment. It is important to point out that the fundamental goal of management capacity-building activities will be to enhance competitiveness at both firm and national level, and it is believed that there needs to be a commitment from all stakeholders involved to address critical issues related to policy choices, including their modes of

implementation, that ultimately impact on skills and management capacity building interventions such as those proposed by the EDMC in order to maximise success.

As such, the proposed options are designed to build endogenous capacity and will require an understanding by all stakeholders of the limits of the EDMC project capability and that continued management and competitive development needs to be under the ultimate ownership of stakeholders, including the relevant government departments.

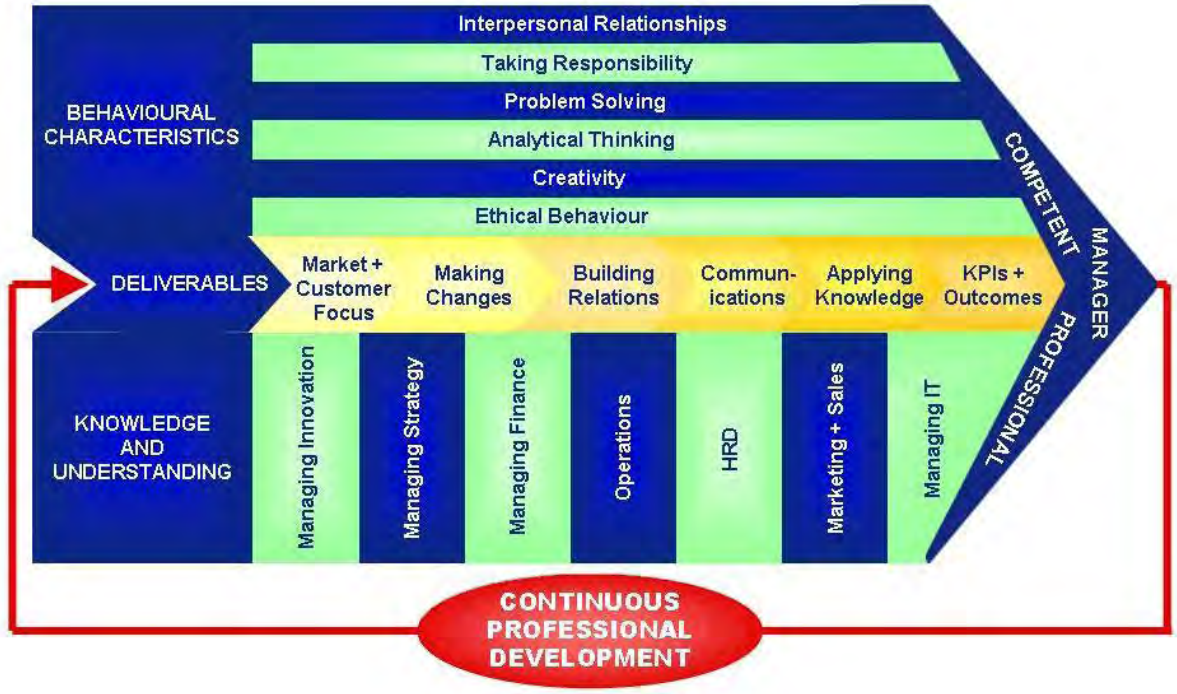
2.0 METHODOLOGY

Professional managers in today's fast paced and globally engaged business environment need appropriate skills and qualities to be able to operate successfully. Such knowledge and skills are built on each manager's abilities and the application of these skills becomes a matter of individual competence. Undoubtedly this will vary from person to person and according to age, experience, education and training. However all businesses, including those in the manufacturing and service industries, normally require capable qualified managers for them to be successful and ensure competitiveness.

All commercial enterprises should have aims and objectives that can be summed up as needing to be profitable and retaining or increasing market share. Also, it is likely they might aim at producing added value for both their clients and employees whilst developing a contented workforce.

To be a capable and an effective manager, it is essential to exhibit certain behaviour, have appropriate knowledge and skills and be able to deliver agreed outcomes that are relevant for the operation of the business. Collectively we refer to these factors as "Management Capabilities". The following framework model of a "Management Competency Value Chain" (Figure 1) demonstrates widely accepted key areas of management capability, and has formed the basis for development of the Management Assessment Questionnaire used as part of the assessment methodology for this element of the EDMC project. This model for a management framework demonstrates that management competency and performance are an integral part of an organisation's value chain. It provides a foundation for assessment and appraisal of the competency of company managers and their management teams, and recognises that management competency will vary from firm to firm and sector to sector.

Figure 1: Management Competency Value Chain Model



The Management Competency Value Chain Model (Figure 1) describes an overall framework for skills acquisition and development that encompasses two relevant areas: behaviour (not covered in the scope of this project) and knowledge. Coupled with this are appropriate mechanisms for continued professional development (CPD). The framework can also be used as a basis for the design of practical management education and training programmes, and for the identification of staff training and development needs to ensure that desired performance of the deliverables is achieved.

The evaluation and assessment of managers within the designed framework can be applied at any level of management. However, for the purposes of this project, the application of the evaluation has been directed to senior managers or company owners. The recommended development programmes proposed as a result of this survey presume that they can be induced to all managers in the company chain, depending on internal capability. To determine the gaps in the current position of management knowledge and systems, a questionnaire was developed to assess the competencies described on the lower part of the model relative to knowledge. This included key elements of knowledge required in:

- Process and Operations Management
- Innovation, Technology, and ICT
- Marketing and Sales

- Finance
- Strategic Management

Each of the above competency areas was surveyed using a series of questions designed to test and understand the company's management. The questions asked required answers based on a Likert style response, the scoring for which was based on 1 to 5, with 5 being the most positive. Scores of 50% (2.5 points) or less were considered as priority management development needs.

The initial selection of companies for participation in this survey was firstly taken from the pre-selected value chains as identified by the EDMC DRC analysis and individual companies as identified by the EDMC project management team. The sectors chosen from the pre-selected value chains were Pharmaceuticals, Food Processing, Tourism and High Tech. In total, 16 companies and organisations across these four sector value chains were chosen, interviewed and assessed. In addition to the tasked work programme, a short individual report was prepared for each participating company which highlighted key areas felt should be addressed in order to improve their individual competitiveness. It is important to note that the sample of companies provided by the EDMC project was intended to provide an overview of typical companies in each of the sectors and not meant to provide a sample that would carry any statistical significance.

3.0 ANALYSIS AND FINDINGS

The following sections report on the findings of the survey analysis. They are presented first by sector followed by an overview of all sectors and a series of recommendations.

3.1 High Tech Sector

3.1.1 Background

The sustained growth of Armenia's high tech sector is continuing to attract business into the country, with new companies forming to fill gaps in demand. Anecdotal evidence suggests that many of these businesses are new start-ups, either by new graduates or persons leaving existing companies to start their own companies in the hope of increasing their income.

The international market for the sector's high tech products has been expanding, and there is increasing demand for applications and programs. Of particular note is the demand for products using mobile platforms such as Android. Some new investors, mostly from overseas, are capitalising on opportunities offered by Armenia, but educational institutions appear to be slow to adapt their courses and programs to meet the current and future needs of the industry. Despite some attempts at increasing technical capacity, the sector is still deficient in many areas (e.g. technical training providers, certifiers, marketing specialists) and better coordination between firms, associations and government agencies is required for the sector cluster to move to the next competitive level.

The high tech sector as described by the DRC analysis encompasses the following components within the high tech value chain. These are described as follows:

- Mobile and wireless applications - software development for smart phones, tablet and wireless devices, including next generation technologies, bio-informatics, cloud computing, global information systems, large scale knowledge bases, etc.
- Computer graphics and visualization - 3D modelling / design, multimedia and computer games
- Embedded systems and Electronic Design Automation (EDA) - design of printed and integrated circuits, EDA, embedded software for electronics and parallel computing

- Web and internet applications - web design and development, including telematics services such as e-commerce, distance education, telemedicine, etc.
- Engineering design and services - computer aided design (CAD) and computer aided engineering (CAE), mechatronics, testing, measurement and research and development (R&D), with the possibility to eventually grow out into engineering products.

Figure 2: Generic High Tech Value Chain

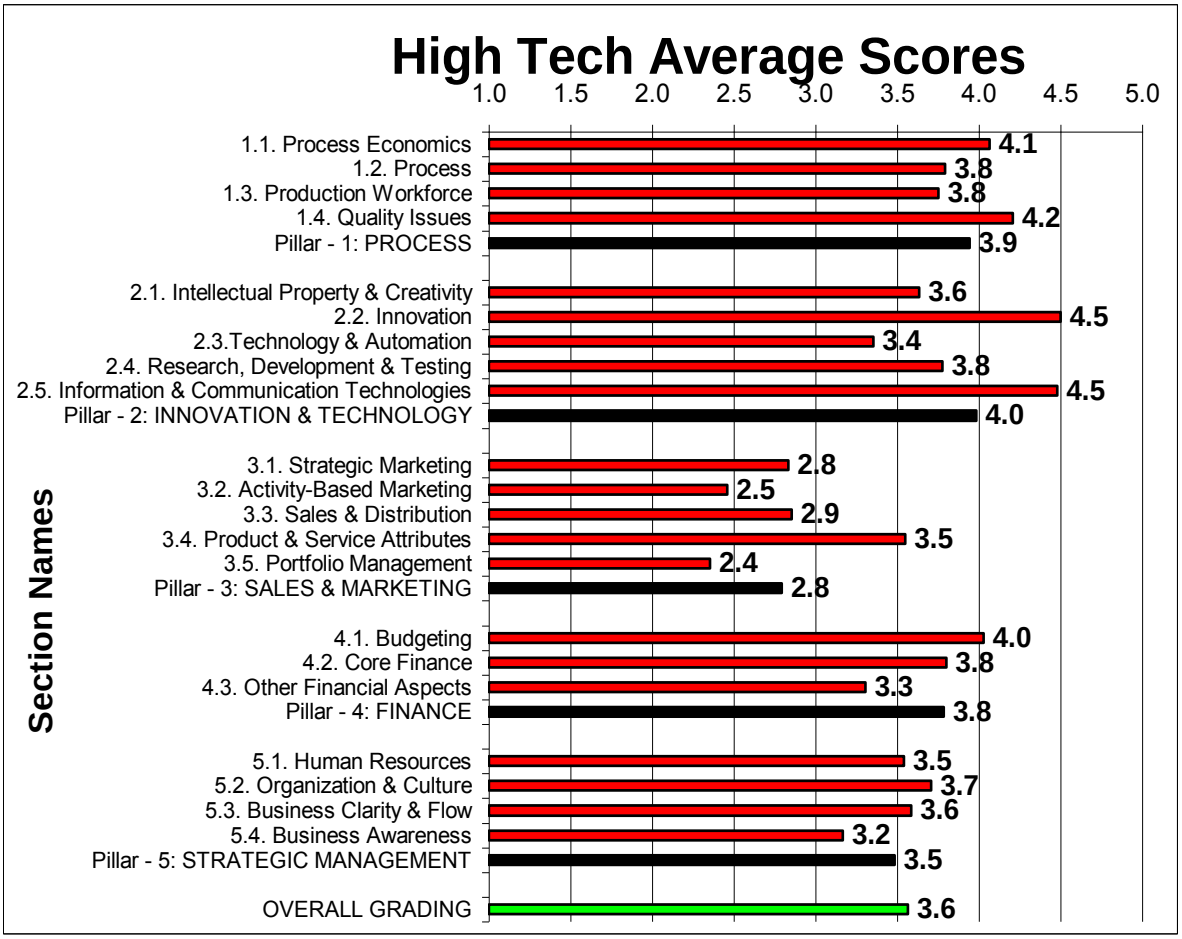
As can be seen from Figure 2, the EDMC is focussing on a small part of the value chain.

3.1.2 High Tech Management Competency Analysis

The EDMC team identified six companies to visit, with one being aligned to specialist engineering for the energy industry, producing component parts for the nuclear fuel, oil, gas and petroleum industries in the former Commonwealth of Independent States (CIS).

Following visits to these companies and assessment of their management skills and systems, the results were analysed and the findings are shown in Figure 3 below.

Figure 3: High Tech Sector Analysis



The results indicate that this sector is performing at an overall acceptable level and, in general, does not appear to require too much in the way of development of management skills. However, within the areas of competence reviewed, it is apparent that there is a need to develop marketing and sales capability as this is the lowest performing of the assessment criteria. Other areas for potential development are technology and automation, which relate to individual company's in-house systems available to manage their own businesses. Here, many interviewees agreed that they could improve their internal management systems by better use of technology, particularly to control projects and finance.

In addition to discussions with the owners and managers of the companies visited, discussions were held with other ICT sector leaders. These indicated that there was a shortage of technical skills, in part caused by a "brain drain" with young engineers leaving

Armenia creating skill shortages, particularly for developments that require expertise on new platforms such as Android and others associated with mobile technology.

Part of the skill retention will be to make it easier for new business start-ups and, given that we were advised that there are a large number of graduates and new entrepreneurs wanting to create their own businesses, it seems that there should be provision of appropriate business start-up training.

Whist overall scores from the analysis are encouraging and show that the high tech sector is performing relatively well, the fact that they are scoring below average on marketing and sales is somewhat contradictory to the success the sector is having. Further discussions showed that many of the high tech companies are using the Armenian diaspora and other agents to create and maintain strong links to the international market and, as such, they are not interfacing directly with the customer. The Armenia high tech sector, and in particular the ICT part, is thus relying on very good technical skills and low charge-out rates to secure business.

Armenia is providing a good outsourcing service to EU and USA based companies. These are, in turn, looking to reduce their operating costs. This sector is therefore using its factor conditions of good education and low cost to secure business, and this is not considered sustainable. It is well reported that countries whose export strategies are based solely on comparative factor advantages such as raw materials, location, climate or cheap labour will, in the end, make themselves poorer rather than richer, as there will always be another country offering a better price. Cheap labour or abundant natural resources make this type of comparative advantage highly unstable.

Anecdotal evidence suggests that Armenian ICT companies are starting to subcontract some of their work components to India in order to retain a cost advantage. However, given that there is a reported ‘brain drain’ of ICT skills, the cost of employing the remaining ICT experts is expected to rise. This means that one of the key cost advantages enjoyed previously is now starting to be eroded. The industry needs to collectively review this situation and develop a strategy that will address the important issues of skill retention and development, along with finding a competitive advantage for the sector as a whole.

Therefore in reviewing the findings of the analysis and discussions/observations, it is recommended that training and skills development is undertaken in the following areas as shown by the following Table 4. These are shown separately for the ICT component of the High Tech sector and those companies that are involved with manufacturing.

Figure 4 Priority Training and Development Areas for High Tech Sector

Priority	High Tech ICT	High Tech Manufacturing
1	Strategic Business Planning	Strategic Business Planning.
2	Strategic Marketing and Sales	Investment portfolio preparation
3	Leadership and "Lean" and KPI Development	Strategic Marketing and Sales
4	Modern "People" Management	Leadership "Lean" and KPI Development
5	Portfolio Management and CRM	Modern "People" Management
6	New Business "Start-Ups" and Entrepreneurship	
7	Project Management	

The training needs have been prioritised based on the results of the survey and also as a result from discussions with industry leaders and feedback from the sector workshops. The three most important areas for development are described more below and it is recommended that these are targeting for action first.

1. It is proposed that the ICT component of the High Tech sector training starts with Strategic Business Planning followed by Strategic Sales and Marketing. The ICT sector needs to develop strategies that are not over reliant on Diaspora interventions so that they can find a competitive edge in the global market for their skills that are based on attributes other than just low cost. Whilst strategies are also needed at an individual company level, it is recommended that a strategic review is made of the whole sector to establish a uniqueness that can be provided by Armenia. This can then be capitalised on by individual companies in the sector. Strategic planning training should be undertaken with industry leaders who can utilise such knowledge for both the sector and their own individual company needs.

2. The High Tech sector also contains companies that are involved in the design and manufacturing of complex components used in a variety of industries, including the domestic nuclear fuel industry, the oil and gas industry and precision engineering. Whilst these companies are included in the High Tech section for assessment as per the EDMC analysis, they have a different set of development requirements. In particular, and whilst it is acknowledged that these companies have very high levels of technical skills, they have a great need to restructure and seek investment to upgrade their facilities if they are going to be sustainable. To enable them to undertake this effectively they need training and development in strategic planning as a priority.

