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Transnational Innovation Brokerage System Package of Broker Work Tools

Bialystok, March 2021

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Summary

To make the Innovation Broker's task less time consuming and more effective, several work tools have been elaborated, including: TIBS Membership Form, "Main Value Chain Activities and Potential Improvements", "Financial Benefits Valuation", "Company's Cooperation Offer" and "Cooperation Business Model" Forms. These materials are used by the Brokers to work with companies to recruit, develop a joint offer, evaluate each organisations innovation potential and more. By using the tools, not only the Broker, but also each individual has a chance to evaluate their own activities that may have positive influence on the innovation potential connected with the market, product and technologies, logistic, HR and communication; willingness of international cooperation; financial and non-financial benefits and criteria to find the most suitable foreign cooperation partner.

TRANSNATIONAL INNOVATION BROKERAGE SYSTEM (TIBS) MEMBERSHIP FORM

Instructions for Innovation Brokers who conduct an interview in the company's premises or by phone

Innovation Broker's name	
Date	

1. Has the company been operating for at least one year? – YES (continue), NO (finish)

Date of business commencement	
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2. If the company operates in at least one sector, continue:

The key product or service can be classified in the following areas of specialisation (put X)
<input type="checkbox"/> healthcare and nutrition
<input type="checkbox"/> Key Enabling Technologies (i.e. nanotechnology, micro-/nanoelectronics, photonics, advanced materials, biotechnology, advanced manufacturing technologies)
<input type="checkbox"/> manufacturing and industry
<input type="checkbox"/> ICT
<input type="checkbox"/> sustainable innovation (climate actions, effective management of environment resources and raw materials)
<input type="checkbox"/> construction
<input type="checkbox"/> transportation and storage

If it DOESN'T, finish the interview.

3. Do you have at least one specialist dealing with foreign partners on a regular basis? If YES, how many?

If NO, do you intend to hire one? Yes/No

4. Does the company have financial resources devoted to internationalization based on innovation? (Additional criterion)

E.g. travel costs; implementation costs for JTSS (R&D costs, consultations, investments) – Yes/No

1. Company details

Company's name	
Contact person	
Function	
Telephone	
E-mail	
Address	
Website	

Turnover	
Number of employees	

2. Legal form of company (put X where relevant)

<input type="checkbox"/> Sole proprietorship	<input type="checkbox"/> Joint stock company
<input type="checkbox"/> Limited liability company	<input type="checkbox"/> Limited joint stock partnership
<input type="checkbox"/> Civil law partnership	<input type="checkbox"/> Budgetary unit
<input type="checkbox"/> Limited partnership	<input type="checkbox"/> Other, which?
<input type="checkbox"/> Cooperative	<input type="checkbox"/>
Ownership structure:	

3. Please describe the company's primary activities.

.....
.....
.....
.....
.....

4. Is the company already present on foreign markets? YES/NO

Please list all foreign markets on which the company is already active	
Please list all desired foreign markets	

5. Broker's recommendations (regarding, e.g. the company's preliminary needs diagnosed on the basis of the interview, choice of a funding instrument, partnership, future support):

.....
.....
.....
.....
.....

TIBS FORM 4: MAIN VALUE CHAIN ACTIVITIES AND POTENTIAL IMPROVEMENTS

PRIMARY AREAS	Activity	Details	How important are these activities for your margin and/or value delivered to customers?	How do you rate possibilities of developing these activities in any way?	X	Y	RANKING	SUPPORTING AREAS	Activity	Details	How important are these activities for your margin and/or value delivered to customers?	How do you rate possibilities of developing these activities in any way?
1	Example primary 1				FALSE	FALSE	0,00	1	Example supporting 1			
2	Example primary 2				FALSE	FALSE	0,00	2	Example supporting 2			
3	Example primary 3				FALSE	FALSE	0,00	3	Example supporting 3			
4	Example primary 4				FALSE	FALSE	0,00	4	Example supporting 4			
5	Example primary 5				FALSE	FALSE	0,00	5	Example supporting 5			
6	Example primary 6				FALSE	FALSE	0,00	6	Example supporting 6			

	Ranking	Activity with the greatest potential	Way of improvement (market)	Way of improvement (product and technology)	Way of improvement (logistics)	Way of improvement (HR)	Way of improvement (communication)	Way of improvement (other - please describe)	Potential and willingness of international cooperation in value chain activities
Primary	6 = 3:3	#REF!							
Primary	6 = 3:3	#REF!							
Primary	6 = 3:3	#REF!							
Primary	6 = 3:3	#REF!							
Primary	6 = 3:3	#REF!							
Primary	6 = 3:3	#REF!							
Primary	6 = 3:3	#REF!							
Primary	5 = 2:3 or 3:2	#REF!							
Primary	5 = 2:3 or 3:2	#REF!							
Primary	5 = 2:3 or 3:2	#REF!							
Primary	5 = 2:3 or 3:2	#REF!							
Primary	5 = 2:3 or 3:2	#REF!							
Primary	5 = 2:3 or 3:2	#REF!							

