



Evaluation Report Of Post-Test Counselling Outcomes in Finland, Denmark, Poland and Lithuania

Work Package 4



INTRODUCTION	3
1. EVALUATION REPORT OF POST-TEST COUNSELLING OUTCOMES IN FINLAND.....	3
1.1. Introduction	3
1.2. Counselling process	4
1.3. Country specific results and lessons learned	6
2. EVALUATION REPORT OF POST-TEST COUNSELLING OUTCOMES IN DENMARK.....	9
2.1. Introduction	9
2.2. Counselling process	10
2.3. Country specific outcomes and lessons learned	11
3. EVALUATION REPORT OF POST-TEST COUNSELLING OUTCOMES IN POLAND	13
3.1. Introduction	13
3.2. Counselling Process.....	13
3.3. Country specific outcomes and lessons learned	15
4. EVALUATION REPORT OF POST-TEST COUNSELLING OUTCOMES IN LITHUANIA.....	17
4.1. Introduction	17
4.2. Counselling process	19
4.3. Country specific outcomes and lessons learned	21
5. MAIN OUTCOMES	23

INTRODUCTION

The aim of this evaluation report is to measure the outcome from the counselling scenarios that continued after completion of the second testing to make the final version of the counselling tool. The post-test counselling operationalizes the action plans and monitor the extent to which the improved tools contributes to increase the uptake of non-technological innovation.

This report will help to get very detailed and very precise inputs to finalize the 6-step tool, the spider-web tool and the guidelines, for making the counselling tool as operational and integrated as possible. The four connected elements must demonstrate usability and functionality in all levels.

The summaries of every country participated in this project (DK, FI, LT and PL) are provided below. Summaries of country-specific reports are based on the notes and questionnaires after completion of the second testing.

After second round of testing, the owner-managers that have successfully completed step 4, will continue in a post-test counselling process, where they will complete **step 5** (operationalization) **and 6** (non-technological output) of the 6-step counselling process.

This report is focused on the key outcome of the level 5 and 6 in the 6 step-counselling process. Every country-specific report consists of *introduction, counselling process, country specific outcomes & lessons learned*.

1. EVALUATION REPORT OF POST-TEST COUNSELLING OUTCOMES IN FINLAND

1.1. Introduction

In the beginning of the process, the tested companies had difficulties to perceive the concept of non-technological innovation. The intermediary explained the concept during informal conversations. As a result, the owner-manager in most cases stated that non-technological innovations have been made during their companies' whole life cycle.

It was noticed that there were challenges in the tested companies to provide adequate resources for non-technological innovation, for instance, problems were detected in relation to owner-manager's time management and sufficient funding.

On the other hand, several companies' non-technological innovation consisted of small improvements in processes, which often did not require large resources. It was seen that technological and non-technological innovations often interacted with each other, for instance, possible investments in new equipment were discussed in relation to innovations in production process improvements.

According to the feedback given by owner-managers, questions of the Spider Web tool should be formulated more clearly. Testing was carried out with the help of questions translated from English to Finnish. This was necessary because owner-managers' knowledge of English was not strong enough to participate in the testing without translation. Spider Web tool plays an important role in finding out development targets in the six-step counselling process and in carrying out the counselling process successfully. Therefore, the questions in the final version should be paid special attention – especially if the owner-managers use Spider Web tool by themselves without external support.

Most of the tested companies had a vision, at least in some respect. In many cases, the vision was inadequately documented: it did not exist in written form or it was not updated. The gaps in Spider Web tool showed that the owner-managers had been thinking about measures before the testing started. The measures were often similar to those proposed by the intermediary during the process.

The results of the six-step counselling process in steps 5-6 correlated with the extent of owner-manager's dedication to the process. In most of the tested companies which participated the second testing round, development measures made progress, or they were considered. The need for counselling in companies varied. There were companies where the measures made progress almost without the help of the intermediary. On the other hand, noticeable support was given, and different researches and surveys carried out in a large scale for some of the companies by the intermediary.

The results of the process varied among the tested companies. It is challenging to measure their results because six months is a quite short observation period.

In general, the aimed results were achieved to some extent and there are good prerequisites for achieving the chosen objectives.

1.2. Counselling process

The companies participating the second testing round were guided through steps 1-3 of the six-step process mainly during one face-to-face meeting. The intermediary

gathered background information on companies on their web pages, among other things, when looking for potential interviewees. Some of the companies were familiar to the intermediary to some extent before the process. The first contact with the owner-manager was made by a phone call. In many cases, discussions on the phone dealt with questions which were later discussed in more detail during the meetings. The phone call discussions could also bring up such issues as company's current situation and vision.

During the first meeting, the intermediary organisation was introduced, and experience of the intermediary in the business counselling and development discussed. The SNOWMan project was presented with its objectives and partnership. (These issues were shortly discussed in the first phone call as well.) The intermediary made notes, and based on the discussions, documented the company's current situation, vision and future objectives. SWOT analysis was used as a tool in analysing during some of the meetings.