3. Assistance should also be given to helping these manufacturing companies produce professional investment portfolios so that appropriate venture capital or partnerships could be sought.

4. Leadership training coupled with “Lean” thinking is recommended to enable companies understand contemporary management and process improvement techniques that will incorporate the setting of KPIs.

Despite the strong characteristics that the sector has relative to technological competence, the more successful companies are increasingly distinguished by their ability to become directly integrated with their clients, their links to regional/global networks, collaboration arrangements which are more under the direct control of the companies concerned through professional business arrangements and pro-active marketing.

3.2 Pharmaceutical Sector

3.2.1 Background

The Armenian pharmaceutical manufacturing sector consists of approximately 12 manufacturing companies, some 10 large importers, more than 100 wholesalers and about 600 pharmacies and retailers selling a variety of medicines. This element of the EDMC project has focussed on manufacturers in the sector which employs circa 600 people. Whilst the sector is not large, it is considered to be of strategic and national importance and has been listed as a priority sector by the project.

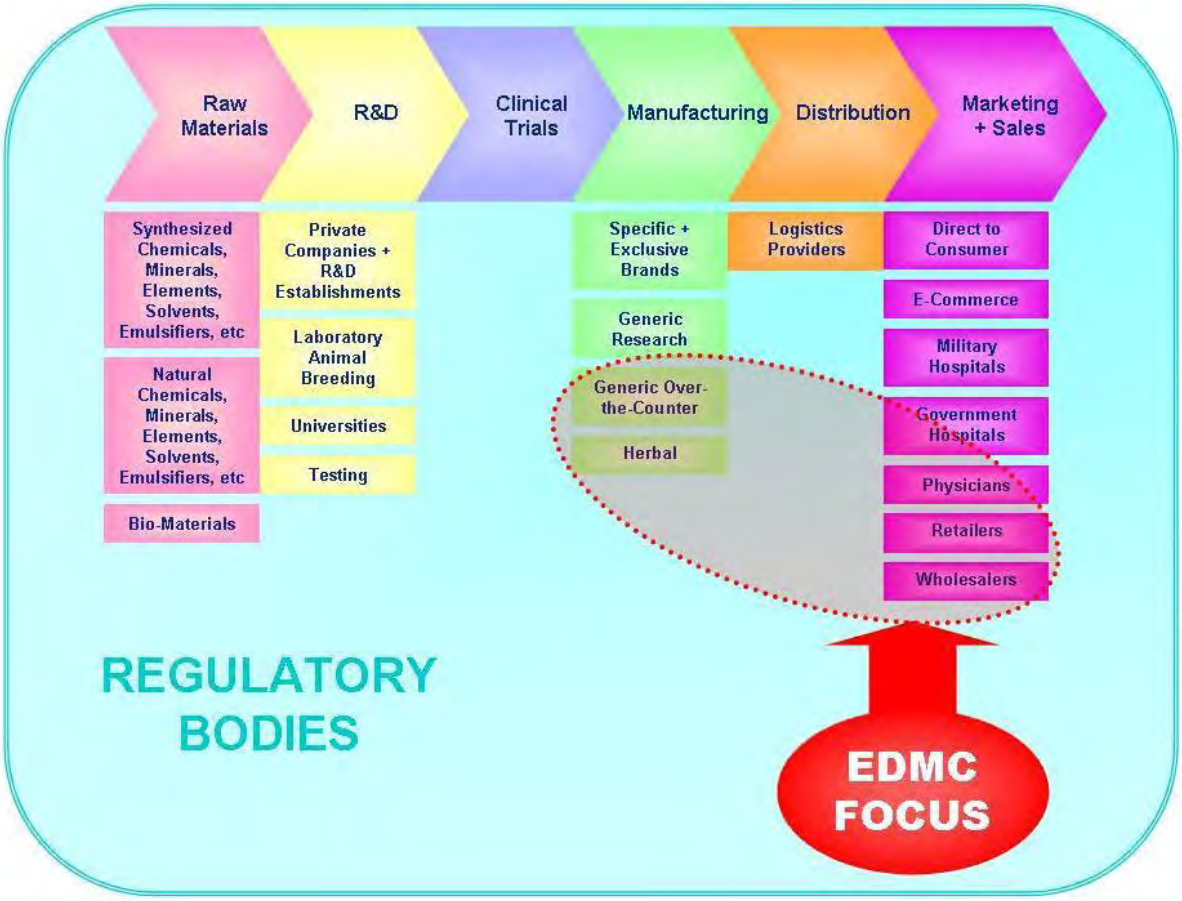
Local manufacturers are mainly specialized in the production of generic drugs which are marketed with the following forms:

- Antiseptic preparations
- Capsules
- Herbal extractions and liquid preparations
- Ointments
- Ophthalmologic medical preparations
- Sterilized liquid preparations, including intravenous infusion liquids
- Tablets

The global pharmaceutical industry is undergoing a rapid change caused by many dynamic factors. These include changing demographics, longer product development times, more stringent drug testing, the lapsing of patents and technology and the emergence of new markets. Within increasing consumer aware societies, such as China and Russia, quality and safety demands are becoming more aligned with western best practices and have future implications for Armenia. It is projected that global pharmaceutical companies will both compete and collaborate with many differing components within their value chain, including bio-technology firms, medical technology firms, academic organisations and other pharmaceutical companies. It is further expected that they will increasingly collaborate with completely new and non-traditional participants, such as information technology (IT) companies, large retailers, medical device engineering firms, food companies and non-profit organisations. A generic value chain for the pharmaceutical sector and within which Armenia operates is shown in Figure 4.

The advent of new transformative trends, most notably health care reforms (China, Ukraine and Russia being important for Armenia), health IT, personalised medicine and the increasing importance of emerging markets are resulting in major changes within the traditional pharmaceutical industry. It is predicted that these global trends will serve as catalysts, fast-tracking existing trends and taking them to an entirely new level. The developing consumer society, for example, will continue to become more sophisticated as a new generation of health savvy consumers, who are informed and empowered by use of the World Wide Web and mobile devices, emerges. It is also predicted that future successful pharmaceutical companies will shift their business models away from selling ‘products’ to selling ‘services’ and becoming more holistic in their customer patient care offer.

Figure 5: Generic Pharmaceutical Value Chain

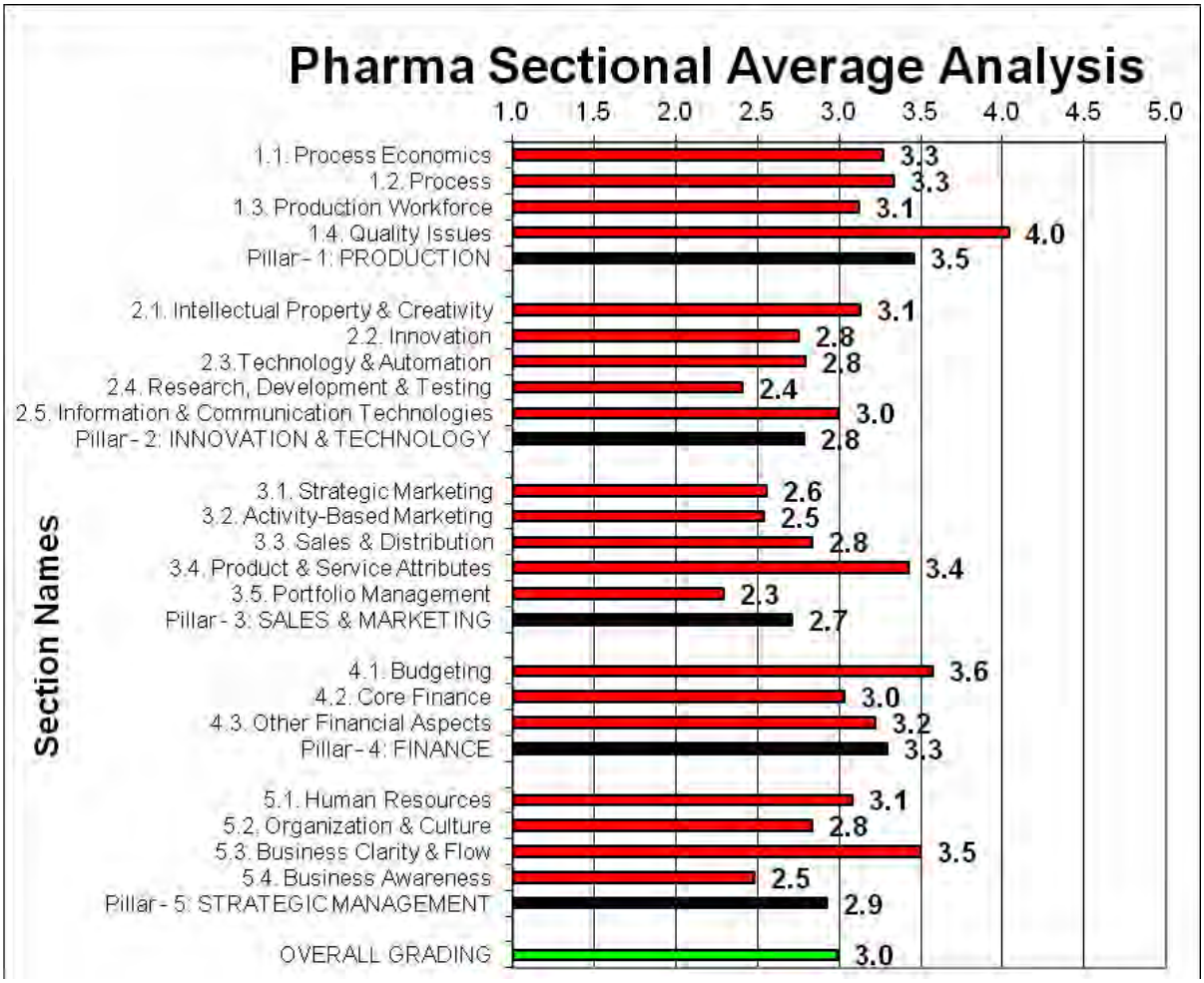


Undoubtedly the rate of change in the global industry will impact on Armenian companies and affect their longer term strategies and internal operations. For the sector to thrive, firms will need to have clear strategies and undertake appropriate in-company upgrading of both processes and management capability. Whereas the EDMC project has chosen value chains in the generic pharmaceuticals sector, it is intended that the project possibly adds biotechnology and its links to the pharmaceuticals element of its work. However this needs further research after pilot pharmaceutical application support initiatives have been identified and launched.

3.2.2 *Pharmaceutical Management Competency Analysis*

The EDMC team identified 3 companies to visit. Following visits to these companies and assessment of their management skills and systems, the results were analysed and the findings are shown in Figure 5 below.

Figure 6: Pharmaceutical Sector Analysis



Analysis of the pharmaceutical sector shows that it generally exercises good practice within the manufacturing process, and in-house process control and in-house quality assurance systems are used. However only one company visited had a quality framework based on an internationally recognised system (ISO 9000) and no company held certificates in the soon to be mandated Good Manufacturing Practice (GMP) system.

Attention is drawn to the need to develop improved strategies with increased business awareness, ideally based around improved innovation and technology.

All companies visited were working at very low capacities (20-30%) or were completely stopped, and manufacturing capacities far exceeded their capability to market and sell their products. In most cases the markets were stated as former CIS countries with little going to Western customers.

One of the main barriers to trading with the EU and the USA is non-availability of GMP certification. This provides an internationally recognised quality standard.

Whilst the traditional former CIS markets are the mainstay for export orders, this situation will undoubtedly change as countries and consumers become more safety and health conscious. Also expected are reforms in drug licensing and drug imports (e.g. the Russian Health Protection Bill ratified November 2011, the amendment of Article 17 of Ukrainian Law "On Pharmaceuticals" and the China Health reforms scheduled for 2020). Export opportunities are thus likely to be restricted for companies that do not possess GMP certification.

In reviewing the results of the company interviews, in can be said that there is a need to strengthen management skills and systems in the areas of:

Figure 7 Priority Training and Development Areas Pharmaceutical Sector

Priority	Pharmaceutical Sector
1	Quality Management, in particular acquisition of GMP certification
2	Strategic Business Planning/ Strategic Marketing and Sales
3	Leadership "Lean" and KPI Development
4	Modern "People" Management
5	Portfolio Management and CRM
6	Innovation and technology, and in particular research, development and testing

The above training needs have been established following the analysis of the field work and conversations with the EDMC team and other sector stakeholders. The three most important areas are discussed below.

1. It is clear, given the imminent legislative changes that will be made to the Armenian pharmaceutical industry in 2013 that the manufacturing components of the sector need to improve their quality management and in particular acquire GMP certification if they are to continue in business. This is therefore an urgent priority for the sector.

2. In addition this sector has had little exposure to potential new markets in the EU or the USA largely due to the lack of marketing and the application of Western Quality management standards. Being able to meet new buyer demands, whether this is from the major current markets of the former CIS countries or new Western markets, will require a clear understanding of those markets and the changes that are occurring. Therefore strategic marketing and strategic planning are considered to be the next priority for this sector.

3. A final priority for the sector will be to introduce "lean" manufacturing into their businesses to develop best practice methods of adding value and customer service. It is believed that this will be critical for the longer term success of the industry and post GMP certification.

The observed management needs of the sector suggest that it will be important for all companies to develop clear strategies and marketing / sales plans, to be fully aware of the changes occurring in their sectors on a global basis and also to fill the productive capacity of the factories. This will be complemented by additional training and capacity building in the areas of Modern "People" Management, Portfolio Management and CRM, Innovation and technology, and in particular product research, development and testing.

3.3 Food Processing Sector

3.3.1 Background

The shape of the global food industry is constantly changing and evolving, and current key themes are health, convenience and value.

The value of the world processed food industry is estimated to be €2.75 trillion, and this accounts for 75% of total food sales. Trade liberalisation policies, through multi-lateral and regional trade agreements, have led to a rapid growth in this field.

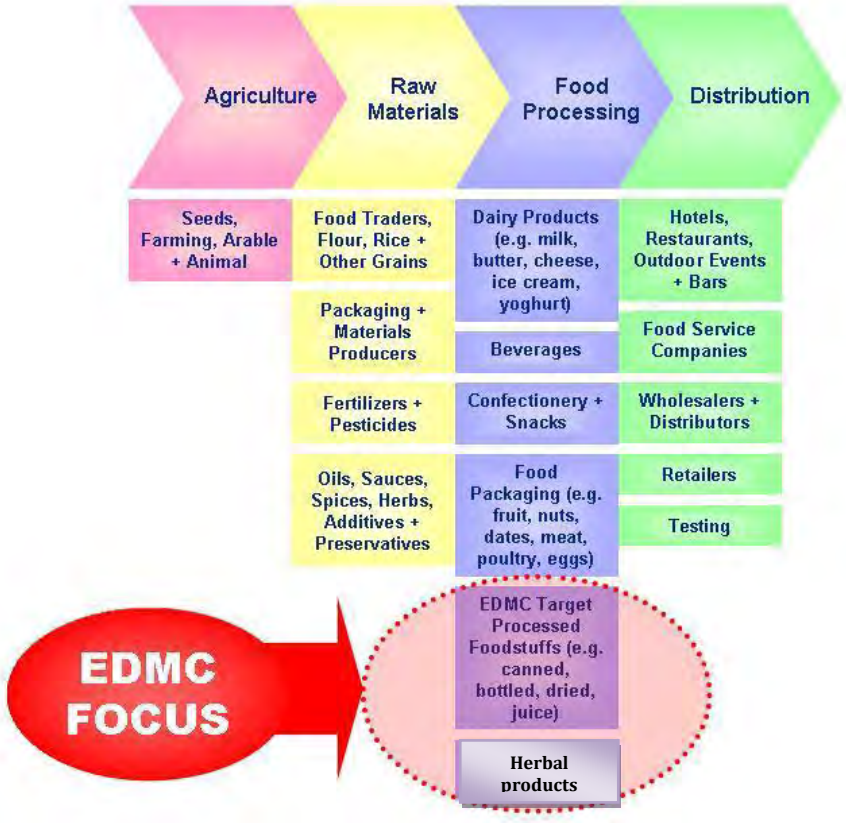
The USA, EU and Japan together account for over 60% of retail processed food sales but despite the large size of the industry, only around 6% of processed foods are traded across borders (compared 16% of major bulk agricultural commodities).