Guide for Form 4: Main value chain activities and potential improvements

The most important areas should be described in Form 4. The most important areas are the ones mentioned in Form 3, placed in the following grids: 3.3; 3.2; 2.3; 3.1; 2.2.

1. Please enter the areas which were assessed as having the most considerable potential in form 3 in the column “Activity with the biggest potential” (in the following order: 3.3; 3.2; 2.3; 3.1; 2.2).
2. Please enter proposals of activities that may have positive influence on the potential in the column “Way of improvement”. You identify these proposals on your own. You may use the following list (it is not obligatory, but auxiliary).

Connected with the market	Connected with the product and technologies	Connected with the logistic	Connected with the HR	Connected with communication
<ul style="list-style-type: none"> customer engagement in the process of creating a new product entering new market segments change of market strategies / introduction of new market strategies strengthening relationships with key clients analyzing competition joint market operation with a competitor market research/systematic market monitoring standardization of the customer service system obtaining external financing sources 	<ul style="list-style-type: none"> optimization of the product offer (extension and/or diversification) specialization introduction of new technologies changes in product prices policy change in offer positioning creation of an R&D department greater usability of the product - improvement of the price / 	<ul style="list-style-type: none"> new distribution channels/multi-channel distribution transport optimizations standardization of the ordering system new sources of supply stock management / stock reduction optimization of storage space 	<ul style="list-style-type: none"> changes in HR management system (e.g. motivation, education, integration) optimization of employment state introduction of organizational changes (e.g. change in the organizational structure) change of management style 	<ul style="list-style-type: none"> improving the visual identity strengthening the brand promotional activities internet marketing introduction of new communication technologies (e.g. CRM programs) cooperation with a university membership in business and industry associations

	quality relationship			
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3. Please enter the ways of achieving potential improvement in the column “Potential and willingness of international cooperation in VC activities”. You identify these proposals on your own. You may use the following list (it is not obligatory, but auxiliary).

- a. exporting own brand products
- b. exporting the partner’s brand products
- c. import
- d. simultaneous export and import
- e. partnership with a foreign contracting party
- f. business partnership agreement
- g. joint venture
- h. branch office abroad
- i. establishment of a sales network abroad
- j. strategic alliance
- k. licensing
- l. agent on the foreign market
- m. establishing an own distribution network
- n. using a distribution network already existing on the foreign market
- o. outsourcing
- p. franchising

TIBS FORM 5: FINANCIAL BENEFITS

VALUATION

Cooperation options:

Export

	Name of chosen activity	Cost activity current period Amount in k or M local currency
primary activities	Marketing	234
	Logistics	120
supported activities		

Change impact +/- in k or M local currency or no impact	=	Amount in k or M local currency after change
-20	=	214
30	=	150
	=	0
	=	0
	=	0
	=	0

Total revenues	
----------------	--

100	=	100
-----	---	-----

Margin to cover	-354
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Change in Margin	Change in Margin in %
-264	75%

Strategic benefits for the company in connection with foreign cooperation

- 1.
- 2.
- 3.

Guide for Form 5: Calculator of benefits

Estimation of financial and non-financial benefits obtained from international cooperation consists of three parts: (1) devoted to costs calculation of value chain activities, (2) intended to financial benefits calculation and (3) for non-financial (strategic) benefits estimation

Instructions for Form 5 part 1: value chain costs calculation

1. For each link in the creation of values in your company that have been selected and entered in Form 2, assign costs. Distribute the sum of the business activity costs to your cells in the value creation chain in the company, enter them in the first column of Form 5 in the following lines along with the names of links in the value creation chain that you have identified in your company (according to Form 2). Use annual or quarterly costs, rounded and given in millions or thousands.