Spider Web tool evaluation questions were answered during the meeting and the resulting spider web visualisation was studied. Development needs in relation to capability gaps that the spider web indicated were often discussed. After the testing, owner-manager gave feedback and assessed mainly steps 1-3 of the six-step counselling process. The meeting was closed by intermediary's statement about his availability for future development processes in the company. The time of the next meeting or contact by phone or email was agreed as well, if possible. Agreement on the accurate time of following contact point or next step was not achieved in every case.

After the meeting, the intermediary most often filled in an informal report template with documentation on company's current situation and vision. Intermediary reported company's possible development measures based on the discussions with the owner-manager and Spider Web results. Intermediary used his previous experience when proposing development measures in the document addressed to the owner-manager. The document was sent to the owner-manager as an attachment by email. The email included intermediary's statement on his availability for counselling the owner-manager in various questions.

The companies participating the second testing round were supported by follow-up contacting. Intermediary helped companies, for instance, to analyse social media channels and budgeting process development. In two of the companies, intermediary helped with finding budgeting tools and compiling budget. Support was also given in making calculations of product and service profitability and in enhancing strategic planning. One company was supported in product development by providing information on needed certification and required testing for a future product. Available trainings were found out to support development measures, for instance, budgeting, calculations of profitability and improving strategy.

The offered support started from finding out the needs for development in discussions between the intermediary and the owner-manager and concretising them. After

defining the needs, the intermediary looked for different solutions and reported them to the owner-manager. The intermediary provided the companies with the help within his own scope of expertise.

1.3. Country specific results and lessons learned

- a) *the scope and extent of implementation for recommended specific innovation measures to be taken in organisation and marketing;*

Examples of measures that were recommended for some of the companies on the second testing round.

Recommended measures (Company A)

1. Creating more detailed job descriptions
 - documenting the key positions, creating job descriptions, implementing job descriptions in practice
 - support is available through business development services in Centres for Economic Development, Transport and the Environment:
https://www.ely-keskus.fi/fi_FI/web/yritystenkehittamispalvelut/johtaminen-ja-henkilosto
2. Introducing strategic tools in the company's board of management
 - for instance, using SWOT and/or PESTE analysis in defining company's strategy
 - support available through business development services in Centres for Economic Development, Transport and the Environment:
https://www.ely-keskus.fi/fi_FI/web/yritystenkehittamispalvelut/kasvu
3. Mapping current stakeholders and new, necessary in the future stakeholders
 - discussion in a board meeting on the areas where outside expertise is needed and whether the board members or their networks master it.

The company planned to buy another company. The company acquisition was carried out for some time ago. It is possible that the company acquisition has advanced above mentioned measures 1 and 3.

Recommended measures (Company B)

1. Using social media
 - using, for instance, Facebook in reaching seasonal customers (summer residents)

- support available through business development services in Centres for Economic Development, Transport and the Environment: https://www.ely-keskus.fi/fi_FI/web/yrittystenkehittamispalvelut/markkinointi-ja-asiakkuudet
- 2. Improving budgeting process efficiency
 - compiling a monthly budget based on the company strategy
 - support available through business growth services in Centres for Economic Development, Transport and the Environment: https://www.ely-keskus.fi/fi_FI/web/yrittystenkehittamispalvelut/kasvu
- 3. Developing and launching new products
 - developing a sugar free coffee cake

The company has been improving its budget process efficiency by compiling performance budgets for next year. The new product has been developed and it has undergone testing.

Recommended measures (Company C)

1. Planning and commercialising a new product
 - finding out possible requirements for certification and testing
 - support possibly available through Business Finland with the help of an innovation voucher: <https://www.businessfinland.fi/suomalaisille-asiakkaille/palvelut/rahoitus/tutkimus-ja-kehitysrahoitus/innovaatioseteli/>
2. Gaining new customers
 - Studying companies specialising in traditional renovation methods and planning sales process
 - support available through business growth services in Centres for Economic Development, Transport and the Environment: https://www.ely-keskus.fi/fi_FI/web/yrittystenkehittamispalvelut/markkinointi-ja-asiakkuudet
3. Documenting the areas of expertise of employees and finding out future development needs
 - Discussions with employees

The intermediary found out whether the new product requires certification or statutory testing.

Quite soon after the six-step counselling process started, the company concluded a big contract. Because of the contract, there has not been noticeable progress with the recommended measures.

Recommended measures (Company D)

1. Gathering information on market situation (competitors etc.)
 - analysing competitors
2. Contacting clients
 - getting information for developing customer-oriented products and services
3. Finding new ways for consumer sales
 - for instance, recommendation marketing or ways of using network marketing
4. Building a strategy
 - concrete measures, calculations to support budgeting and monitoring

The company has gathered information on customer needs through its networks. Strategy work had been initiated before the six-step counselling process started. Working on strategy has been continued with the help of a business intermediary.