In the Asian region, Japan is the largest food processing market, but India and China are likely to grow at a faster rate. The industry is strong in both Japan and South Korea as consumption of meat there is high and they are thus the leading meat importers in the world. The Australian industry is one of the most technically advanced, and it produces products of international standards at comparatively low prices. The USA continues to live up to its status as being the “bread basket of the world” and more than 33% of USA food and beverage (F&B) manufacturers are looking towards foreign expansion in order to capture additional revenues. Countries in the Sub-Sahara African region, Latin America and parts of Asia continue to be on the lower-end of technology expertise in food items and are more orientated towards items contained in their staple diets, whereas those in Europe, North America, and Japan are on the higher-end of technology, with a sharper shift towards convenience, diet foods and non-staple items. It would appear that there is a large opportunity for Armenian food processors to enter the global market as demand is expected to continue to rise. However, Armenia’s position in the food processing value chain seems to be limited. It produces fruits and vegetables which, due to the country's soil and climatic conditions, are considered high quality but without modern processing and packaging technologies, it is unlikely that companies will be able to successfully enter international EU and USA markets.

Currently the main processed products for export are soft drinks, alcohol, canned fruits and vegetables. Exports seem to be restricted to former CIS countries and focus around bottled vegetables, tomato juice and tomato paste.

Furthermore, it seems that many Armenian agricultural producers and food processors are unable to satisfy home demand for number of important commodities, and more than 70% of food consumed in the country is imported. The main origins are Iran, Turkey, Russia, United Arab Emirates (UAE), EU and USA. Much of the food is purchased via agents or local distributors, with the larger companies such as SAS having their own central purchasing department based in Yerevan. It would appear that supermarkets take a large proportion of the domestic processed food sales and, as such, they have created economies of scale with their buying power.

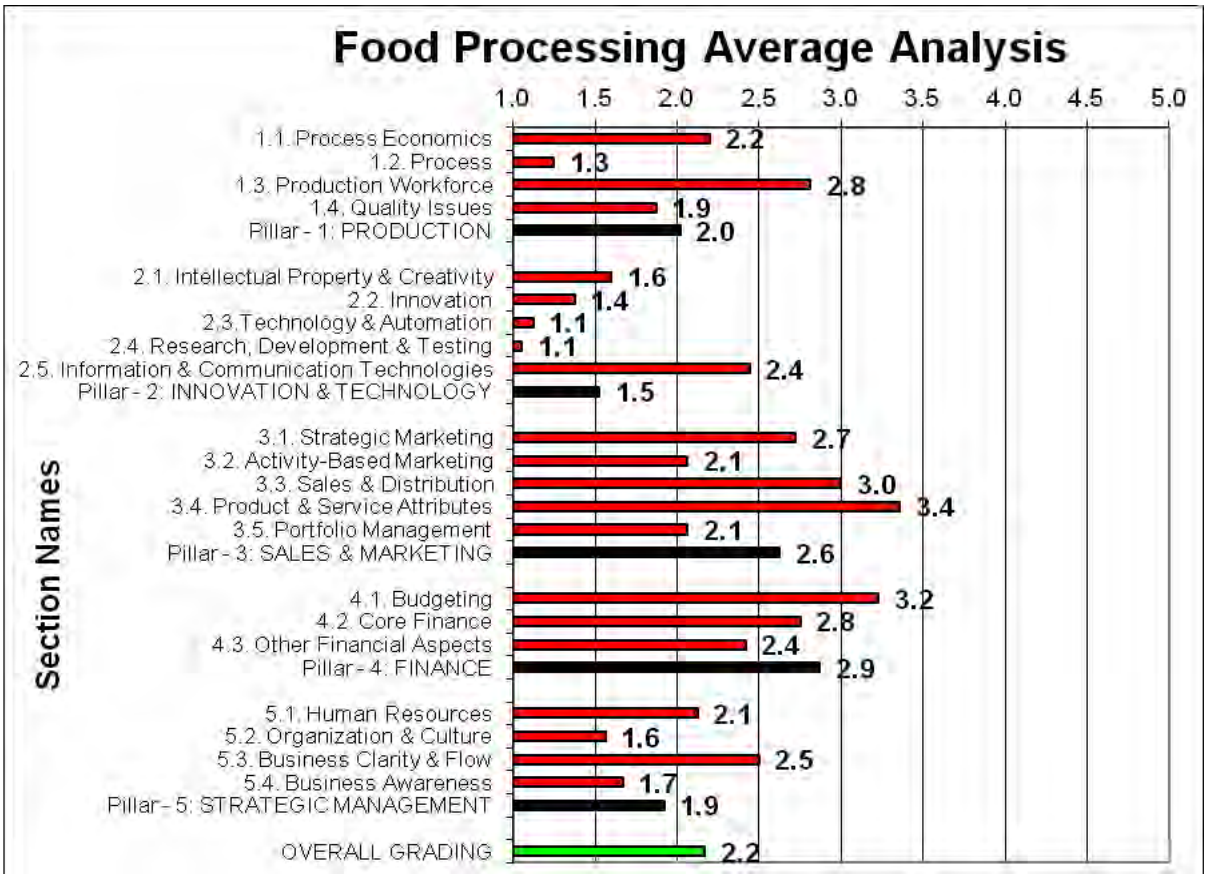
Figure 8: Generic Food Processing Value Chain



3.3.2 Food Processing Management Competency Analysis

The EDMC team identified two companies to visit. Additional discussions were held with a representative of the Dried Fruit Growers Association who advised that the association has some 42 members, mostly operating in the informal economy, and that many businesses were unregistered. Following visits to these companies and the association, assessment of company management skills and systems, the results were analysed and the findings are shown in Figure 9 below.

Figure 9: Food Processing Sector Analysis



In reviewing the results, it can be seen that this sector has not performed as well as might be expected. There are low scores in all areas, notably in process control, quality control, strategy and innovation. Health and safety issues are also of critical importance as the companies scored low on QMS and observations shoed poor internal factory hygiene. It is therefore recommended that personnel in this sector undertake a series of training and capacity development programmes covering the following areas shown in Figure 10.

Figure 10 Priority Training and Development Areas Food Processing Sector

Priority	Food Processing Sector
1	Strategic Business Planning and Strategic Marketing and Sales
2	Quality Management, in particular to acquire ISO 22000/HACCP certification
3	Leadership "Lean" and KPI Development
4	Modern "People" Management
5	Portfolio Management and CRM
6	Innovation and Technology, in particular research, development and testing

Despite the overall poor level of assessment found in the Food Processing sector, there are some areas of training and development that could potentially be of benefit. The three most important areas are discussed below.

1. When the above development requirements are contextualised with the overall level of the infrastructure of the sector, it is recommended that there is strategic planning and strategic sales and marketing capacity building and training undertaken as a priority. Whilst only two companies were visited, it is understood that they were representative and typical of food processors in Armenia and at the time of the visits, both were stopped and no production was taking place. They advised that during normal periods of production they worked at 20-40% of capacity. Observation revealed that these companies were operating old equipment (35+ years) which was housed in dilapidated buildings in need of substantial repairs. Hygiene and cleanliness were very poor and operating procedures were virtually non-existent. The low score of 1.9 for strategy indicates that serious restructuring and reorganisation is needed in the visited companies should they wish to develop into best practice companies. . Therefore strategic development is critical if this part of the food value chain is to be sustainable.

2. At the enterprise level, an important consideration when supplying food to other parts of the value chain is that food processing manufacturers will be required to have strict control on their internal processes and procedures and be certified to ISO22000/HACCP. This is vital if they are to enter the EU and or the USA markets. They will also require access to food testing laboratories to carry out microbiological and other appropriate tests in order to assure food safety. Firms may well be subject to audits and surveillance visits by the buyers in the value chain to ensure they are complying with both their internal and International standards for food safety encompassing handling, preparation and storage of food. In 1963, a commission established by the Food and Agriculture Organisation (FAO) of the United Nations and World Health Organisation (WHO) created the Codex Aliment Arius - a collection of standards, guidelines and practices pertaining to food safety. Increasingly, the private sector will play an important role in maintaining food safety as it becomes more involved in the food supply chain. The Armenian food processing sector will need to understand and recognise such standards and certification to international standards is critical for the long term sustainability of the sector.

3. Given the low assessment score of 2.0 in the areas of production, a third priority for the sector is to introduce “lean” manufacturing into their businesses to develop best practice methods of adding value and customer service.

This will help improve the overall manufacturing process and complement the work that needs to be undertaken in obtaining ISO 22000/HCCAP. It is believed that this will be critical for the longer term success of the industry and post ISO 22000/HCCAP certification.

3.4 Hospitality and Tourism

3.4.1 Background

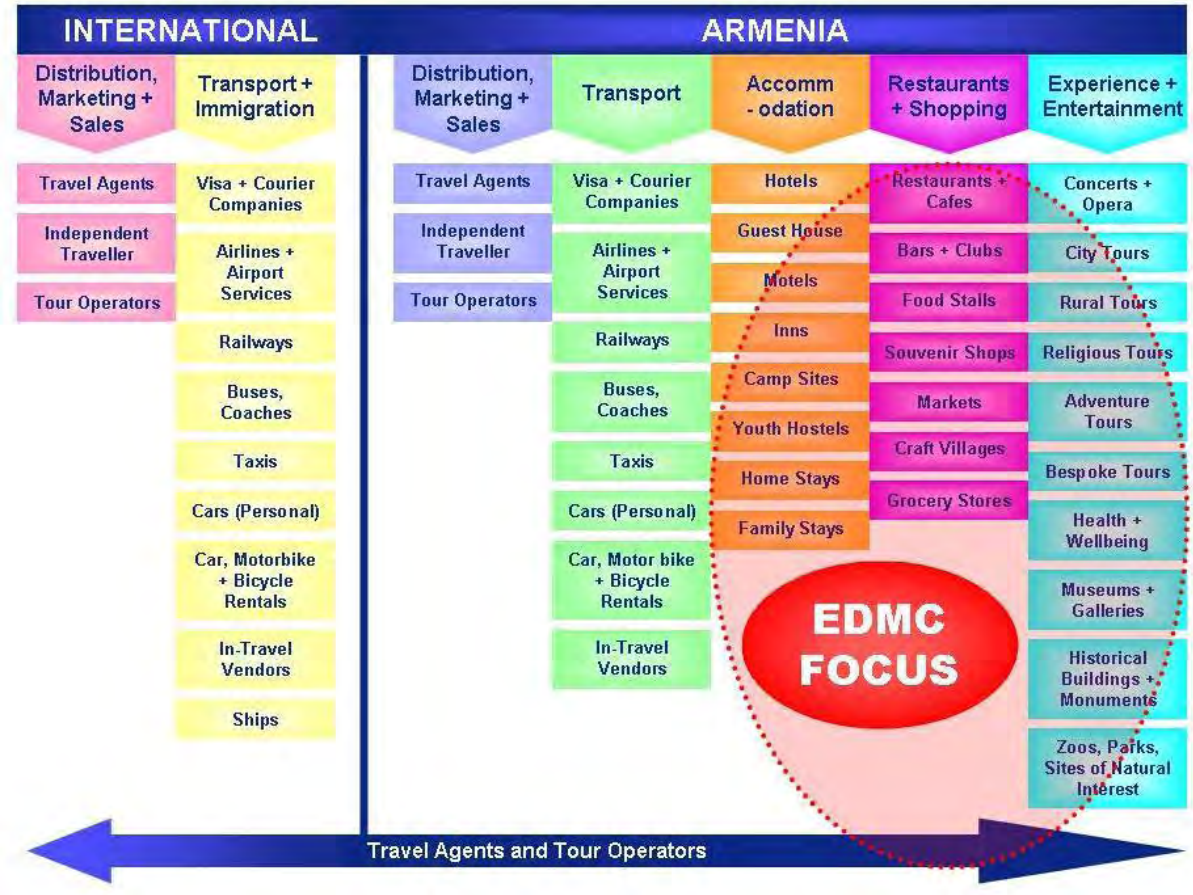
Hospitality and tourism is a labour-intensive industry, with employees partaking in multiple segments that collectively denote the tourism industry. According to the International Labour Organisation (ILO) report "Developments and Challenges in the Hospitality and Tourism Sector" (2010), tourism accounted for more than 235 million jobs worldwide.

Tourism employment demands a wide range of skill sets, and these vary in level from introductory levels to advanced levels. Developing countries generally suffer from shortages of a trained domestic workforce, and local people commonly hold jobs which require low-end skills (e.g. food and bar service, housekeeping, laundry, ground keeping and driving) and have much less presence in managerial / senior positions which are often held by expatriates. Executing a strong workforce development initiative is an opportunity for distinguishing between tourism markets, where multi-lateral establishments and private initiatives are helping emerging tourist markets to adopt the skills needed to meet the growing demands of global tourists.

The previous USAID project CAPS reported that the Armenian tourism industry needs to develop a strategic action plan that concentrates efforts on improving tourism education, developing the professionalism and effectiveness of tourism enterprises, fostering innovation, developing an appropriate regulatory and investment environment and ensuring increased activities that provide environmental protection.

Projections for Armenia are favourable in that its tourism industry is expected to grow over the next 5 years at some 0.8% above the global average. This growth will potentially increase employment, and provide higher earnings and enlarged investment. However, the image of Armenia is critical if the country is to capitalise on the opportunities afforded. The tourism industry must work collectively to develop a powerful and appealing image which is used to promote the country and industry. A key part of this will be the training and up-skilling of its workforce to meet international standards in service and quality. The following Figure 8 depicts a generic hospitality and tourism value chain.

Figure 11: Generic Hospitality and Tourism Value Chain

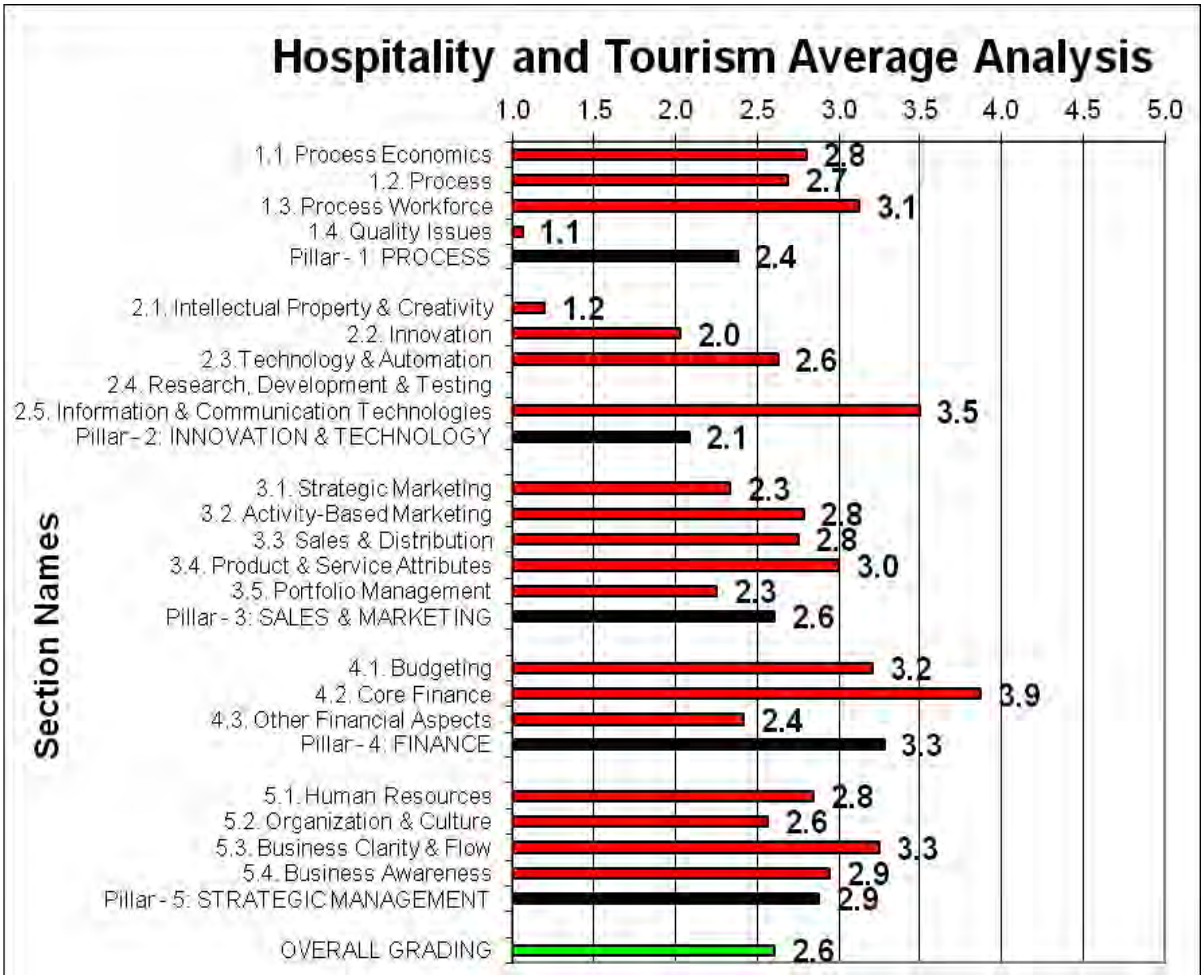


3.4.2 Hospitality and Tourism Management Competency Analysis

The EDMC team identified 4 companies to visit. Following visits to these companies and assessment of their management skills and systems, the results were analysed and the findings are shown in Figure 11 below.