The first part of BC - VC activities costs calculation - is suggested to perform along with VC analysis (Form 2). The calculations are based on identified VC, financial and non-financial benefits are rooted in VC activities improvements by international cooperation.

Regardless of how the accounting records are kept, include only the costs associated with the basic, repeatable activity to which you set up the company in the calculations. Skip expenses, such as interest on bank loans, income tax. Also, please omit the expenditure such as VAT you pay, which you charge and pay, which is not the company's cost.

Costs are only estimated, so you can take approximate values, for example, by dividing the sum of costs (parts of costs) into individual links in the chain by using a subdivision key, e.g. based on the number of people working in each department or the space or value of the machines that are installed in individual cells. For example, to divide the value of costs into individual parts of the chain, such as: remuneration for work with social security contributions, you can assume the number of employees performing specific activities. If you use the rental of business premises, rent can be divided using the percentage of the occupied space. If the incurred cost concerns only one type of activity, e.g. the cost of used raw materials used only for the production of products, assign the entire cost to the operations in its entirety.

To facilitate understanding of the costs attributed to individual links in the value chain below, there is additional explanatory information developed for the model chain (Kirli, Gümüs, 2011, pp. 310-1).

Primary activities:

1. Inbound logistics: Activities, costs, and assets associated with purchasing fuel, energy, raw materials, parts, and components, merchandise, and consumable items from vendors; receiving, storing, and disseminating inputs from suppliers; inspection; and inventory management.
2. Operations: Activities, costs, and assets associated with converting inputs into the final product form (production, assembly, packaging, equipment maintenance, facilities, operations, quality assurance, environmental protection).

3. Outbound logistics: Activities, costs, and assets dealing with physical distribution of the product to buyers (finished-goods warehousing, order processing, order picking and packing, shipping, delivery vehicle operations, establishing and maintaining a network of dealers and distributors).
4. Marketing & sales: Activities, costs, and assets related to sales force efforts, advertising and promotion, market research and planning, and dealer/distributor support.
5. Service: Activities, costs, and assets associated with providing assistance to buyers, such as installation, spare parts delivery, maintenance and repair, technical assistance, buyer inquiries, and complaints.

Supporting activities:

1. Firm Infrastructure: Serves the company's needs and ties its various parts together, it consists of functions or departments such as accounting, legal, finance, planning, public affairs, government relations, quality assurance and general management.
2. Human Resource Management: Consists of all activities involved in recruiting, hiring, training, developing, compensating and (if necessary) dismissing or laying off personnel.
3. Technology: Pertains to the equipment, hardware, software, procedures and technical knowledge brought to bear in the firm's transformation of inputs into outputs.
4. Procurement: entails the acquisition of inputs or resources for the firm.

Of course, in your company the links of the value chain can vary considerably. Remember that Form 5 stays with you and the information contained therein is confidential and cannot be disclosed in any way to other entities and persons. The first part of Form 5 is recommended to be filled in together with Form 2.

1. In the next row of the first column Form 5 part 1, please enter the value of net revenues (excluding VAT) for the same period in which you estimated the costs for activities rounded and given in millions or thousands. Use accounting records for this purpose, as in the case of costs.
2. In the last row of the first column, calculate the value of margin for coverage. The margin for coverage is the difference between the sum of the costs of individual activities and the value of revenues for the current period. Coverage margin is neither a profit nor any other category from the accounting, it is the surplus that remains to cover some fixed costs, which, for example, you did not include in costs (e.g. interest on bank loans) and all other expenses, including gains, in the model we do not take into account any form of income taxation.

Instructions for Form 5 part 2: financial benefits valuation

The remaining part of Form 5 should be filled in for each cooperation option to estimate the scale of financial benefits that might be gained thanks to cooperation.

The second part, referred to internationalization financial effects, can be used several times when a company would like to calculate benefits of a particular international cooperation option.

The second part is intended for international relations.