Recommended measures (Company E)

1. Strategy
 - renewing company's strategy and make a good follow up plan how the strategy will follow up
2. Company's state in the growth point of view
 - counselling, concrete budgeting and support for difficulties
3. Innovation management
 - company has difficulties to grow and find new customers. Supporting and help to make an action plan how to move over the difficult situation.
4. Motivating of the owner-manager
 - owner-manager need support and help to find a motivation to create new innovations in the company.

The company has a steady base to develop with, but owner-manager feel to have a challenge to find a motivation for developing the actions. After the 6-step-counselling process company have started to find new ways to market its product and services and also started to create a new innovation.

a) changes in owner-manager's efficiency due to the implemented measures;

As a conclusion, it is difficult to measure the impact of the six-step counselling process to efficiency. For instance, several companies that participated the testing had launched development measures before the counselling process began.

However, implementing the recommended measures has had a positive impact in some of the companies, for instance, on the enlargement of the business, on the rise

of customer amounts, on creating growth opportunities in the company etc. Further, prerequisites to increase company performance may have improved.

b) lessons learned;

There were quite different situations in the companies. Most often, the greatest challenges in developing small businesses are related to lack of resources (for instance, the owner-manager does not have enough time for development processes). It is important to plan the development measures according to realistic resources of the company. In general, owner-manager's dedication to the development process plays the key role in achieving the objectives.

Some of the companies' development implementation measures clearly benefited from the six-step counselling process and on the other hand, some of the companies had already been doing active development work before the counselling process. The last-mentioned companies possibly would have achieved the objectives without the six-step process.

Mostly the companies considered Spider Web tool useful. It opened new viewpoints and strengthened owner-managers' assumptions in relation to non-technological innovations.

Owner-managers were very different situation in their company and there were Owner-managers who might need more support to develop their company. For them the six-step process was too much for their current situation. After the counselling process it has been good to notice that some processed issues has gone forward.

c) how to use the counselling results in the future after testing process.

There is a strong probability that counselling benefits the companies in their future development projects. At least counselling has given fresh viewpoints on the current situation and development needs in the companies.

In some cases, the counselling process gave information to use in future and owner managers can use the information when developing their company actions. Advisors or counsellors probably can use the six-step tool when advising companies.

2. EVALUATION REPORT OF POST-TEST COUNSELLING OUTCOMES IN DENMARK

2.1. Introduction

In both tests rounds the general frame of mind from the owner managers was, that the idea of developing a 6-step process targeted their needs was an interesting idea.

However, the non-technological innovation aspect confused them and most did not fully understand what the term meant. This somewhat improved during the tests where the term was explained to them, but it continued to be a foreign concept for most.

This did not mean that the owner managers as a group were unexperienced with the practice of non-technological innovation, but it was not conceptualized as such. Instead, it was the individual types of non-technological innovations, such as sales or marketing, that were being targeted in the companies. Even though non-technological innovations were being used to some degree in the companies, their main focus remained on technological innovation. This suggests that the 6-step process will help the intermediaries counsel the owner managers to frame and target their non-technological innovations in support of the technological innovations. This will over time lead to growth in the companies.

2.2. Counselling process

At the second test round in the summer of 2019, ten owner managers participated in testing the tools. Each test was carried out at the premises of the company to ensure that the test person felt safe and comfortable and to make it easier for them to find the time to participate.

The clear output from the second test round was, that non-technological innovation was not something the owner managers of production SMEs were very concerned with or aware of. Several of them did use some types of non-technological innovations, e.g. marketing, but they did not think about it within the concept of non-technological innovation. Many of them objected strongly to the term, which they found overly academic, abstract and unnecessarily complicated. Because of the low degree of knowledge about non-technological innovation, it was difficult to keep the tests focused on that type of innovations. The owner managers often shifted the conversation towards technological innovation, likely because they were more comfortable with this subject and because they could see a more direct output from it.

Within the group of test persons, there was also a large variance in terms of how comfortable the test persons were with using a more abstract language, and this had a large effect on the outcome of the tests. The test persons who were more comfortable with the language generally gave the tools higher scores whereas the persons who were not used to talking about innovation in those terms felt confused and talked down to, resulting in lower scores. After completing a few tests, the intermediary chose to remove the term “non-technological innovation” from the spider web tool and replaced it with “business development”. This made a huge difference and the test scores improved significantly.

After the tests in June/August, Erhvervshus Midtjylland contacted the involved companies in September to find out, if they wanted to continue the process, and if so,

how they wanted to do it. Eight of the owner managers agreed to answer ten questions about their experience with using the tools in connection to the second test round.

In general the owner managers were positive about the 6-step process, but at this stage, the majority did not want to proceed with step five and six, for various reasons.

For some, it was because they were too busy running their company to find the time to participate in extracurricular activities. For others, it was because they knew and were used to other tools, or because they had a board they used when initiating technological and non-technological development. A few did not want to use tools like this. They would rather jump into the work without doing what they considered pointless preparations.