In common with all the other sectors reviewed as part of this project, the hospitality and tourism sector has development requirements in the areas of marketing and sales, and then in quality management and strategic development.

Figure 11: Hospitality and Tourism Sector Analysis



As can be seen the Quality scored very low in the assessment and showed that interviewees were not aware of the implications of poor quality and its effect on their businesses. Innovation also scored low and indicated that the sector is not developing new products or ideas. This was evident, as all the observed companies offered the same services and activities, with little to differentiate between them.

Considering the assessment results and also observations made during the visits, the following are recommended areas for management development. These are shown in the following figure 12.

It should be noted that some of the training requirements are reported as a result of discussions with the managers and owners of hospitality and tourist enterprises and also from the EDMC Hospitality and Tourism workshop.

Some of the training and development recommendations for front line F&B, and front line language skills whilst not part of management skills development, are considered worthy of reporting as part of this assessment.

Figure 12 Priority Training and Development Areas Hospitality and Tourism

Priority	Hospitality and Tourism Sector
1	Quality Management
2	Innovation
3	Strategic Business Planning and Strategic Marketing and Sales
4	Front Line F&B, and Hospitality and Tourism Services
5	Front Line Language Skills

Discussions with sector members indicated that there was a need to improve customer-facing front line services. Whilst these are not seen entirely as management skills in this sector, there is a clear need to improve service delivery and language skills. The following describes the three prioritised areas for management training and capacity building.

1. Quality scored very low in the assessment and showed that interviewees were not aware of the implications of poor quality and its effect on their businesses. Whilst formal quality assurance in the tourist industry often means being assessed by national or industry based quality assurance schemes. This is often gives visitors the reassurance that, when they see the award symbols at accommodation establishments, restaurants and visitor attractions, they will be guaranteed a top 'quality' visit. However at the enterprise level, tourist companies need to apply internal quality assurance systems to enable them to manage their own capability to be able to strive for improvement.

2. Innovation also scored low and indicated that the sector is not developing new products or ideas. This was evident, as all the observed companies offered the same services and activities, with little to differentiate between them. Understanding the innovation process and creating new ideas would be beneficial for this sector. Being innovative and developing new ideas and concepts for business development also needs to fit with the overall business strategy and it is recommended that innovation development is combined with strategic business planning and marketing.

3. Strategic planning is important for the hospitality and tourism sector. Competition has considerably intensified both among new tourism destinations and tourist enterprises and this has a particularly strong impact on those tourism destinations that are presently

under pressure regarding pricing policies. Demographic, social and technological changes are decisively altering the international tourist market of the future, a market that will be characterized by maturity (expertise), high levels of knowledge and information and also considerable complexity. Because of their experience and education, today's tourists are generally more demanding, independent, active and well informed on tourist destinations. Their needs and expectations are diverse and constantly changing.

4.0 CONCLUSIONS AND RECOMMENDATIONS

4.1 General Observations

Business leaders in Armenia are faced with complex domestic market changes, competitive forces from international markets, and problems with low productivity and capacity utilisation. The survey results have shown that there are few Armenian managers who possess all the skills necessary to effectively lead their organizations towards attaining their strategic goals and objectives. A study carried out by Hofstede (2001) has identified that the management culture in the Caucasus region, including Armenia, is characterized by high power distance, low tolerance to uncertainty, and high appreciation for collectivism. The high power distance culture among the Armenian people, combined with high uncertainty avoidance, has resulted in a ''pyramid-shaped bureaucratic structure'' which is both formal and centralized. This was most notable in the manufacturing industries where their traditional markets are former CIS countries and where management styles were often complementary requiring little or no change in order for successful business development. Such autocratic leadership styles are no longer considered supportive within new management philosophies, where employee participation, empowerment and feedback is encouraged for improving performance at all levels. It is believed that Armenian commerce and industry will need to introduce flexibility and flatter structures into their organizations. Most importantly, top management must have the willingness to set up advanced systems and techniques for making changes that will ultimately impact on their competitiveness.

The review of the four sectors has presented a number of issues that impact on competitiveness and management skills development.

Firstly, the *manufacturing* industries within the chosen sectors (i.e. food processing, pharmaceutical and high tech engineering) are all polarised relative to the service based industries of hospitality and tourism and the ICT components of the high tech sector. Many of the Armenian companies lack capital to purchase sophisticated equipment such as robots, flexible manufacturing systems, and computers. Much of the current manufacturing systems have been inherited from the Soviet period and are mostly outdated and are operated based on tight rigid production schedules with little room for flexibility and quality improvement. Often, low product quality results in low productivity, as well as higher levels of rejects and waste, where resources are utilised inefficiently. This was evidenced in the field work survey where companies in the manufacturing components of the food processing and high tech sectors are operating with very old equipment housed in dilapidated buildings where the firms visited showed little evidence of process or quality control procedures.

A great deal of restructuring will be needed to bring these companies up to international best practice standards, largely because of the state of the machinery and buildings. Also, the attitude of the management was “traditional” in nature, with a low understanding of modern management techniques. These companies appear not to have changed either structurally or strategically and they are not fully equipped to serve in a competitive global market. Whilst there is undoubtedly a need to develop skills in these companies, consideration must be given to the limited impact this will have when measured against their current operating environment. As such it is considered that these companies need to address their strategic position relative to their markets before more specific management skills development is undertaken. The training and development of senior managers and company owners in Strategic Leadership is considered to be a priority in these sectors.

The manufacturing equipment and facilities in the pharmaceutical companies is of a much higher standard, with the machinery and working environment being generally acceptable. Not much is required to bring them into line with best practices. Here, despite the current level of “traditional” management capability, skills upgrading is considered to be more beneficial and will assist these companies to make better use of their manufacturing capability than is currently done.

All four sectors can be said to be operating within “buyer” driven value chains. This has great significance for development of the chosen sectors within the EDMC project. In buyer-driven value chains, the buyers - who are at the top of the chain - execute the critical governing role, and labour-intensive industries (which are common in least industrialized countries) are often buyer-driven. Examples include garments, processed foods and horticultural products.

In producer-driven chains, producers with critical technology perform the key function of synchronizing the various links, and take charge of checking the proficiency of their suppliers and customers. Producer driven chains often enjoy significant foreign direct investment, and are more often found in capital and technology intensive industries.

Given the low level of investment and state of current equipment in the chosen EDMC sectors, it is believed that they are firmly located in buyer-driven value chains. This has a significant effect on their business capability and places a need to focus on strategy development in order to ensure sustainability and competitive development.

4.2 Recommended Areas for Training and Development

A summary of the results of the assessment are presented in Figure 10. This reveals that there is a common level of skill development required by all sectors in marketing and sales. Given that most of the companies in the chosen sectors are operating in buyer-driven value chains, this is understandable as they historically have not been required to be highly pro-active in their endeavours to seek business.

Figure 13: Summary of Management Assessment by Sector

Pillars of Assessment	High Tech		Pharmaceuticals		Hospitality and Tourism		Food Processing	
Pillar 1: Process	3.9	78%	3.5	70%	2.4	48%	2.0	40%
Pillar 2: Innovation and Technology	4.0	80%	2.8	56%	2.1	42%	1.5	30%
Pillar 3: Marketing and Sales	2.8	56%	2.7	54%	2.6	52%	2.6	52%
Pillar 4: Finance	3.8	76%	3.3	66%	3.3	66%	2.9	58%
Pillar 5: Strategic Management	3.5	70%	2.9	58%	2.9	58%	1.9	38%

The results of the analysis show that, in general, requirements for management skills development were high in all pillars and across all sectors. Whilst the high tech sector showed the uppermost capabilities across the five pillars, it had a clear deficit in marketing and sales skills. The full results for each sector are shown in the annexes in Section 5.

Assessing the detail of the survey results has allowed specific recommendations to be made and the following is a synopsis of the recommendations. Figure 14 is an overall summary of

these recommendations that are considered to offer the most strategic benefit for the chosen EDMC sectors.

Figure 14: Areas for Management Skills Development by Sector

Priority	High Tech ICT	High Tech Manufacturing	Pharmaceuticals	Tourism	Food Processing
1	Strategic Business Planning	Strategic Business Planning.	Quality Management, in particular acquisition of GMP certification	Quality Management	Strategic Business Planning and Strategic Marketing and Sales
2	Strategic Marketing and Sales	Investment portfolio preparation	Strategic Business Planning/ Strategic Marketing and Sales	Innovation	Quality Management, in particular to acquire ISO 22000/HACCP certification
3	Leadership and "Lean" and KPI Development	Strategic Marketing and Sales	Leadership "Lean" and KPI Development	Strategic Business Planning and Strategic Marketing and Sales	Leadership "Lean" and KPI Development
4	Modern "People" Management	Leadership "Lean" and KPI Development	Modern "People" Management	Front Line F&B, and Hospitality and Tourism Services	Modern "People" Management
5	Portfolio Management and CRM	Modern "People" Management	Portfolio Management and CRM	Front Line Language Skills	Portfolio Management and CRM
6	New Business "Start-Ups" and Entrepreneurship		Innovation and technology, and in particular research, development and testing		Innovation and Technology, in particular research, development and testing
7	Project Management				

As can be seen below, there are several skills development areas which cross-cut most of the four sectors. These are:

- Strategic Business Planning and Strategic Marketing and Sales
- Leadership, "Lean" and KPI Development

- Quality Management (specifically GMP for the pharmaceutical sector and HACCP for the food processing sector)
- Portfolio Management and CRM

In addition, some specialised training and development is recommended as follows:

- Innovation and Technology, in particular research, development and testing
- New Business “Start-Ups” and Entrepreneurship
- Project Management

4.3 Training Delivery Methods

It is understood that there have been several initiatives to deliver training to enterprises in Armenia over the last few years. Background reading shows that most of this has largely been undertaken in a formal classroom environment, using case studies where appropriate. Whilst this is an acceptable method for training, it is not considered to be the most effective for sustained capacity building with participants.

Previous experiences suggest that development and execution of capacity building programmes are indeed valuable initiatives, but their impact on enterprise sustainability can be limited unless practical application is included. It is well known amongst educational psychologists and trainers that the information retention rate of trainee(s) is dependent on the training methodology used. This is illustrated in Figure 15.

Figure 15: Learning Methods and Retention Rates (Average) After 24 Hours

The proposed training shown for the four sectors in Figure 14 is therefore recommended to take an approach which encompasses theory *and* practice using a mentoring and coaching approach. Mentoring processes, often complemented by coaching, are designed to enhance an individual's capacity and judgement, encourage confidence and enhance ability to take independent action. To maximize the value of future training and capacity building outputs, it is therefore recommended that future training is based on a combination of theory and practice, with a strong emphasis on the practical.

Whilst there are many different training programmes available to enterprises, they rarely take individuals outside the classroom and there is little evidence to show that the theory is put into practice. Consequently, participants are rarely able to transfer the theoretically learned skills into their enterprises effectively. It is therefore suggested that there is often a "missing link" between training received by many participants and their ability to translate it into practical actions at enterprise level. To make a real difference, the proposed training should be extended from the classroom environment into the enterprise arena as part of the overall capacity building effort. Incorporating the use of real companies to provide 'live' case studies for project work will allow participants to put the theory into practice under the supervision of an EDMC Expert. This will help to bridge the gap and provide trainees with valuable practical experience, counselling and mentoring in a real life business environment.

The advantages using this approach are:

- It is highly focussed
- It is practical, and learning is by "doing" - it takes the concept of "what to do" into "how to do it"
- Best practice skills in all the recommended management development topics are transferred to the participants
- Practical work is supervised by EDMC experts
- Selected enterprises are provided with assistance
- Training is highly relevant to actual needs of the chosen sectors

- There is good replication capability which aids sustainability of project outcomes, and could therefore involve selected local BDS providers as an additional capacity building exercise

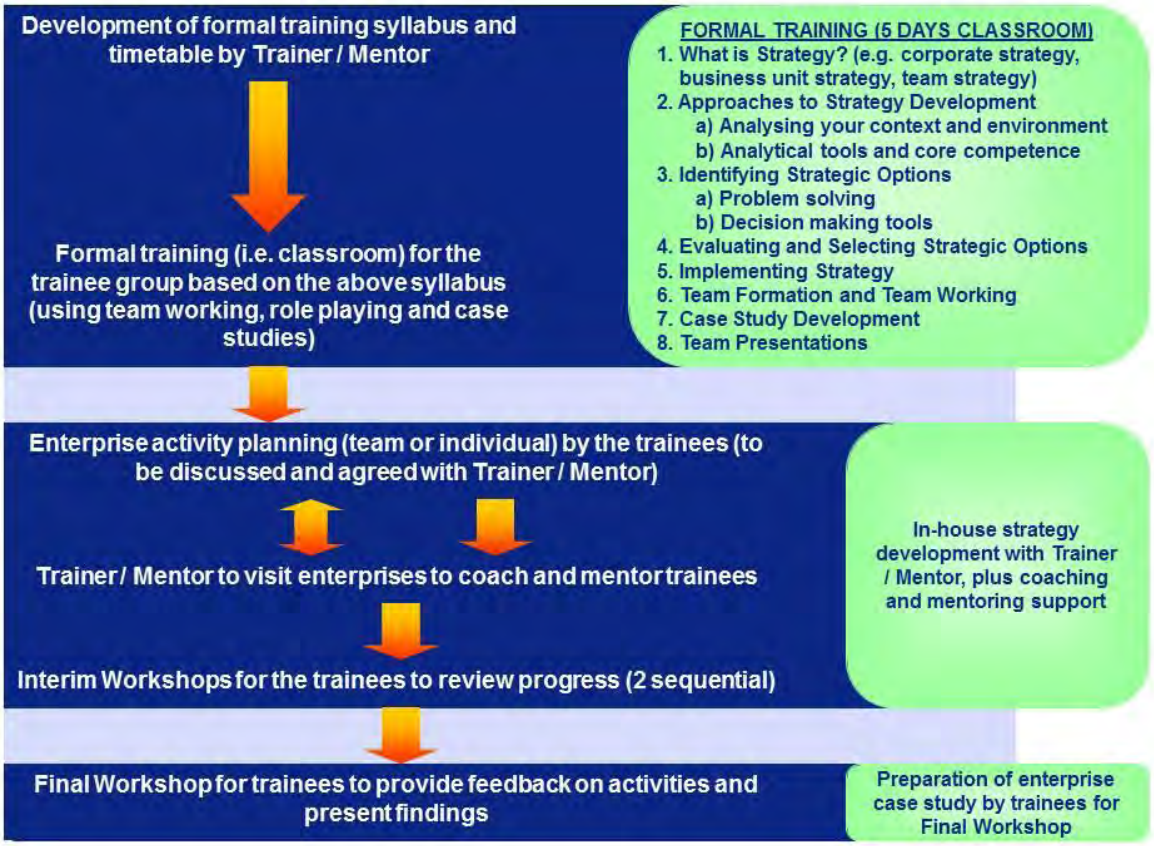
This approach offers the selected enterprise participants an opportunity to receive valuable and practical best practice advice. This could be capitalized upon by EDMC to promote the existence of their project through publicity and word-of-mouth advertising.