1. Please select the co-operation option chosen by your company, entered in Form 4, enter it in the first row of Form 5 in the second part.
2. Then, in column 1 part 2 Form 5 please enter in the following lines the expected changes in the costs of individual activities in relation to the co-op option under consideration. Positive changes, i.e. the amount of reduction of the costs of a specific activity, please enter with the "-" sign, while the change consisting in increasing the costs should be entered with the "+" sign. If there is no effect of the co-op option on costs, please enter "0". The values of cost changes shall be expressed in the same currency and for the same period as in the first column.
3. In the next row of column 1 part 2 Form 5, please enter changes in revenue. Positive changes, i.e. the amount of increase in revenues, should be entered with the "+" sign, while the change consisting in reducing revenues should be entered with the "-" sign. If there is no effect of the co-op option on costs, please enter "0". The values of changes in revenues are expressed in the same currency and for the same period as in the first column.
4. In the second part 2 Form 5 column, summarize the future costs of individual activities and revenues of your company for a given cooperation option.
5. In the following lines, determine the future costs of each activity by adding or subtracting the current period shown in column 1 part 1 Form 5, a change expressing the reduction or increase of costs from column 1 part 2. The values of future costs of individual activities are expressed in the same measure as in the first column.
6. In the next line, determine the value of future revenues by adding to the revenues of the current period shown in Column 1 part 1 Form 5, a change expressing a reduction or increase in revenue from column 1 Part 2 Form 5. The value of future revenues is expressed in the same titre as in the first column.
7. Next, in column 1, part 2, Form 5, in the next row, set a future margin to cover. Calculate it by subtracting the sum of the expected activity costs given in the individual rows in the last column of Part 2 Form 5 from the expected revenue amount.
8. Then, in the second column in the last row of part 2, set the margin rate of the margin to cover, which is the ratio of the level of future margin to cover it to its level in the base period in %.

Finally, rate how the international cooperation option may affect the change in revenue in your company. The values of changes in costs and revenues are expressed in the same currency and for the same period as in the first column.

To estimate changes in costs you may need the so-called cost carriers. The point is that, for example, costs increase with the number of customers served, therefore, by estimating the increase (change) in the number of customers served, you can easily calculate changes in the cost of the value chain. Below you can find brief information about the correct selection of the cost carriers.

(Kirli, Gümüş, 2011, s. 313)

Costs of performing value chain activities can be driven up or down by three types of factors, structural cost drivers, executional cost drivers and operational cost drivers. Structural cost drivers determine the underlying cost base of organizations such as scale, scope, experience, technology used in the value chain, and supply cost. Executional cost drivers or management issues influence how well an organization manages the value chain in operation terms such as capacity utilization, product and

process design, continued learning opportunities offered by TQM and continuous improvement programs, and internal and external linkages. Operational cost drivers (activity drivers) are those factors that drive the cost of operational activities. They include such factors as number of parts, number of moves, number of products, number of customer orders, and number of returned products.

Instructions for Form 5 part 3: non-financial benefits estimation

1. From the example of the non-financial benefits listed below, select the ones that apply to your company.

Non-financial benefits are referred to strategic, long-term advantages. The examples of benefits include:

- popularizing the company's image,
- change in the positioning of the offer,
- greater effectiveness of marketing activities,
- entering new market segments,
- expanding the range and improving the quality of products,
- extension of the distribution network,
- diversification of markets (reducing risk and becoming independent from the domestic market,
- using the knowledge, experience and other resources of partners, i.e. technologies, finances (gaining access to complementary resources of partners),
- cooperation in the area of innovation, increasing the innovativeness of enterprises,
- gathering knowledge from the market, acquiring new product concepts, joint development of new products,
- new experience, skills and competences of the company and employees,
- organizational changes being an adaptation to new conditions (improvement of company management),
- a new business model,
- achieving economies of scale, thus improving the efficiency of the enterprise,
- faster pace of achieving company goals,
- affiliation to the network (possibility of acquiring new partners, new business contacts),
- greater ease in making decisions about further internationalization projects,
- access to new external sources of financing.

After calculating the change in the coverage margin and writing out the strategic benefits, you can easily assess how beneficial for your company the opportunity of international cooperation is. Such combinations can be easily prepared for various possibilities (options) of cooperation in the links of the value chain that will emerge.

Example:

Two main activities of key value were assumed for the assumed export option - marketing and logistics; no supporting activities of key importance were found.

The costs of these activities have been estimated:

- marketing – 234;
- logistics – 120.

The current revenues have been estimated – 580.

On this basis, the current margin for coverage (revenues - costs) was obtained – 226.

Then internationalization simulation took place.

The changes in the costs of activities were estimated:

- marketing – decrease by 20,
- logistics – increase by 30.

The change in revenue was estimated – an increase of 100; which gives revenues at 680 (580 + 100). This allowed to calculate the change in margin – from 226 to 316, hence the increase in margin by 140%.