Most of the companies were already in touch with an intermediary, whether it was Erhvervshus Midtjylland or other consultants, in connection with on-going innovation- and development activities. For some of them this also included applying for funding for those activities.

Several of the owner managers who participated in the second test round, perceived the process and the spider web tool as a prototype, and stated after the tests that they needed more work before they would consider using them. Because of this, some of the owner managers did not consider their involvement to be the start of a new development activity or long counselling process. Rather they saw it as them doing their contact in Erhvervshus Midtjylland a favour. Nonetheless, the majority of the test persons reported that they found the general idea of SNOWMan to be positive.

The learning from this is that in this region, there are a lot of offers to the companies, national and regional programs, often with funding of development activities. As a result, the 6-step process has to stand out by being very clearly targeted owner managers.

2.3. Country specific outcomes and lessons learned

The issues the intermediary faced when contacting the test persons in the post-counselling process, indicated that the tool is not yet attractive enough for the owner managers to spend time on outside of their already planned activities.

The following highlights the areas where it from a Danish point of view could benefit the tool to make changes.

Integration of non-technological innovation

It is not a new learning that the Danish owner managers found “non-technological innovation” to be too abstract a term. Nonetheless, it has only been confirmed again in the post-counselling process, that this is a real issue that creates a barrier between intermediary and owner manager. Furthermore, the difficulties the intermediaries faced



trying to keep the conversation on non-technological innovation confirmed that the term should be better integrated in the tool, e.g. by asking about specific types of non-technological innovation rather than asking "...within non-technological innovation".

As this has already been discussed with the partners and decided that this is something each country must alter in their translation of the finished tools, we propose no further action on this at this time, but recommend that it be kept in mind when translating the tools later on.

Standing out from other tools

The owner managers and intermediaries already have a wide range of tools available to assist them in their collaboration. The 6-step process is special because it is specifically targeted owner managers of production SMEs. It is important that this special focus is apparent when using the process so it is not forgotten among the other available, and perhaps more known, tools. It is therefore very important that the intermediary is not only well aware of this added value to the owner managers, but is also able to communicate it to the owner manager in a meaningful way that the owner manager will understand and remember.

The role of the intermediary

It is apparent from both test rounds and from the post-test counselling process that the intermediary plays a very important role. This is expressed in the recruiting of test persons where the clear tendency was "I know the intermediary from previous collaboration. I like him and I trust him and therefore I trust that this tool will be valuable to me if he says so." The importance of the intermediary becomes very distinct when choosing to engage in the process and therefore it is important that the intermediary is able to clearly communicate the value of the process. This is something that should be addressed and perhaps trained in the Train the Trainer courses.

The importance of having firm agreements

The owner managers are in general busy and often have unpredictable schedules. Therefore, it is important to complete the action plan in step four to ensure that the owner manager prioritizes the last steps of the process and that the expected results are created.

3. EVALUATION REPORT OF POST-TEST COUNSELLING OUTCOMES IN POLAND

3.1. Introduction

The aim of this report is to measure and evaluate the degree and effect of implementation of new non-technological innovation. To measure the effect of support surveys and direct interviews were performed.

Project partners started the counselling process noticing the problem of low implementation of non-technological innovations among the owners-managers of SMEs. Counselling was intended to encourage those who do not implement innovations to start doing so. However, for those SMEs who implement non-technological innovations the aim was to help in strategizing and choosing a good quality support offer. In addition, the launch of a new form of support was justified by the fragmentation of the current information offer on the possibility of implementing non-technological innovations and unsatisfactory effects of many initiatives implemented in this area.

3.2. Counselling Process

In this report we summarize findings after the 6 steps of counselling process performed on SME companies – we chose two examples for the purpose of this report named OM1 and OM2.

OM1 is a company in the roller blind industry, successfully acquiring individual and institutional clients for over 25 years. High quality products allow for a differentiation strategy on a very competitive market. OM1 was eager to take part in the 6-step counselling process and communication run smoothly. Intermediary managed to establish a relation of trust during the first meeting basically because they knew each other from earlier meetings and projects. Intermediary contacted OM1 many times after the first meeting and managed to understand OM1 business vision. There was no written agreement for the further counselling process signed with the intermediary and in the view of the OM1 it would be prematurely and discouraging. The relation of trust and OM1s declaration was enough to secure taking part in the whole process. In the OM1s view, the intermediary rather managed to understand the challenges and needs of the company in terms of innovation taking into account the time allocated for the meetings. The intermediary visited the company and spoke with the staff, and that was very appreciated by OM1. The relevance of the Spider Web Tool in identification of the

innovation needs was initially evaluated as rather relevant but after the whole counselling process and implementation it was degraded to neither relevant nor irrelevant. According to OM, this is due to changes in the company and macroeconomic changes that have happened in Poland in the meantime (including higher inflation, increase in the minimum wage, tax changes, etc.). The diagnosis of the company (features, goals and barriers) was not so accurate after few months have passed.