In general, the proposed method for training for all recommended activities could follow the outline flow chart in Figure 16, which is an example, is based on capacity building and training for companies in Strategic Development.

This model represents training, coaching and mentoring for approximately 30 participants and approximately 10 enterprises, and the whole development session is estimated to take around 45 working days for 2 trainers / coaches / mentors.

It is recommended that a similar approach is undertaken for the other proposed management development training, as using this methodology is one of the most effective ways in which to undertake short term capacity building for participants. The inclusion of a variety of learning formats, including lectures, role play, group, team and individual exercises is followed up by trainers / experts providing in-house coaching and is considered highly effective. It has particular significance where there are practical elements to be implemented.

Figure 16: Example Strategy Development Training Delivery Concept with Coaching and Mentor Support



4.5 BDS Providers

Whilst an assessment of National BDS providers was not part of this project ToR it was felt necessary to gain an overall understanding of local BDS skills capability in order to understand possible logistics in future management development training delivery programs. As such a simple questionnaire was sent to BDS providers in Armenia. Most were situated in Yerevan and over 50 BDS questionnaires were sent out by email. Some 16 (approx. 32%) responded and the analysis of their core skills can be seen as follows.

Figure 17 BDS Provider Skills

Area of Expertise	% of BDS having this expertise
Technical such as HACCAP, Lean, ISO, Productivity I.E. Design,	6.25
Economic government or regional development	18.75
Training	43.75
Consulting	100
Strategy	37.5
Restructuring	18.75
Process Management	12.5
HRD	18.75
Customer Service	12.5
Marketing	43.75
Finance	50
BP	43.75
Start up	6.25
Speciality	0

All the BDS offer consulting as a core skill but few offer the practical skills needed for process change related to quality or productivity improvements. These skills require a higher degree of practical experience which is not always found within consulting firms. Management consultants tend to suggest to their clients “what” to change whereas business advisors and process consultants mainly guide and coach “how” to change helping the client to go through the change process and dealing with human problems as they arise.

As can be seen from figure 17 few of the responding BDS providers offer process development skills in the identified areas for the four EDMC sectors. As such there is likely to be a shortage of local BDS providers to serve the four sectors particularly for quality improvement and GMP, Leadership, and “Lean” and KPI Development. Some expertise is offered for Strategic Business Planning and Strategic Marketing and Sales, but little or none for Innovation, New Business “Start-Ups” and Entrepreneurship or Project Management.

4.6 General Conclusions

Companies in the chosen EDMC sectors are partly restricted by the deployment of low levels of equipment and management systems. Little use is made of available management control

and development methodologies for improvement to operating efficiencies and quality which would help reduce defects, improve customer satisfaction and increase utilisation of equipment. Also, there is an overarching absence of awareness and understanding of international best practices, and this consequentially has an adverse effect on the competitiveness of national industries.

It seems that the more successful businesses within the EDMC chosen value chains are those with good connections with the Armenian diaspora, particularly in the ICT element of the high tech and Hospitality and tourism sectors.

They are clearly obtaining business from the EU and USA, which are relatively new markets for Armenia where traditionally the markets served were Russia and other former CIS.

If the country is to develop, then it cannot continue to rely on the Armenian diaspora to generate new business ideas and invest in the country. Such strategies are based on historical, emotional and cultural qualities, and are not sustainable in the long term. The country needs to develop a unique and well publicised competitive advantage. One such advantage that is not just based on low cost is a high level of education biased towards the engineering and sciences, and this can deliver a unique value proposition. It will require a country-wide promotion campaigns similar to those previously undertaken in the USA (e.g. “Crafted with Pride in the USA”) and UK (e.g. “Buy British”). Such exercises need professional input to provide a strategy for the country that is both relevant and contemporary.

General observations of the manufacturing companies within each of the chosen sectors indicate extremely low levels of operating capacity and efficiency. With the exception of the pharmaceutical companies, all had poor levels of process and quality control systems and needed urgent restructuring. All the manufacturing companies had their predominant markets sited either domestically or in former CIS countries. This is thought to be largely due to the lower standards currently accepted in these counties. The absence of internationally recognised Quality Management Systems (QMS), such as ISO or GMP standards, is a barrier to trading with the EU and USA despite potentially low manufacturing costs.

Unless the Armenians can improve performance in the chosen sectors they may have problems selling their products/services in the international markets. Companies must take the opportunity afforded to them by EDMC initiatives to help them make adjustments to improve their business. Managers need to increase awareness – their own as well as all

employees' – of the changing trends of customer demands and markets, as well as heightened worldwide competition for better quality products.

Undoubtedly, management development training needs to be undertaken in these industries. However, the EDMC project will have to give consideration to the longer term effectiveness of such training for management in these sectors where physical restructuring is difficult and expensive, thus restricting their future sustainability in an increasingly globalised market.

5.0 ANNEXES

5.1 Analysis High Tech Sector

Management Systems and Skills Assessment High Tech Sector	AVERAGE
1.1. PROCESS ECONOMICS	
Does the company effectively use its current process/production capacity?	**3.67**
Does the nature of business make economies of scale important?	**3.33**
Does the company have an awareness on the break-even analysis?	**4.83**
Does the company have a sufficient production planning process in place?	**4.33**
Does the company have Materials Requirement Planning?	**4.17**
1.2. PROCESS	
Does the company have adequate space for storage and material handling?	**4.50**
Does the company have computerized systems to handle materials, components, semi-finished and finished products?	**4.17**
Does the company have an acceptable performance on the number of days of inventory?	**3.50**
Does the company's production floor have a reasonable appearance and housekeeping?	**3.50**
Does the company implement a goods inward inspection system and other supplies purchased from suppliers?	**4.33**
Does the company employ Just-in-time or a similar system compatiable with GMP or industry best practice?	**3.50**
Does the company have an appropriate system for Health and Safety	**2.50**
Is the company in search of new systems, trends or technology to upgrade its processes, material handling or inventory management capability?	**4.33**
1.3. PRODUCTION WORKFORCE	
Do the company's supervisors in the production department have adequate capabilities/competencies?	**4.00**
Do the company's technicians in the production department have adequate capabilities/competencies?	**3.50**
Do the company's engineers in the production area have adequate capabilities/competencies?	**4.33**
Do the company's managers in the production area have adequate capabilities/competencies?	**2.83**
Do these different teams work in harmony in the production area in general?	**3.83**
Does the production department work in line with the rest of the company?	**4.00**
What is the awareness of workforce compensation systems	**2.83**
Does the production department understand the market needs?	**4.67**
1.4. QUALITY ISSUES	
Does the company have a good understanding of customer quality requirements?	**5.00**
Does the company have a functional quality department?	**4.50**
Does the company have a formal quality management system in place?	**4.00**
Does the company allocate resources to quality (engineers, other manpower, training, systems, etc.?	**3.67**
Does the company have a process control on operations?	**4.67**
Does the company have process documentation?	**5.00**
Does the company have an establishment on overall defect rate?	**2.67**
Does the company know the cost of non quality	**4.17**

2.1. INTELLECTUAL PROPERTY & CREATIVITY	
Does the company have a general understanding of Intellectual Property (patents, formulas, designs, trade marks, etc.)?	4.50
Does the company have any achievements or progress on elements of Intellectual Property in the last 5 years?	3.17
Does the company have a rewarding structure or mechanism for creativity and value-added proposals?	2.50
Does the company have an open easy climate for its internal stakeholders to bring in proposals?	4.67
Are you satisfied with the current level of new proposals and creative ideas?	3.33
2.2. INNOVATION	
Does the company understand innovation	5.00
Has the company introduced any new products or processes in the last 5 years?	4.67
Does the company have a system for NPD or innovation	4.50
Has the company commercialised/ or marketed NPD or innovation in the last 5 years?	4.33
Does the company have a good level and mix of innovative practices in place?	4.00
Does the business/industry the company is in require constant innovation?	5.00
Does the company regularly employ training, coaching or other motivational tools in order to enhance innovation?	4.00
Does the company have established channels (fairs, internet, media, vendors, customers, universities, sectoral bodies, etc.) to follow innovation and new trends?	4.50
2.3. TECHNOLOGY & AUTOMATION	
Does the company capitalize on technology opportunities in production?	4.33
Does the company capitalize on technology opportunities in sales & marketing?	2.17
Does the company capitalize on technology opportunities in distribution?	3.33
Does the company capitalize on technology opportunities in business intelligence?	2.67
Does the company capitalize on technology for Accounts and Finance?	3.17
Does the company capitalize on technology opportunities in human resources (filing/documentation, etc.) and in finance/accounting?	4.00
Does the company capitalize on technology opportunities in CRM and relations/communications with other stakeholders?	3.17
Does the company generally have enough capacity and willingness for developing technologies?	4.00
2.4. RESEARCH, DEVELOPMENT & TESTING	
Does the company have a good understanding of R & D?	5.00
Does the company have a functioning R & D department?	3.83
Does the company achieve an R & D average of the business/industry it is in?	3.17
Does the company have a new-product development culture?	4.50
Does the company work with the human resource of the universities on R & D projects?	4.50
Does the company currently benefit technopark facilities and advantages?	1.67
Does the company have an adequate level of lab facilities?	2.83
Do the decision makers of the company understand the outsourcing possibilities of lab needs?	4.83
Do the R & D related employees have an insight of market needs and expectations?	3.67
2.5. INFORMATION & COMMUNICATION TECHNOLOGIES	
Do the employees of the company have the necessary computer literacy?	5.00
Does the company have effective computer systems and network?	4.67
Does the company store, maintain and secure its business data?	4.50
Do the employees of the company have the necessary internet literacy?	5.00
Does the company have an adequate internet connection?	5.00
Does the company make use of intranet tools and mechanisms?	4.50
Does the company utilize mobile systems in its operations?	2.83
Are the chosen/appointed employees of the company capable of using office productivity softwares effectively?	4.83
Does the company manage to enable the right match of hardware, software and trained personnel for harmony and efficiency?	4.00

3.1. STRATEGIC MARKETING	
Does the company have a well established marketing team/department?	**2.00**
Does the company regularly conduct market research?	**2.50**
Are target customers and consumer base well identified?	**2.67**
Is segmentation an important element of the business?	**4.83**
Is the company well positioned on the axis of "niche to mass market"?	**3.67**
Is the company well positioned on the axis of "local to global"?	**3.33**
Does the company regularly analize competitors and assess other players in the market?	**2.17**
Does the company regularly make studies on changing consumer behaviours?	**2.17**
Does the company have an appropriate branding, sub-branding, dual-branding strategy?	**2.17**
3.2. ACTIVITY-BASED MARKETING	
Does the company prepare contemporary catalogues, leaflets, other printed material for its products/services?	**2.67**
Does the company allocate budget for point-of-sale promotional materials?	**1.67**
Is there any activity on mailing, tele-marketing, etc.?	**0.83**
Does the company advertise on the appropriate channels?	**1.67**
Does the company regularly take place at the fairs?	**3.00**
Is there a professional and regularly updated web-site?	**3.33**
Are the company aware of potential importing countries standards, customs, and packaging	**4.00**
Is there any activity for web-based marketing?	**2.50**
3.3. SALES & DISTRIBUTION	
Does the company have a well established sales team/department?	**2.17**
Are the sales targets and realized sales figures communicated with the sales team?	**2.50**
Are targeted sales generally achieved with respect to markets, customers, sectors?	**2.83**
Do sales achievements offer direct benefits to the sales team?	**1.83**
Is the pricing structure flexible and decentralised as opposed to centralised, firm and rigid approach?	**4.00**
Is there a concrete framework for pricing including volume deals, special offers, discounts, campaigning, other day to day pricing, etc.?	**4.00**
Are sales more direct to end-users as opposed to indirect (agent, distributor, wholesale, retail)?	**3.00**
Are sales channels well established and monitored?	**2.50**
3.4. PRODUCT & SERVICE ATTRIBUTES	
Is the company's price/performance offer (value for money) competitive enough?	**4.17**
Does the company offer a good range of products/services?	**4.00**
Do products/services meet customer needs and expectations more as compared to its direct competitors?	**4.67**
Is the product/service availability and market demand show continuity and regularity?	**2.83**
Is the quality perception of the products/services mix good as compared to the competitors'?	**3.83**
Does the company have a professional, protective, high standard type of packaging for its products/services?	**3.00**
Does the packaging have the right labeling and information display (ingredients, location of the production facility, address, toll-free call centers, environmental awareness, any other message, and in the right language, etc.)?	**2.33**
3.5. PORTFOLIO MANAGEMENT	
Does the company have an appropriate portfolio management.	**2.17**
Are revenues monitored regularly by region, customer, product/service group (business line)?	**2.83**
Is profitability monitored regularly by region, customer, product/service group (business line)?	**3.00**
Is the order pipeline monitored regularly by region, customer, product/service group (business	**3.17**
Is the potential business at the company's key accounts (top 20 %) actively touched on?	**3.17**
Does the company regularly conduct customer relations activities?	**2.17**
Does the company regularly conduct public relations activities?	**0.83**
Is there a CRM system (technology-based) employed?	**1.50**

4.1. BUDGETING	
Does the company regularly prepare budgets (sales, expense, investment, etc.)?	**4.67**
Is the budget methodology compatiable with market and business needs?	**4.00**
Are the budgets truely implemented?	**4.50**
Is the budget exercise, items and related information shared with various layers of the organization?	**3.50**
Are budgets regularly monitored and off-budget corrective actions put in place?	**4.83**
Is inflation a key element influencing budget?	**5.00**
Are exchange rates key elements influencing the budget?	**5.00**
Are volatile and unpredictable market conditions key elements influencing the budget?	**3.67**
Are energy prices key elements influencing the budget?	**2.17**
Are utility prices key elements influencing budget realization?	**2.50**
Are other macro and micro economical paremeters key elements influencing the budget?	**4.50**
4.2. CORE FINANCE	
Does the company have adequate level of working capital?	**4.33**
Does the company have practical cash flow planning?	**4.83**
Are internal financial resources (private equity, paid-in capital, etc.) sufficient?	**3.33**
Are bank loans and commercial credits easily accessable and applicable?	**4.83**
Does the nature of business allow other funding arrangements (supplier financing, public funds, venture capital, other instruments, etc.)?	**4.67**
Does the company have adequate level of experience with banking services?	**4.83**
Is factoring (if a critical element for the company's performance) a common practice?	**1.67**
Is leasing (if a critical element for the company's performance) a common practice?	**1.00**
Is the company's accounts payable performance on track?	**4.33**
Is the company's accounts receivable performance on track?	**4.17**
4.3. OTHER FINANCIAL ASPECTS	
Is the company aware of the concept of opportunity cost?	**3.33**
Is cost consciousness an important element in daily business of the company?	**3.83**
Is tax knowhow understood to be an important element in the company?	**4.83**
Does the company have awareness on the benefits of financial instruments (leverage)?	**4.00**
Does the company anticipate the rising importance of market value (market cap) together with annual fiscal performance?	**2.50**
Does the company show willigness/openness to be a public/listed company?	**1.33**