TIBS FORM 6: COMPANY'S COOPERATION OFFER

Company's cooperation offer/ request

Company name* optional	Company logo* optional	Company website* optional
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1. Short presentation of a company

Size:	Sector:	Legal form
<input type="checkbox"/> < 10	<input type="checkbox"/> transportation and storage	<input type="checkbox"/> Sole proprietorship
<input type="checkbox"/> < 50	<input type="checkbox"/> construction	<input type="checkbox"/> Limited liability company
<input type="checkbox"/> < 250	<input type="checkbox"/> healthcare and nutrition	<input type="checkbox"/> Civil law partnership
	<input type="checkbox"/> Key Enabling Technologies	<input type="checkbox"/> Limited partnership
	<input type="checkbox"/> manufacturing and industry	<input type="checkbox"/> Cooperative
	<input type="checkbox"/> ICT	<input type="checkbox"/> Joint stock company
	<input type="checkbox"/> sustainable innovation	<input type="checkbox"/> Limited joint stock partnership
		<input type="checkbox"/> Budgetary unit
		<input type="checkbox"/> Other, which?

Describe subject of activity/ core business. Describe the offered/requested product/service/process in more details: main features and application fields;

2. The cooperation willingness / potential

Describe what kind of cooperation your client is looking for.

3. The most preferable partner

Describe the type and the role of the partner sought. Provide information about your clients' needs and expectations. The field should address the following information:

- *The type of partner sought (industry, academic, research organisation, business etc.)*
- *What kind of requirements possible partner should fill in?*
- *The tasks to be performed by the partner sought*
- *Multiple types of partners and partnerships can be considered. The tasks to be performed by the partner sought should be consistent with the type(s) of partnership discussed in the summary, the description and other profile fields.*

Guide for Form 6: Company's cooperation offer

1. Part 1 of Form 6 presents a short description of the enterprise. It is a basis for selecting partners in the TIBS framework. It is filled in by the broker and a company representative.
2. On the basis of information included in Form 4, the broker will prepare short characteristics of the potential for internationalization of an enterprise. The broker selects the most important and optimal areas of operations, in which it is possible to introduce improvements which in turn will lead to the internationalization of the enterprise. The broker's task is to justify their choice.
3. This part of Form 6 comprises the characteristics of a potential desired foreign cooperation partner.

TIBS FORM 7: COOPERATION BUSINESS MODEL

Partner 1	Partner 2
1. WHAT?	
Potential and willingness to international cooperation in VC activities - identified in the Tool 1 in Form 4 (Excel)	
2. HOW?	
Joint Transnational Smart Strategy – including a) aims of cooperation b) necessary resources: human, technology, financial, organizational c) value of cooperation for both partners d) schedules and milestones	
3. FOLLOW-UP	
Identification of further assistance – including EU funding and support Programmes	

Guide for form 7: Cooperation business model

Form 7 is used for joint developing innovation and internationalization business model by the partners. It is completed by company representatives and brokers. This tool helps companies to get to know each other better, build trust and understand partner's needs. Form 7 will be created during subsequent meetings and will be the result of joint arrangements and negotiations. It will be also the basis for developing the innovation and internationalization business model and preparing a letter of intent on cooperation between partners.

The Form 7 consists of three main parts: WHAT? HOW? and FOLLOW-UP. The fields of each part should be completed as follows:

1. WHAT?

What key processes/activities of partners are involved in cooperation? (Expressed by partners in their words, can be coherent to Value Chain hitherto appointed but not necessary; named the activities creating value in both sides). For **identification of potential and willingness to international cooperation in VC activities**, the results from the Form 4 (Tool 1, Excel) can be directly taken.

2. HOW?

- What the cooperation value is based on? (in other words - why the companies would like to cooperate, e.g. access to markets, effectiveness, growth, better resources use, margin, complementary, etc.)
- How the activity will be linked? (**Joint Transnational Smart Strategy** should contain following elements: aims of cooperation, necessary resources: human, technology, financial, organizational, value of cooperation for both sides, schedules and milestones). A short description in plain language what the cooperation would rely on; additionally, a variety of possible options of formal cooperation is provided).

3. FOLLOW-UP

- Operation plan of cooperation (an intention statement, a plan what exactly partners are going to undertake in the nearest future, possible actions by each side and/or together). Partners can describe more advanced cooperation possibilities)
- **Identification of further assistance** – including EU funding and support Programmes
- New possible partners for cooperation (representatives of Quadruple Helix: R&D institutions, regional and local governments, NGOs, universities, etc.)