The intermediary managed to propose a strategy for OM1 in terms of innovation and gave recommendations for the successful implementation. However, the action plan consisted of only few recommended. Actually, the activities were limited to the current offer of intermediary - mainly taking part in the project that is running currently and relates to the support of export activities. The most important actions on the list were: taking part in trade fairs abroad, acquiring new contacts with potential partners abroad and updating the OM1 website to accommodate other languages. OM1 agreed with the action plan and got financial support for implementation but rated the relevance of the recommended actions as low. The support was not fully in line with the expectations of the OM1 – he expected more elaborated strategy, more recommended actions in different areas and preferably greater financial support with implementation. He learned from intermediary that, due to the lack of other open projects and the allocation of EU funds, they cannot currently offer him more variety of recommended actions. He was not recommended actions to be implemented with any other partner or institution or independently.

Due to the complexity of the recommended actions regarding export activity the probable implementation will take another half a year to a year. OM1 expects the results to affect his ability to enter new markets and implement new products and services, but he doesn't expect increase in revenues or employment or organizational changes. OM also revealed that when starting the process he did not expect an increase in revenues or employment and even does not want his company to grow too much - the current size is enough for him to be able to personally control the processes in the company while maintaining work-life balance.

OM2 is the second company taking process in the evaluation. The company operates already for more than 30 years in the shipyard services business. Just like the previous participant, OM2 was eager to participate in the process and communication with him was very good. Intermediary managed to establish a relation of trust during the first meeting, contacted OM2 many times after the first meeting (more than 5) and managed to understand OM2 business vision. There was also no written agreement for the further counselling process signed with the intermediary as such a signature would, according to OM2, be a sign of unnecessary bureaucracy. In the OM2s view, the intermediary managed very well to understand the challenges and needs of the company in terms of innovation. The intermediary visited the company and spoke with the staff two times. The relevance of the Spider Web Tool in identification of the innovation needs was evaluated as relevant and helpful.

The intermediary presented the diagnosis, proposed a strategy and gave recommendations for the successful implementation of the proposed strategy. OM2 was very happy with presented strategy, which was broad, comprehensive and accurate. OM2 personally took part in its creation at several meetings of several hours, with several people from the company. He felt engaged and invested in the strategy making and implementing. Such an extensive way of preparing the strategy was possible because the intermediary had at this particular moment an open consultancy project that OM2 could take part in and it was offered to OM2 completely free. It can be only assumed that if this strategy project was not available at the time or the allocation of money would run out, the OM2 would be presented with a modest list of recommendations in line with current services offered by the intermediary.

The most important actions on the list were: export activities, cooperation with partners from abroad, diversification of business strategy, new business model for some services, developing the trading part of the company (in opposition to the production part), raising the qualifications of managers and employees. The relevance of the proposed actions was regarded as high and degree of complexity from low to high. The support offered by the intermediary was fully in line with the OM2s expectation. The implementation of all the actions will take probably another year, but the expectations for the results are very high. OM2 already experiences or expects all of the possible outcomes perceived in this process: increase in revenues, employment, new product or service, new organization and entering new markets. He also expects all of the other changes to occur due to the support received: from stronger relationship with clients to undertaking cooperation with external partners in implementing innovations. OM2 perceives this process as a big turnaround for his company and is very interested in further cooperation for the implementation of non-technological innovations.

3.3. Country specific outcomes and lessons learned

In the opinion of OM and Intermediaries as well as HEI, the 6 steps of the process were very well organized, logic and in this sense were very helpful in implementing the activities towards non-technological innovation. The instructions were clear, the flow of the process was natural and implemented actions resulted in expected outcomes. Some of the emerging problems resulted from the way in which supporting documents were interpreted or the activities at the level of advisors and OMs themselves. The results of the tests show that the process might need to be slightly improved before scaling. Especially since widespread implementation may escalate the problems currently observed at the microscale.

All analysed cases contained all steps of the process. On the other hand, Intermediaries approached the order of the phases, duration and obligation to participate in each of them in different ways. Essentially, Intermediaries assumed that

each phase was another meeting. In practice, it turned out to be difficult to implement, because with the low attractiveness of support, the participants resigned from subsequent meetings with the advisor. In order not to lose a significant proportion of people after the trust phase, they were combined with consulting and presentation of strategies and activities, offering all elements of support during two-three meetings. An important element of the strategy-oriented diagnosis was a direct visit to the company and conversations with employees. OMs appreciated this element and also the advisors found it very helpful, despite the fact that in the process it was not obligatory.

The more frequent contact with an adviser, the better the assessment of his work, even if the proposed actions were not adequate to the OMs situation. Advisors should be assessed positively due to various attempts to reach participants, as well as flexibility in adjusting dates and meeting places.