5.1. HUMAN RESOURCES	
Does the company have a well established human resources department?	**2.83**
Does the company perform transparent approach in recruiting the right person for the right job/position?	**3.00**
Does the company have a contemporary peer/employee management style?	**3.00**
Is the company able to offer career planning opportunities to its employees?	**3.33**
Is HR outsourcing practiced in the company?	**4.00**
Are flexible or part-time working opportunities practiced in the company?	**4.17**
Does the company have an equal opportunity business culture?	**3.17**
Does the company support (capacity, willingness, resource allocation, etc.) its business through training?	**4.83**
5.2. ORGANIZATION & CULTURE	
Is the company well positioned on the axis of vertical to horizontal (lean) organizational structures?	**2.67**
Is the company well positioned on the axis of autocratic to delegative management styles?	**3.17**
Does the company regularly conduct brain-storming sessions among its stakeholders?	**3.83**
Does the company initiate creativity within various layers of the organization?	**4.17**
Does the company foster collectivism and team spirit?	**4.33**
Are systems implemented to promote written culture (work & business contracts, business processes, etc.)?	**4.00**
Does the company follow process-dependent (not people-dependent) business streams?	**4.33**
Does the company employ the right tone of language for its stakeholders (share holders, customers, employees and families, vendors/suppliers, general public, etc.)?	**3.17**
5.3. BUSINESS CLARITY & FLOW	
Are roles and responsibilities well defined?	**4.50**
Are roles and responsibilites delegated within the layers of the organization (from top to bottom)?	**3.83**
Is the appropriate reporting structure in place (from bottom to top)?	**3.83**
Is a structured monitoring system in place for performance?	**3.67**
Is the performance encouraged with proactive rewarding tools?	**2.83**
Does the leadership provide the right role model?	**2.83**
5.4. BUSINESS AWARENESS	
Does the company practice strategic planning activities?	**2.17**
Does the company produce a business plan	**2.00**
Is the company fit and dynamic to cope with change?	**3.00**
Is the company prepared to cope with global competition?	**3.00**
Is the company prepared to manage crisis?	**3.33**
Is the company familiar with European Union/USA development programs, its partnership initiatives, project funding availabilities etc.?	**4.33**
Does the company create synergies or are a member with other social and economical actors (Universities, chambers, NGOs, sectoral bodies, business associations, labour unions, etc.)?	**4.33**
Does the company see the topics; environment, transparency, accountability, social responsibility, etc. as differentiating edge?	**2.33**
Does the company show openness/readiness to local, national or international partnership models (financial, operational, technological, strategic)?	**4.00**

Section Names	# of Questions	Max. Points	Actual Points	Section Average
1.1. Process Economics	5	25	20.33	**4.1**
1.2. Process	8	40	30.33	**3.8**
1.3. Production Workforce	8	40	30	**3.8**
1.4. Quality Issues	8	40	33.67	**4.2**
Pillar - 1: PROCESS	**29**	**145**	**114.33**	**3.9**
2.1. Intellectual Property & Creativity	5	25	18.17	**3.6**
2.2. Innovation	8	40	36	**4.5**
2.3.Technology & Automation	8	40	26.83	**3.4**
2.4. Research, Development & Testing	9	45	34	**3.8**
2.5. Information & Communication Technologies	9	45	40.33	**4.5**
Pillar - 2: INNOVATION & TECHNOLOGY	**39**	**195**	**155.33**	**4.0**
3.1. Strategic Marketing	9	45	25.5	**2.8**
3.2. Activity-Based Marketing	8	40	19.67	**2.5**
3.3. Sales & Distribution	8	40	22.83	**2.9**
3.4. Product & Service Attributes	7	35	24.83	**3.5**
3.5. Portfolio Management	8	40	18.83	**2.4**
Pillar - 3: SALES & MARKETING	**40**	**200**	**111.67**	**2.8**
4.1. Budgeting	11	55	44.33	**4.0**
4.2. Core Finance	10	50	38.00	**3.8**
4.3. Other Financial Aspects	6	30	19.83	**3.3**
Pillar - 4: FINANCE	**27**	**135**	**102.17**	**3.8**
5.1. Human Resources	8	40	28.33	**3.5**
5.2. Organization & Culture	8	40	29.67	**3.7**
5.3. Business Clarity & Flow	6	30	21.50	**3.6**
5.4. Business Awareness	9	45	28.50	**3.2**
Pillar - 5: STRATEGIC MANAGEMENT	**31**	**155**	**108.00**	**3.5**
OVERALL GRADING HIGH TECH SECTOR	**166**	**830**	**591.5**	**3.6**

5.2 Analysis Pharmaceutical Sector

Management Systems and Skills Assessment Pharmaceutical Sector	AVERAGE
1.1. PROCESS ECONOMICS	
Does the company effectively use its current process/production capacity?	**2.33**
Does the nature of business make economies of scale important?	**3.00**
Does the company have an awareness on the break-even analysis?	**4.33**
Does the company have a sufficient production planning process in place?	**3.33**
Does the company have Materials Requirement Planning?	**3.33**
1.2. PROCESS	
Does the company have adequate space for storage and material handling?	**3.67**
Does the company have computerized systems to handle materials, components, semi-finished and finished products?	**2.33**
Does the company have an acceptable performance on the number of days of inventory?	**1.67**
Does the company's production floor have a reasonable appearance and housekeeping?	**4.33**
Does the company implement a goods inward inspection system and other supplies purchased from suppliers?	**4.33**
Does the company employ Just-in-time or a similar system compatiable with GMP or industry best practice?	**2.67**
Does the company have an appropriate system for Health and Safety	**4.00**
Is the company in search of new systems, trends or technology to upgrade its processes, material handling or inventory management capability?	**3.67**
1.3. PRODUCTION WORKFORCE	
Do the company's supervisors in the production department have adequate capabilities/competencies?	**3.33**
Do the company's technicians in the production department have adequate capabilities/competencies?	**4.00**
Do the company's engineers in the production area have adequate capabilities/competencies?	**4.33**
Do the company's managers in the production area have adequate capabilities/competencies?	**2.33**
Do these different teams work in harmony in the production area in general?	**3.33**
Does the production department work in line with the rest of the company?	**3.67**
What is the awareness of workforce compensation systems	**1.00**
Does the production department understand the market needs?	**3.00**
1.4. QUALITY ISSUES	
Does the company have a good understanding of customer quality requirements?	**4.67**
Does the company have a functional quality department?	**4.67**
Does the company have a formal quality management system in place?	**4.33**
Does the company allocate resources to quality (engineers, other manpower, training, systems, etc.?	**4.33**
Does the company have a process control on operations?	**4.67**
Does the company have process documentation?	**5.00**
Does the company have an establishment on overall defect rate?	**2.33**
Does the company know the cost of non quality	**2.33**

2.1. INTELLECTUAL PROPERTY & CREATIVITY	
Does the company have a general understanding of Intellectual Property (patents, formulas, designs, trade marks, etc.)?	**5.00**
Does the company have any achievements or progress on elements of Intellectual Property in the last 5 years?	**1.67**
Does the company have a rewarding structure or mechanism for creativity and value-added proposals?	**1.33**
Does the company have an open easy climate for its internal stakeholders to bring in proposals?	**4.00**
Are you satisfied with the current level of new proposals and creative ideas?	**3.67**
2.2. INNOVATION	
Does the company understand innovation	**3.33**
Has the company introduced any new products or processes in the last 5 years?	**4.00**
Does the company have a system for NPD or innovation	**1.33**
Has the company commercialised/ or marketed NPD or innovation in the last 5 years?	**3.33**
Does the company have a good level and mix of innovative practices in place?	**1.33**
Does the business/industry the company is in require constant innovation?	**3.33**
Does the company regularly employ training, coaching or other motivational tools in order to enhance innovation?	**1.67**
Does the company have established channels (fairs, internet, media, vendors, customers, universities, sectoral bodies, etc.) to follow innovation and new trends?	**3.67**
2.3. TECHNOLOGY & AUTOMATION	
Does the company capitalize on technology opportunities in production?	**3.67**
Does the company capitalize on technology opportunities in sales & marketing?	**1.67**
Does the company capitalize on technology opportunities in distribution?	**2.67**
Does the company capitalize on technology opportunities in business intelligence?	**2.00**
Does the company capitalize on technology for Accounts and Finance?	**2.33**
Does the company capitalize on technology opportunities in human resources (filing/documentation, etc.) and in finance/accounting?	**4.67**
Does the company capitalize on technology opportunities in CRM and relations/communications with other stakeholders?	**1.67**
Does the company generally have enough capacity and willingness for developing technologies?	**3.67**
2.4. RESEARCH, DEVELOPMENT & TESTING	
Does the company have a good understanding of R & D?	**4.67**
Does the company have a functioning R & D department?	**0.67**
Does the company achieve an R & D average of the business/industry it is in?	**2.00**
Does the company have a new-product development culture?	**2.67**
Does the company work with the human resource of the universities on R & D projects?	**2.33**
Does the company currently benefit technopark facilities and advantages?	**0.33**
Does the company have an adequate level of lab facilities?	**3.33**
Do the decision makers of the company understand the outsourcing possibilities of lab needs?	**4.33**
Do the R & D related employees have an insight of market needs and expectations?	**1.33**
2.5. INFORMATION & COMMUNICATION TECHNOLOGIES	
Do the employees of the company have the necessary computer literacy?	**3.33**
Does the company have effective computer systems and network?	**3.00**
Does the company store, maintain and secure its business data?	**3.00**
Do the employees of the company have the necessary internet literacy?	**4.67**
Does the company have an adequate internet connection?	**5.00**
Does the company make use of intranet tools and mechanisms?	**0.67**
Does the company utilize mobile systems in its operations?	**0.00**
Are the chosen/appointed employees of the company capable of using office productivity softwares effectively?	**4.00**
Does the company manage to enable the right match of hardware, software and trained personnel for harmony and efficiency?	**3.33**

3.1. STRATEGIC MARKETING	
Does the company have a well established marketing team/department?	2.33
Does the company regularly conduct market research?	2.00
Are target customers and consumer base well identified?	3.33
Is segmentation an important element of the business?	4.00
Is the company well positioned on the axis of "niche to mass market"?	3.00
Is the company well positioned on the axis of "local to global"?	2.00
Does the company regularly analize competitors and assess other players in the market?	1.33
Does the company regularly make studies on changing consumer behaviours?	1.33
Does the company have an appropriate branding, sub-branding, dual-branding strategy?	3.67
3.2. ACTIVITY-BASED MARKETING	
Does the company prepare contemporary catalogues, leaflets, other printed material for its products/services?	2.67
Does the company allocate budget for point-of-sale promotional materials?	2.00
Is there any activity on mailing, tele-marketing, etc.?	1.67
Does the company advertise on the appropriate channels?	2.33
Does the company regularly take place at the fairs?	3.33
Is there a professional and regularly updated web-site?	3.00
Are the company aware of potential importing countries standards, customs, and packaging	4.67
Is there any activity for web-based marketing?	0.67
3.3. SALES & DISTRIBUTION	
Does the company have a well established sales team/department?	3.00
Are the sales targets and realized sales figures communicated with the sales team?	2.33
Are targeted sales generally achieved with respect to markets, customers, sectors?	2.33
Do sales achievements offer direct benefits to the sales team?	2.67
Is the pricing structure flexible and decentralised as opposed to centralised, firm and rigid approach?	3.33
Is there a concrete framework for pricing including volume deals, special offers, discounts, campaigning, other day to day pricing, etc.?	3.33
Are sales more direct to end-users as opposed to indirect (agent, distributor, wholesale, retail)?	2.67
Are sales channels well established and monitored?	3.00
3.4. PRODUCT & SERVICE ATTRIBUTES	
Is the company's price/performance offer (value for money) competitive enough?	3.67
Does the company offer a good range of products/services?	4.00
Do products/services meet customer needs and expectations more as compared to its direct competitors?	4.00
Is the product/service availability and market demand show continuity and regularity?	1.33
Is the quality perception of the products/services mix good as compared to the competitors'?	3.33
Does the company have a professional, protective, high standard type of packaging for its products/services?	3.67
Does the packaging have the right labeling and information display (ingredients, location of the production facility, address, toll-free call centers, environmental awareness, any other message, and in the right language, etc.)?	4.00
3.5. PORTFOLIO MANAGEMENT	
Does the company have an appropriate portfolio management.	2.00
Are revenues monitored regularly by region, customer, product/service group (business line)?	3.00
Is profitability monitored regularly by region, customer, product/service group (business line)?	2.67
Is the order pipeline monitored regularly by region, customer, product/service group (business	2.67
Is the potential business at the company's key accounts (top 20 %) actively touched on?	3.00
Does the company regularly conduct customer relations activities?	3.33
Does the company regularly conduct public relations activities?	1.00
Is there a CRM system (technology-based) employed?	0.67

4.1. BUDGETING	
Does the company regularly prepare budgets (sales, expense, investment, etc.)?	**4.00**
Is the budget methodology compatiable with market and business needs?	**3.33**
Are the budgets truely implemented?	**3.00**
Is the budget exercise, items and related information shared with various layers of the organization?	**3.33**
Are budgets regularly monitored and off-budget corrective actions put in place?	**3.33**
Is inflation a key element influencing budget?	**4.33**
Are exchange rates key elements influencing the budget?	**4.67**
Are volatile and unpredictable market conditions key elements influencing the budget?	**3.33**
Are energy prices key elements influencing the budget?	**4.33**
Are utility prices key elements influencing budget realization?	**2.33**
Are other macro and micro economical paremeters key elements influencing the budget?	**3.33**
4.2. CORE FINANCE	
Does the company have adequate level of working capital?	**2.67**
Does the company have practical cash flow planning?	**3.33**
Are internal financial resources (private equity, paid-in capital, etc.) sufficient?	**2.33**
Are bank loans and commercial credits easily accessable and applicable?	**4.00**
Does the nature of business allow other funding arrangements (supplier financing, public funds, venture capital, other instruments, etc.)?	**4.67**
Does the company have adequate level of experience with banking services?	**3.33**
Is factoring (if a critical element for the company's performance) a common practice?	**3.00**
Is leasing (if a critical element for the company's performance) a common practice?	**2.33**
Is the company's accounts payable performance on track?	**2.33**
Is the company's accounts receivable performance on track?	**2.33**
4.3. OTHER FINANCIAL ASPECTS	
Is the company aware of the concept of opportunity cost?	**3.00**
Is cost consciousness an important element in daily business of the company?	**4.00**
Is tax knowhow understood to be an important element in the company?	**5.00**
Does the company have awareness on the benefits of financial instruments (leverage)?	**4.33**
Does the company anticipate the rising importance of market value (market cap) together with annual fiscal performance?	**2.33**
Does the company show willigness/openness to be a public/listed company?	**0.67**

5.1. HUMAN RESOURCES	
Does the company have a well established human resources department?	**2.67**
Does the company perform transparent approach in recruiting the right person for the right job/position?	**3.67**
Does the company have a contemporary peer/employee management style?	**3.00**
Is the company able to offer career planning opportunities to its employees?	**2.67**
Is HR outsourcing practiced in the company?	**1.67**
Are flexible or part-time working opportunities practiced in the company?	**4.33**
Does the company have an equal opportunity business culture?	**3.33**
Does the company support (capacity, willingness, resource allocation, etc.) its business through training?	**3.33**
5.2. ORGANIZATION & CULTURE	
Is the company well positioned on the axis of vertical to horizontal (lean) organizational structures?	**3.33**
Is the company well positioned on the axis of autocratic to delegative management styles?	**2.33**
Does the company regularly conduct brain-storming sessions among its stakeholders?	**2.00**
Does the company initiate creativity within various layers of the organization?	**1.67**
Does the company foster collectivism and team spirit?	**2.00**
Are systems implemented to promote written culture (work & business contracts, business processes, etc.)?	**3.67**
Does the company follow process-dependent (not people-dependent) business streams?	**4.67**
Does the company employ the right tone of language for its stakeholders (share holders, customers, employees and families, vendors/suppliers, general public, etc.)?	**3.00**
5.3. BUSINESS CLARITY & FLOW	
Are roles and responsibilities well defined?	**4.67**
Are roles and responsibilites delegated within the layers of the organization (from top to bottom)?	**4.67**
Is the appropriate reporting structure in place (from bottom to top)?	**4.33**
Is a structured monitoring system in place for performance?	**3.00**
Is the performance encouraged with proactive rewarding tools?	**1.33**
Does the leadership provide the right role model?	**3.00**
5.4. BUSINESS AWARENESS	
Does the company practice strategic planning activities?	**1.67**
Does the company produce a business plan	**2.33**
Is the company fit and dynamic to cope with change?	**1.67**
Is the company prepared to cope with global competition?	**1.67**
Is the company prepared to manage crisis?	**1.33**
Is the company familiar with European Union/USA development programs, its partnership initiatives, project funding availabilities etc.?	**4.33**
Does the company create synergies or are a member with other social and economical actors (Universities, chambers, NGOs, sectoral bodies, business associations, labour unions, etc.)?	**4.33**
Does the company see the topics; environment, transparency, accountability, social responsibility, etc. as differentiating edge?	**2.00**
Does the company show openness/readiness to local, national or international partnership models (financial, operational, technological, strategic)?	**3.00**

Section Names	# of Questions	Max. Points	Actual Points	Section Average
1.1. Process Economics	5	25	16.33	3.3
1.2. Process	8	40	26.67	3.3
1.3. Production Workforce	8	40	25	3.1
1.4. Quality Issues	8	40	32.33	4.0
Pillar - 1: PRODUCTION	**29**	**145**	**100.33**	**3.5**
2.1. Intellectual Property & Creativity	5	25	15.67	3.1
2.2. Innovation	8	40	22	2.8
2.3.Technology & Automation	8	40	22.33	2.8
2.4. Research, Development & Testing	9	45	21.67	2.4
2.5. Information & Communication Technologies	9	45	27.00	3.0
Pillar - 2: INNOVATION & TECHNOLOGY	**39**	**195**	**108.67**	**2.8**
3.1. Strategic Marketing	9	45	23	2.6
3.2. Activity-Based Marketing	8	40	20.33	2.5
3.3. Sales & Distribution	8	40	22.67	2.8
3.4. Product & Service Attributes	7	35	24.00	3.4
3.5. Portfolio Management	8	40	18.33	2.3
Pillar - 3: SALES & MARKETING	**40**	**200**	**108.33**	**2.7**
4.1. Budgeting	11	55	39.33	3.6
4.2. Core Finance	10	50	30.33	3.0
4.3. Other Financial Aspects	6	30	19.33	3.2
Pillar - 4: FINANCE	**27**	**135**	**89.00**	**3.3**
5.1. Human Resources	8	40	24.67	3.1
5.2. Organization & Culture	8	40	22.67	2.8
5.3. Business Clarity & Flow	6	30	21.00	3.5
5.4. Business Awareness	9	45	22.33	2.5
Pillar - 5: STRATEGIC MANAGEMENT	**31**	**155**	**90.67**	**2.9**
OVERALL GRADING PHARMACEUTICAL	**166**	**830**	**497**	**3.0**

5.3 Analysis Hospitality and Tourism

Management Systems and Skills Assessment Hospitality and Tourism	AVERAGE
1.1. PROCESS ECONOMICS	
Does the company effectively use its current process/production capacity?	**3.25**
Does the nature of business make economies of scale important?	**2.50**
Does the company have an awareness on the break-even analysis?	**1.75**
Does the company have a sufficient production planning process in place?	**4.00**
Does the company have Materials Requirement Planning?	**2.50**
1.2. PROCESS	
Does the company have adequate space for storage and material handling?	**3.00**
Does the company have computerized systems to handle materials, components, semi-finished and finished products?	**3.50**
Does the company have an acceptable performance on the number of days of inventory?	**2.75**
Does the company's production floor have a reasonable appearance and housekeeping?	**3.25**
Does the company implement a goods inward inspection system and other supplies purchased from suppliers?	**2.75**
Does the company employ Just-in-time or a similar system compatiable with GMP or industry best practice?	**2.00**
Does the company have an appropriate system for Health and Safety	**1.75**
Is the company in search of new systems, trends or technology to upgrade its processes, material handling or inventory management capability?	**2.50**
1.3. PRODUCTION WORKFORCE	
Do the company's supervisors in the production department have adequate capabilities/competencies?	**3.75**
Do the company's technicians in the production department have adequate capabilities/competencies?	**3.50**
Do the company's engineers in the production area have adequate capabilities/competencies?	**2.50**
Do the company's managers in the production area have adequate capabilities/competencies?	**3.50**
Do these different teams work in harmony in the production area in general?	**3.75**
Does the production department work in line with the rest of the company?	**3.50**
What is the awareness of workforce compensation systems	**1.00**
Does the production department understand the market needs?	**3.50**
1.4. QUALITY ISSUES	
Does the company have a good understanding of customer quality requirements?	**2.25**
Does the company have a functional quality department?	**0.50**
Does the company have a formal quality management system in place?	**0.75**
Does the company allocate resources to quality (engineers, other manpower, training, systems, etc.?	**0.75**
Does the company have a process control on operations?	**0.75**
Does the company have process documentation?	**1.50**
Does the company have an establishment on overall defect rate?	**0.75**
Does the company know the cost of non quality	**1.25**

2.1. INTELLECTUAL PROPERTY & CREATIVITY	
Does the company have a general understanding of Intellectual Property (patents, formulas, designs, trade marks, etc.)?	0.25
Does the company have any achievements or progress on elements of Intellectual Property in the last 5 years?	0.75
Does the company have a rewarding structure or mechanism for creativity and value-added proposals?	0.50
Does the company have an open easy climate for its internal stakeholders to bring in proposals?	2.00
Are you satisfied with the current level of new proposals and creative ideas?	2.50
2.2. INNOVATION	
Does the company understand innovation	2.00
Has the company introduced any new products or processes in the last 5 years?	2.25
Does the company have a system for NPD or innovation	0.25
Has the company commercialised/ or marketed NPD or innovation in the last 5 years?	3.00
Does the company have a good level and mix of innovative practices in place?	1.50
Does the business/industry the company is in require constant innovation?	3.25
Does the company regularly employ training, coaching or other motivational tools in order to enhance innovation?	2.00
Does the company have established channels (fairs, internet, media, vendors, customers, universities, sectoral bodies, etc.) to follow innovation and new trends?	2.00
2.3. TECHNOLOGY & AUTOMATION	
Does the company capitalize on technology opportunities in production?	3.25
Does the company capitalize on technology opportunities in sales & marketing?	2.25
Does the company capitalize on technology opportunities in distribution?	2.25
Does the company capitalize on technology opportunities in business intelligence?	1.00
Does the company capitalize on technology for Accounts and Finance?	2.50
Does the company capitalize on technology opportunities in human resources (filing/documentation, etc.) and in finance/accounting?	4.75
Does the company capitalize on technology opportunities in CRM and relations/communications with other stakeholders?	1.50
Does the company generally have enough capacity and willingness for developing technologies?	3.50
2.4. RESEARCH, DEVELOPMENT & TESTING	
Does the company have a good understanding of R & D?	0.50
Does the company have a functioning R & D department?	0.50
Does the company achieve an R & D average of the business/industry it is in?	0.50
Does the company have a new-product development culture?	2.50
Does the company work with the human resource of the universities on R & D projects?	0.50
Does the company currently benefit technopark facilities and advantages?	0.50
Does the company have an adequate level of lab facilities?	0.50
Do the decision makers of the company understand the outsourcing possibilities of lab needs?	0.50
Do the R & D related employees have an insight of market needs and expectations?	0.50
2.5. INFORMATION & COMMUNICATION TECHNOLOGIES	
Do the employees of the company have the necessary computer literacy?	4.00
Does the company have effective computer systems and network?	3.50
Does the company store, maintain and secure its business data?	3.75
Do the employees of the company have the necessary internet literacy?	4.25
Does the company have an adequate internet connection?	4.75
Does the company make use of intranet tools and mechanisms?	3.00
Does the company utilize mobile systems in its operations?	1.00
Are the chosen/appointed employees of the company capable of using office productivity softwares effectively?	3.75
Does the company manage to enable the right match of hardware, software and trained personnel for harmony and efficiency?	3.50

3.1. STRATEGIC MARKETING	
Does the company have a well established marketing team/department?	**2.00**
Does the company regularly conduct market research?	**1.25**
Are target customers and consumer base well identified?	**3.50**
Is segmentation an important element of the business?	**3.50**
Is the company well positioned on the axis of "niche to mass market"?	**3.00**
Is the company well positioned on the axis of "local to global"?	**3.00**
Does the company regularly analize competitors and assess other players in the market?	**2.50**
Does the company regularly make studies on changing consumer behaviours?	**1.50**
Does the company have an appropriate branding, sub-branding, dual-branding strategy?	**0.75**
3.2. ACTIVITY-BASED MARKETING	
Does the company prepare contemporary catalogues, leaflets, other printed material for its products/services?	**2.75**
Does the company allocate budget for point-of-sale promotional materials?	**2.50**
Is there any activity on mailing, tele-marketing, etc.?	**3.00**
Does the company advertise on the appropriate channels?	**3.25**
Does the company regularly take place at the fairs?	**1.75**
Is there a professional and regularly updated web-site?	**3.00**
Are the company aware of potential importing countries standards, customs, and packaging	**3.00**
Is there any activity for web-based marketing?	**3.00**
3.3. SALES & DISTRIBUTION	
Does the company have a well established sales team/department?	**3.25**
Are the sales targets and realized sales figures communicated with the sales team?	**2.25**
Are targeted sales generally achieved with respect to markets, customers, sectors?	**2.00**
Do sales achievements offer direct benefits to the sales team?	**1.00**
Is the pricing structure flexible and decentralised as opposed to centralised, firm and rigid approach?	**2.50**
Is there a concrete framework for pricing including volume deals, special offers, discounts, campaigning, other day to day pricing, etc.?	**4.25**
Are sales more direct to end-users as opposed to indirect (agent, distributor, wholesale, retail)?	**3.50**
Are sales channels well established and monitored?	**3.25**
3.4. PRODUCT & SERVICE ATTRIBUTES	
Is the company's price/performance offer (value for money) competitive enough?	**4.00**
Does the company offer a good range of products/services?	**4.00**
Do products/services meet customer needs and expectations more as compared to its direct competitors?	**3.25**
Is the product/service availability and market demand show continuity and regularity?	**3.25**
Is the quality perception of the products/services mix good as compared to the competitors'?	**3.25**
Does the company have a professional, protective, high standard type of packaging for its products/services?	**1.75**
Does the packaging have the right labeling and information display (ingredients, location of the production facility, address, toll-free call centers, environmental awareness, any other message, and in the right language, etc.)?	**1.50**
3.5. PORTFOLIO MANAGEMENT	
Does the company have an appropriate portfolio management.	**2.00**
Are revenues monitored regularly by region, customer, product/service group (business line)?	**2.50**
Is profitability monitored regularly by region, customer, product/service group (business line)?	**2.50**
Is the order pipeline monitored regularly by region, customer, product/service group (business	**2.50**
Is the potential business at the company's key accounts (top 20 %) actively touched on?	**2.50**
Does the company regularly conduct customer relations activities?	**3.25**
Does the company regularly conduct public relations activities?	**1.75**
Is there a CRM system (technology-based) employed?	**1.00**

4.1. BUDGETING	
Does the company regularly prepare budgets (sales, expense, investment, etc.)?	**3.75**
Is the budget methodology compatiable with market and business needs?	**3.50**
Are the budgets truely implemented?	**3.25**
Is the budget exercise, items and related information shared with various layers of the organization?	**2.50**
Are budgets regularly monitored and off-budget corrective actions put in place?	**3.25**
Is inflation a key element influencing budget?	**4.00**
Are exchange rates key elements influencing the budget?	**4.00**
Are volatile and unpredictable market conditions key elements influencing the budget?	**3.25**
Are energy prices key elements influencing the budget?	**2.75**
Are utility prices key elements influencing budget realization?	**2.50**
Are other macro and micro economical paremeters key elements influencing the budget?	**2.50**
4.2. CORE FINANCE	
Does the company have adequate level of working capital?	**4.25**
Does the company have practical cash flow planning?	**3.50**
Are internal financial resources (private equity, paid-in capital, etc.) sufficient?	**4.25**
Are bank loans and commercial credits easily accessable and applicable?	**3.75**
Does the nature of business allow other funding arrangements (supplier financing, public funds, venture capital, other instruments, etc.)?	**3.00**
Does the company have adequate level of experience with banking services?	**3.50**
Is factoring (if a critical element for the company's performance) a common practice?	**3.50**
Is leasing (if a critical element for the company's performance) a common practice?	**3.50**
Is the company's accounts payable performance on track?	**4.75**
Is the company's accounts receivable performance on track?	**4.75**
4.3. OTHER FINANCIAL ASPECTS	
Is the company aware of the concept of opportunity cost?	**2.75**
Is cost consciousness an important element in daily business of the company?	**3.75**
Is tax knowhow understood to be an important element in the company?	**4.00**
Does the company have awareness on the benefits of financial instruments (leverage)?	**2.50**
Does the company anticipate the rising importance of market value (market cap) together with annual fiscal performance?	**1.50**
Does the company show willigness/openness to be a public/listed company?	**0.00**

5.1. HUMAN RESOURCES	
Does the company have a well established human resources department?	**2.25**
Does the company perform transparent approach in recruiting the right person for the right job/position?	**3.00**
Does the company have a contemporary peer/employee management style?	**2.25**
Is the company able to offer career planning opportunities to its employees?	**2.75**
Is HR outsourcing practiced in the company?	**1.50**
Are flexible or part-time working opportunities practiced in the company?	**3.75**
Does the company have an equal opportunity business culture?	**2.50**
Does the company support (capacity, willingness, resource allocation, etc.) its business through training?	**4.75**
5.2. ORGANIZATION & CULTURE	
Is the company well positioned on the axis of vertical to horizontal (lean) organizational structures?	**2.50**
Is the company well positioned on the axis of autocratic to delegative management styles?	**2.50**
Does the company regularly conduct brain-storming sessions among its stakeholders?	**1.75**
Does the company initiate creativity within various layers of the organization?	**1.75**
Does the company foster collectivism and team spirit?	**3.25**
Are systems implemented to promote written culture (work & business contracts, business processes, etc.)?	**2.75**
Does the company follow process-dependent (not people-dependent) business streams?	**3.25**
Does the company employ the right tone of language for its stakeholders (share holders, customers, employees and families, vendors/suppliers, general public, etc.)?	**2.75**
5.3. BUSINESS CLARITY & FLOW	
Are roles and responsibilities well defined?	**4.50**
Are roles and responsibilites delegated within the layers of the organization (from top to bottom)?	**4.50**
Is the appropriate reporting structure in place (from bottom to top)?	**4.00**
Is a structured monitoring system in place for performance?	**3.00**
Is the performance encouraged with proactive rewarding tools?	**1.00**
Does the leadership provide the right role model?	**2.50**
5.4. BUSINESS AWARENESS	
Does the company practice strategic planning activities?	**2.00**
Does the company produce a business plan	**2.00**
Is the company fit and dynamic to cope with change?	**3.00**
Is the company prepared to cope with global competition?	**2.50**
Is the company prepared to manage crisis?	**2.75**
Is the company familiar with European Union/USA development programs, its partnership initiatives, project funding availabilities etc.?	**4.25**
Does the company create synergies or are a member with other social and economical actors (Universities, chambers, NGOs, sectoral bodies, business associations, labour unions, etc.)?	**4.25**
Does the company see the topics; environment, transparency, accountability, social responsibility, etc. as differentiating edge?	**2.75**
Does the company show openness/readiness to local, national or international partnership models (financial, operational, technological, strategic)?	**3.00**