OMs' interest in implementing non-technological innovations at the beginning of the process seemed to be low. The widespread belief among Polish entrepreneurs assumes that only technological innovations will bring a significant, visible change in the enterprise. During the process, this view changed and thus its basic principle was realized. The implementation of non-technological innovations was much more problematic and seems to be dependent on many internal and external factors. One of the most important internal barriers seems to be a basic thing such as OM's desire to grow. This seems obvious but in practice entrepreneurs did not like to exceed a certain size threshold, which requires a change in management, structure, delegation of responsibility and power in the company. The declared willingness to increase profit collides with the reluctance to introduce any changes. The 6-step process may be the first step to increase awareness, change this attitude and even small implemented innovations could be the basis for further evolutionary changes. In terms of external factors, the most important seems to be the current macroeconomic situation in the country, which has an impact on the amount of time and interest in non-critical activities related to the company. The point of economic cycle (e.g. downturn), increase in the minimum wage, tax and legal burdens, inflation etc. they absorb small businesses to such an extent that they lose interest in the process of implementing innovations even before outcomes occur. Because of this, no gratification of effort discourages re-engagement. The impact on external factors is small but taking this topic into account when talking to entrepreneurs can help convince them that implementing innovation will help the company become more resistant of external economic situation.

Participants evaluated the provided support through the prism of the strategy and list of actions presented to them. Due to the fact that some of them were presented with a very limited list of activities, their assessment of support is moderately positive. It should be noted that a modest list of activities does not necessarily result from the unreliable work of advisors, but due to the lack of a current (free or low cost) offer addressed to entrepreneurs in specific intermediary institutions. In this context, however, it is problematic that no external reference was proposed. Not even to other intermediary institution participating in the SNOWMAN project.

Having said all this, it should be emphasized that the preparation of an appropriate comprehensive in-depth innovation strategy seems to be the most important factor in successfully implementing non-technological innovations. This factor seems significant and critical in all analysed cases. Not a strategy prepared and brought by an advisor based on the diagnosis, but a strategy jointly developed with OM and his employees, at several meetings, with full commitment, taking into account all the elements necessary to develop a good innovation strategy. One of the OM from the examples underwent such a process and considered it to be the most important, most significant and transformative step for his company. The strategy document was 80 pages long, very detailed and contained complicated recommendations connected to e.g. changing the whole business model of the company. But OM was involved in the process of creating it, felt personally responsible, believed in it and saw the possible outcomes. In this case, OM was able to use co-financed consultancy as part of the Intermediary's offer (a project was open) but other companies using the services of another Intermediary could not take advantage of this opportunity and did not even know about it.

The test carried out demonstrates the need for broader strategic planning support in SMEs and that fragmented ad hoc activities proposed by Intermediaries from the limited activities currently available may not be enough to achieve the intended outcomes. The test shows the need for information on co-financed support for innovative activities and the weakness of current methods of information on available support.

4. EVALUATION REPORT OF POST-TEST COUNSELLING OUTCOMES IN LITHUANIA

4.1. Introduction

The main objective of this evaluation report is to evaluate the effects and degree of implementation of non-technological innovations. Collected information will be used to finalize the 6-step tool, the spider-web tool, and the guidelines, for making the counselling tool as operational and integrated as possible.

First of all, it was noticed that after the first testing round, owners-managers have a good understanding of what non-technological innovation is. Before that, the majority of tested companies were not aware of this concept and the value it can bring to the company. In order to solve this problem, intermediaries introduced this concept and presented some practical examples together with the benefits.



In addition to a better understanding of innovation, OM companies also thought about innovation as being very risky and expensive. Counselling can be considered successful as it broke this conviction and created a pro-innovation culture. Implementation of non-technological innovation can be very cheap and have a high cost-benefit ratio in comparison to traditional innovations.

After the first testing, it was noticed that some of the companies were very interested in non-technological innovations and even started to prepare plans for the implementation processes. For those SMEs, the counselling process was a useful tool as it provided great quality support for developing action and financing plans.

Continuing work already under way and further exploring non-technological innovation in small and medium sized enterprises we have learned that most owner-managed SME's are very supportive of non-technological innovation. Most companies have already applied non-technological innovations, but did not use this term and this led to confusion over the terms. So, first of all, we had to find out what kind of non-technological innovations companies are already using, what impact they are making and what changes owners expect.

The Spider Web tool questions were asked in Lithuanian because the owner-manager's English language was not sufficient to fully understand the content of the questions. Owner-managers have welcomed the Spider Web Tool for setting development goals in a 6-step consulting process. However, the questions should be more clearly formulated as the owner-managers face uncertainties in answering them.

Non-technological innovation is an important element of corporate innovation activity, which complements technological innovation. We analysed the prevalence of non-technological innovation in companies, their relationship to technological innovation, and their impact on company performance and success in product and process innovation. Non-technological innovation is defined as the introduction of new organizational methods or new marketing methods. We have noticed that a company's propensity for technological and non-technological innovation is driven by very similar factors and that the two are closely related. The impact of non-technological innovation on the company's profit margin is only marginal, which is in contrast to the strong effects of technological innovation. However, non-technological innovation is driving sales of product and process innovations related to market innovations and reducing the cost of new processes.

Organisational innovations includes introduction of management systems for general production or supply such as supply chain management, business reengineering, lean production, quality management system. It also includes establishment of formal or informal knowledge from different departments, such as marketing, research and production.

4.2. Counselling process

The companies involved in the second phase of the trial were familiar to the mediator even before the process. In most cases, questions were discussed over the telephone and then discussed in more detail at meetings. After testing, the developmental needs identified by the Spider Web were discussed.

The key challenges when implementing said innovations are overcoming fear of change and structural fixation (when changes are made in organisation structure). Majority of non-technological innovation implementation counselling consisted of building cross-functional teams aimed to overcome main challenges.

In this section, we summarize the findings of our six steps counselling process performed with 5 SMEs in Lithuania. In order to not disclose company names, abbreviation OM and a number will be used.

OM1 is a well-established company operating in furniture production and sale sectors. This company is well known for its high-quality products which also has some orthopaedic properties. In order to stay competitive and future-oriented, company was very interested to be a part of six steps counselling process. As a result of company positive attitude towards the whole process, collaboration and communication went very well. This statement can be supported by the fact, that after the first meeting, intermediary contacted company more than five times and the majority of meeting were face to face. Developed great relations also helped to build mutual trust, so there was no need to sign a written agreement for future counselling. Intermediary also managed to speak with other employees in company. Frequent communication, which covered a variety of themes and personnel allowed intermediary to fully understand the challenges and needs of a company in regards to innovation. During the counselling process, Spider Web Tool was also used. OM1 evaluated this tool as a rather relevant, however, some improvements can be made, in regards to questions which are general, however not relevant for some types of companies. In general, intermediary managed to suggest a strategy for the implementation of non-technological innovation and according to OM1, the whole process was clear. Proposed actions were related to: 1) OM1 webpage, as it has some operational issues and design flaws; 2) changes related to the marketing of products, as it is quite outdated; 3) company services – there is a suggestion to introduce new services in regards furniture delivery and assembly. In general, OM1 is quite happy with the support and proposed action and it should take up to half a year to introduce these new changes.

Quite similar results were achieved with OM2. Company production ranges from automation systems, electronic components and cutting-edge image processing tools to electric mobility. As in the first case, mutual trust between both sides was established and it allowed intermediary to visit company 3 times, communicate with a variety of employees and as a result, business vision and innovation needs were understood quite well. Also, Spider Web Tool was also used and according to OM2, it was a useful

exercise. OM2 noted, that company never thought about some of the questions before, and it brings some things which are worth thinking over in the future, not only in terms of innovation. Last but not least, recommendations were also proposed. The most important recommendation was related to marketing because company has a wide range of activities and sometimes it is difficult to understand what their core priorities are. Implementation of non-technological solutions was also proposed regarding external relations with business partners. According to company representatives, they are rather satisfied with what has been proposed and it should take half a year to implement all new changes. Received support will lead to the new structure of organization, stronger relationships with clients and improved quality of client services, better cooperation with external partners.

OM3 is a company operating in the field of artistic production of glass. Art has a major role in this company, so non-technological innovation was a very interesting topic and a possibility for owner-manager. After the first meeting, intermediary visited company 5 times and managed to speak with the staff. OM3 was very happy with the results of support and believes that it will lead to new services and new structures. OM3 believes, that in a half a year it will manage to strengthen its relationships with clients, improve services for clients, reduce employee turnover rates. Major drawback of this support according to OM3 is quite long support process, as it took a lot of time to make 5 visits to the company. The company has been operating in a very specific art glass business for over 20 years. The intermediary adapted the Spider Web tool, discussed the current and desired situation, proposed a strategy and made recommendations on how to successfully implement the proposed strategy. In order to remain competitive, a company does not have the internal resources needed to effectively develop its activities and services. It is therefore necessary to develop international cooperation and to seek to exploit the opportunities offered by the programs. It was also suggested to expand cooperation with foreign partners, diversification of business strategy, expansion of the company's trading part. The support offered by the intermediary was fully in line with SME3 expectations.

OM4 is a company operating more than 10 years in the fields of R&D, applied activities, counselling and training. Company is operating in the field of innovation and as a result, it was highly motivated and pro-active in the whole consulting process. The whole counselling process went smoothly and company was quite happy with the strategy which was prepared. OM4 believes that received support will lead to the new services and new structure as counselling and training currently are undergoing various shifts with the use of new technologies and changing needs from the market. Spider Web Tool was also used during the process and it was evaluated as a relevant tool, however, there was a recommendation to concretize some of the questions, because they are very broad. The intermediary presented the diagnosis, proposed a strategy and gave recommendations for the successful implementation of the proposed strategy (new organization and entering new markets). Questioner and respondent can understand the same question in different ways and it opens possibilities for interpretations which can lead to the incorrect results.