Section Names	# of Questions	Max. Points	Actual Points	Section Average
1.1. Process Economics	5	25	14.00	**2.8**
1.2. Process	8	40	21.50	**2.7**
1.3. Process Workforce	8	40	25.00	**3.1**
1.4. Quality Issues	8	40	8.50	**1.1**
Pillar - 1: PROCESS	**29**	**145**	**69.00**	**2.4**
2.1. Intellectual Property & Creativity	5	25	6.00	**1.2**
2.2. Innovation	8	40	16.25	**2.0**
2.3.Technology & Automation	8	40	21.00	**2.6**
2.4. Research, Development & Testing	9	45	6.50	**0.7**
2.5. Information & Communication Technologies	9	45	31.50	**3.5**
Pillar - 2: INNOVATION & TECHNOLOGY	**39**	**195**	**81.25**	**2.1**
3.1. Strategic Marketing	9	45	21.00	**2.3**
3.2. Activity-Based Marketing	8	40	22.25	**2.8**
3.3. Sales & Distribution	8	40	22.00	**2.8**
3.4. Product & Service Attributes	7	35	21.00	**3.0**
3.5. Portfolio Management	8	40	18.00	**2.3**
Pillar - 3: SALES & MARKETING	**40**	**200**	**104.25**	**2.6**
4.1. Budgeting	11	55	35.25	**3.2**
4.2. Core Finance	10	50	38.75	**3.9**
4.3. Other Financial Aspects	6	30	14.50	**2.4**
Pillar - 4: FINANCE	**27**	**135**	**88.50**	**3.3**
5.1. Human Resources	8	40	22.75	**2.8**
5.2. Organization & Culture	8	40	20.50	**2.6**
5.3. Business Clarity & Flow	6	30	19.50	**3.3**
5.4. Business Awareness	9	45	26.50	**2.9**
Pillar - 5: STRATEGIC MANAGEMENT	**31**	**155**	**89.25**	**2.9**
OVERALL GRADING HOSPITALITY & TOURISM	**166**	**830**	**432.25**	**2.6**

5.4 Analysis Food Processing Sector

Management Systems and Skills Assessment Food Processing	AVERAGE
1.1. PROCESS ECONOMICS	
Does the company effectively use its current process/production capacity?	**1.00**
Does the nature of business make economies of scale important?	**2.50**
Does the company have an awareness on the break-even analysis?	**2.50**
Does the company have a sufficient production planning process in place?	**2.50**
Does the company have Materials Requirement Planning?	**2.50**
1.2. PROCESS	
Does the company have adequate space for storage and material handling?	**3.00**
Does the company have computerized systems to handle materials, components, semi-finished and finished products?	**0.00**
Does the company have an acceptable performance on the number of days of inventory?	**1.00**
Does the company's production floor have a reasonable appearance and housekeeping?	**1.00**
Does the company implement a goods inward inspection system and other supplies purchased from suppliers?	**1.50**
Does the company employ Just-in-time or a similar system compatiable with GMP or industry best practice?	**0.00**
Does the company have an appropriate system for Health and Safety	**1.50**
Is the company in search of new systems, trends or technology to upgrade its processes, material handling or inventory management capability?	**2.00**
1.3. PRODUCTION WORKFORCE	
Do the company's supervisors in the production department have adequate capabilities/competencies?	**3.00**
Do the company's technicians in the production department have adequate capabilities/competencies?	**3.00**
Do the company's engineers in the production area have adequate capabilities/competencies?	**3.00**
Do the company's managers in the production area have adequate capabilities/competencies?	**2.50**
Do these different teams work in harmony in the production area in general?	**2.50**
Does the production department work in line with the rest of the company?	**3.50**
What is the awareness of workforce compensation systems	**1.50**
Does the production department understand the market needs?	**3.50**
1.4. QUALITY ISSUES	
Does the company have a good understanding of customer quality requirements?	**4.00**
Does the company have a functional quality department?	**1.00**
Does the company have a formal quality management system in place?	**1.00**
Does the company allocate resources to quality (engineers, other manpower, training, systems, etc.?	**1.50**
Does the company have a process control on operations?	**2.50**
Does the company have process documentation?	**2.00**
Does the company have an establishment on overall defect rate?	**1.00**
Does the company know the cost of non quality	**2.00**

2.1. INTELLECTUAL PROPERTY & CREATIVITY	
Does the company have a general understanding of Intellectual Property (patents, formulas, designs, trade marks, etc.)?	3.00
Does the company have any achievements or progress on elements of Intellectual Property in the last 5 years?	1.50
Does the company have a rewarding structure or mechanism for creativity and value-added proposals?	0.50
Does the company have an open easy climate for its internal stakeholders to bring in proposals?	1.50
Are you satisfied with the current level of new proposals and creative ideas?	1.50
2.2. INNOVATION	
Does the company understand innovation	2.00
Has the company introduced any new products or processes in the last 5 years?	3.00
Does the company have a system for NPD or innovation	1.00
Has the company commercialised/ or marketed NPD or innovation in the last 5 years?	2.00
Does the company have a good level and mix of innovative practices in place?	1.00
Does the business/industry the company is in require constant innovation?	0.50
Does the company regularly employ training, coaching or other motivational tools in order to enhance innovation?	0.00
Does the company have established channels (fairs, internet, media, vendors, customers, universities, sectoral bodies, etc.) to follow innovation and new trends?	1.50
2.3. TECHNOLOGY & AUTOMATION	
Does the company capitalize on technology opportunities in production?	0.50
Does the company capitalize on technology opportunities in sales & marketing?	0.50
Does the company capitalize on technology opportunities in distribution?	0.50
Does the company capitalize on technology opportunities in business intelligence?	0.50
Does the company capitalize on technology for Accounts and Finance?	2.00
Does the company capitalize on technology opportunities in human resources (filing/documentation, etc.) and in finance/accounting?	3.00
Does the company capitalize on technology opportunities in CRM and relations/communications with other stakeholders?	0.50
Does the company generally have enough capacity and willingness for developing technologies?	1.50
2.4. RESEARCH, DEVELOPMENT & TESTING	
Does the company have a good understanding of R & D?	2.00
Does the company have a functioning R & D department?	0.00
Does the company achieve an R & D average of the business/industry it is in?	0.50
Does the company have a new-product development culture?	1.00
Does the company work with the human resource of the universities on R & D projects?	0.00
Does the company currently benefit technopark facilities and advantages?	0.00
Does the company have an adequate level of lab facilities?	2.00
Do the decision makers of the company understand the outsourcing possibilities of lab needs?	2.50
Do the R & D related employees have an insight of market needs and expectations?	1.50
2.5. INFORMATION & COMMUNICATION TECHNOLOGIES	
Do the employees of the company have the necessary computer literacy?	3.00
Does the company have effective computer systems and network?	2.50
Does the company store, maintain and secure its business data?	2.00
Do the employees of the company have the necessary internet literacy?	3.50
Does the company have an adequate internet connection?	4.50
Does the company make use of intranet tools and mechanisms?	2.00
Does the company utilize mobile systems in its operations?	0.00
Are the chosen/appointed employees of the company capable of using office productivity softwares effectively?	2.50
Does the company manage to enable the right match of hardware, software and trained personnel for harmony and efficiency?	2.00

3.1. STRATEGIC MARKETING	
Does the company have a well established marketing team/department?	**2.00**
Does the company regularly conduct market research?	**2.50**
Are target customers and consumer base well identified?	**3.50**
Is segmentation an important element of the business?	**3.50**
Is the company well positioned on the axis of "niche to mass market"?	**3.00**
Is the company well positioned on the axis of "local to global"?	**3.50**
Does the company regularly analize competitors and assess other players in the market?	**2.50**
Does the company regularly make studies on changing consumer behaviours?	**0.50**
Does the company have an appropriate branding, sub-branding, dual-branding strategy?	**3.50**
3.2. ACTIVITY-BASED MARKETING	
Does the company prepare contemporary catalogues, leaflets, other printed material for its products/services?	**2.00**
Does the company allocate budget for point-of-sale promotional materials?	**2.00**
Is there any activity on mailing, tele-marketing, etc.?	**1.00**
Does the company advertise on the appropriate channels?	**2.50**
Does the company regularly take place at the fairs?	**3.50**
Is there a professional and regularly updated web-site?	**1.50**
Are the company aware of potential importing countries standards, customs, and packaging	**3.50**
Is there any activity for web-based marketing?	**0.50**
3.3. SALES & DISTRIBUTION	
Does the company have a well established sales team/department?	**3.50**
Are the sales targets and realized sales figures communicated with the sales team?	**3.00**
Are targeted sales generally achieved with respect to markets, customers, sectors?	**3.50**
Do sales achievements offer direct benefits to the sales team?	**1.50**
Is the pricing structure flexible and decentralised as opposed to centralised, firm and rigid approach?	**3.50**
Is there a concrete framework for pricing including volume deals, special offers, discounts, campaigning, other day to day pricing, etc.?	**3.50**
Are sales more direct to end-users as opposed to indirect (agent, distributor, wholesale, retail)?	**2.00**
Are sales channels well established and monitored?	**3.50**
3.4. PRODUCT & SERVICE ATTRIBUTES	
Is the company's price/performance offer (value for money) competitive enough?	**2.50**
Does the company offer a good range of products/services?	**4.00**
Do products/services meet customer needs and expectations more as compared to its direct competitors?	**4.00**
Is the product/service availability and market demand show continuity and regularity?	**3.50**
Is the quality perception of the products/services mix good as compared to the competitors'?	**4.00**
Does the company have a professional, protective, high standard type of packaging for its products/services?	**3.00**
Does the packaging have the right labeling and information display (ingredients, location of the production facility, address, toll-free call centers, environmental awareness, any other message, and in the right language, etc.)?	**2.50**
3.5. PORTFOLIO MANAGEMENT	
Does the company have an appropriate portfolio management.	**2.00**
Are revenues monitored regularly by region, customer, product/service group (business line)?	**2.50**
Is profitability monitored regularly by region, customer, product/service group (business line)?	**2.50**
Is the order pipeline monitored regularly by region, customer, product/service group (business	**2.50**
Is the potential business at the company's key accounts (top 20 %) actively touched on?	**2.50**
Does the company regularly conduct customer relations activities?	**2.50**
Does the company regularly conduct public relations activities?	**1.00**
Is there a CRM system (technology-based) employed?	**1.00**

4.1. BUDGETING	
Does the company regularly prepare budgets (sales, expense, investment, etc.)?	**3.50**
Is the budget methodology compatiable with market and business needs?	**3.50**
Are the budgets truely implemented?	**2.50**
Is the budget exercise, items and related information shared with various layers of the organization?	**2.50**
Are budgets regularly monitored and off-budget corrective actions put in place?	**3.00**
Is inflation a key element influencing budget?	**3.50**
Are exchange rates key elements influencing the budget?	**3.50**
Are volatile and unpredictable market conditions key elements influencing the budget?	**2.50**
Are energy prices key elements influencing the budget?	**4.00**
Are utility prices key elements influencing budget realization?	**3.50**
Are other macro and micro economical paremeters key elements influencing the budget?	**3.50**
4.2. CORE FINANCE	
Does the company have adequate level of working capital?	**3.50**
Does the company have practical cash flow planning?	**3.50**
Are internal financial resources (private equity, paid-in capital, etc.) sufficient?	**1.50**
Are bank loans and commercial credits easily accessable and applicable?	**2.50**
Does the nature of business allow other funding arrangements (supplier financing, public funds, venture capital, other instruments, etc.)?	**4.50**
Does the company have adequate level of experience with banking services?	**3.50**
Is factoring (if a critical element for the company's performance) a common practice?	**1.50**
Is leasing (if a critical element for the company's performance) a common practice?	**1.50**
Is the company's accounts payable performance on track?	**3.00**
Is the company's accounts receivable performance on track?	**2.50**
4.3. OTHER FINANCIAL ASPECTS	
Is the company aware of the concept of opportunity cost?	**2.50**
Is cost consciousness an important element in daily business of the company?	**2.50**
Is tax knowhow understood to be an important element in the company?	**4.50**
Does the company have awareness on the benefits of financial instruments (leverage)?	**2.50**
Does the company anticipate the rising importance of market value (market cap) together with annual fiscal performance?	**2.00**
Does the company show willigness/openness to be a public/listed company?	**0.50**

5.1. HUMAN RESOURCES	
Does the company have a well established human resources department?	**2.50**
Does the company perform transparent approach in recruiting the right person for the right job/position?	**2.00**
Does the company have a contemporary peer/employee management style?	**2.50**
Is the company able to offer career planning opportunities to its employees?	**2.00**
Is HR outsourcing practiced in the company?	**1.00**
Are flexible or part-time working opportunities practiced in the company?	**3.50**
Does the company have an equal opportunity business culture?	**1.50**
Does the company support (capacity, willingness, resource allocation, etc.) its business through training?	**2.00**
5.2. ORGANIZATION & CULTURE	
Is the company well positioned on the axis of vertical to horizontal (lean) organizational structures?	**1.50**
Is the company well positioned on the axis of autocratic to delegative management styles?	**2.00**
Does the company regularly conduct brain-storming sessions among its stakeholders?	**1.00**
Does the company initiate creativity within various layers of the organization?	**1.00**
Does the company foster collectivism and team spirit?	**1.50**
Are systems implemented to promote written culture (work & business contracts, business processes, etc.)?	**1.00**
Does the company follow process-dependent (not people-dependent) business streams?	**2.00**
Does the company employ the right tone of language for its stakeholders (share holders, customers, employees and families, vendors/suppliers, general public, etc.)?	**2.50**
5.3. BUSINESS CLARITY & FLOW	
Are roles and responsibilities well defined?	**3.50**
Are roles and responsibilites delegated within the layers of the organization (from top to bottom)?	**3.50**
Is the appropriate reporting structure in place (from bottom to top)?	**3.50**
Is a structured monitoring system in place for performance?	**3.00**
Is the performance encouraged with proactive rewarding tools?	**0.00**
Does the leadership provide the right role model?	**1.50**
5.4. BUSINESS AWARENESS	
Does the company practice strategic planning activities?	**2.50**
Does the company produce a business plan	**1.00**
Is the company fit and dynamic to cope with change?	**0.50**
Is the company prepared to cope with global competition?	**0.50**
Is the company prepared to manage crisis?	**0.50**
Is the company familiar with European Union/USA development programs, its partnership initiatives, project funding availabilities etc.?	**3.00**
Does the company create synergies or are a member with other social and economical actors (Universities, chambers, NGOs, sectoral bodies, business associations, labour unions, etc.)?	**3.00**
Does the company see the topics; environment, transparency, accountability, social responsibility, etc. as differentiating edge?	**0.50**
Does the company show openness/readiness to local, national or international partnership models (financial, operational, technological, strategic)?	**3.50**

Section Names	# of Questions	Max. Points	Actual Points	Section Average
1.1. Process Economics	5	25	11.00	**2.2**
1.2. Process	8	40	10.00	**1.3**
1.3. Production Workforce	8	40	22.5	**2.8**
1.4. Quality Issues	8	40	15.00	**1.9**
Pillar - 1: PRODUCTION	**29**	**145**	**58.50**	**2.0**
2.1. Intellectual Property & Creativity	5	25	8.00	**1.6**
2.2. Innovation	8	40	11	**1.4**
2.3.Technology & Automation	8	40	9.00	**1.1**
2.4. Research, Development & Testing	9	45	9.5	**1.1**
2.5. Information & Communication Technologies	9	45	22.00	**2.4**
Pillar - 2: INNOVATION & TECHNOLOGY	**39**	**195**	**59.50**	**1.5**
3.1. Strategic Marketing	9	45	24.5	**2.7**
3.2. Activity-Based Marketing	8	40	16.50	**2.1**
3.3. Sales & Distribution	8	40	24.00	**3.0**
3.4. Product & Service Attributes	7	35	23.50	**3.4**
3.5. Portfolio Management	8	40	16.50	**2.1**
Pillar - 3: SALES & MARKETING	**40**	**200**	**105.00**	**2.6**
4.1. Budgeting	11	55	35.50	**3.2**
4.2. Core Finance	10	50	27.50	**2.8**
4.3. Other Financial Aspects	6	30	14.50	**2.4**
Pillar - 4: FINANCE	**27**	**135**	**77.50**	**2.9**
5.1. Human Resources	8	40	17.00	**2.1**
5.2. Organization & Culture	8	40	12.50	**1.6**
5.3. Business Clarity & Flow	6	30	15.00	**2.5**
5.4. Business Awareness	9	45	15.00	**1.7**
Pillar - 5: STRATEGIC MANAGEMENT	**31**	**155**	**59.50**	**1.9**
OVERALL GRADING FOOD PROCESSING	**166**	**830**	**360**	**2.2**

5.4 BDS Questionnaire

Business Development Services, BDS Supply Assessment Questionnaire

Company Name:

Address:

Tel.: **Mobile:**

E-mail: **URL (if applicable):**

Name of Manager:

Point of Contact:

Year Established: **No. of employees:** Full time _____ Part time ___

Annual Sales Turnover:

Member of Association

Company Background:

Services Provided:

Sector Specialization:

Number of projects completed in 2011:

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