Last but not least is OM5, which was founded in 1991 is one of the largest Lithuanian producers of primers, ready to use filler, paints and plasters and makes about 60 tons of products each day. Just like in the previous cases, OM5 was willing to participate in the counselling process and it helped to establish trust and open collaboration between both sides. Intermediate managed to propose a clear strategy in terms of non-technological innovations which totally lived up to the expectations. Proposed actions were related to new services and structures and the expected effects will be seen through increased revenue, new products, structures, improved quality of services, employee satisfaction, cooperation with external partners.

4.3. Country specific outcomes and lessons learned

Overall, owner-manager companies were satisfied with the whole counselling process and the results generated in Lithuania. The whole support process had a clear logical sequence and all steps seemed to be more or less necessary in order to fully understand company, its future prospects and needs. However, there is always some room for improvement and this counselling tool is not an exception.

First of all, it is vital to understand that the majority of businesses are not aware of benefits non-technological innovations can bring to the company. Because of it, companies tend to have other priorities in regards to the development of business. In terms of innovation, product innovation comes first to the majority of companies, as they are more clear and easier to understand. Therefore, intermediaries should spend as much time as possible to introduce non-technological innovations. Examples are always welcomed, especially when they are down to earth and can be related to already existing business processes, customer needs, production or services.

Another major observation from the counselling process is related to the staff. According to the practice of Lithuanian intermediaries, various employees from marketing, production or sales departments and owners-managers have different levels of knowledge, motivation and time. In general, owner-manager should always be the key person, however, employees most of the time also present some valuable insights which could be used to better understand company needs and prepare a better strategy. However, it is important to choose the right people, who would be willing to participate in the whole process, motivated and responsible for the implementation of innovations.

Third outcome of the counselling process is related to the relationships between intermediate and business. In the experience of Lithuanian intermediaries, majority of participants were very interested and keen to participate in the whole counselling process. In addition, intermediaries managed to establish great relations and mutual trust with participating companies. As a result, evaluation of intermediaries support services and prepared non-technological innovation strategies were evaluated as

highly accurate and relevant. Counselling and strategy are not the main goals themselves. They serve only as a tool to support company development, so in order to get better results, companies should be involved and feel responsibility or excitement to reach desired goals. Company has to feel, that it is a part of the process through monitoring, communication or by providing valuable insights.

The support process should also always take into account other parallel processes within the company and external factors. At the same time as counselling is happening, OM companies might have their plans on how to develop a company or maybe they are already implementing some new changes. In this case, provided strategies can be irrelevant or on the contrary, supplement and make a positive change. Different companies are usually at different stages and situations, so they might also need a separate kind of support. Also, there might be some external factors, for instance, changes in the economic situation or regulations. It can reduce the amount of money company can devote to the project, or on the other side, changes could increase company incentives to provide new services or improve existing ones. Intermediate should be aware of these possibilities and consider them when preparing innovation strategy.

Overall, counselling processes in Lithuania went very well and companies are satisfied with the results of it. These are the major lessons which have to be considered to improve services: personal relationship; practical examples, internal and external factors; constant communication with the company and various personnel, question tailored for the exact company.

Summarising the results of steps 5-6 of the 6-step counselling process showed that companies were challenged to provide sufficient resources for non-technological innovation. There have been problems with time management and financing for the owner manager. Technological and non-technological innovations often interact with each other and relate to innovation in the production process.

The counselling support mainly consisted of enabling organizations to overcome the psychological factors related to non-technological innovation. Establishing cross-functional teams from all departments involved in innovation helped to fight ambiguity, ensure that employees understand the vision and dissolve any fears related to the changes. The cross-functional teams consisted of mid-level managers who had scheduled meetings on a weekly basis where they discussed any issues related to the changes. The performance of counselling, as well as cross-functional teams, were assessed by the CEO's of SME's. All of the CEO's were satisfied by the outcome of counselling as well as the performance of cross-functional teams.

The companies tested had a vision for their company, but it was not documented in writing. The Spider Web tool features suggested by the consultant were often similar to those imagined by the owner-managers before going into the Spider Web tool.

In Lithuania, it is expected that only technological innovations will bring significant, visible changes to the company. In the process, this view has changed. The

implementation of non-technological innovations has been much more problematic and seems to be dependent on many internal and external factors. The desire to increase profits comes down to a reluctance to make any changes. A 6-step process can help change this approach, and even small implemented innovations can be the basis for further evolutionary changes.

SME believe that consulting will benefit companies in their future development projects. The consulting process provided new approaches to the current situation and development needs of companies.

Collaborative approach to the consulting process improves non-technological innovation and it should be demand driven.

The consulting process provided information that managers can use to shape their company actions in the future. The intermediaries can use a 6-step tool to advice businesses.

5. MAIN OUTCOMES

- ❖ Counselling can be considered successful as it broke this conviction and created a pro-innovation culture.
- ❖ Companies had difficulties to perceive the concept of non-technological innovation, it was not conceptualized as such before.
- ❖ It was seen during the counselling with OMs that technological and non-technological innovations often interacted with each other.
- ❖ Non-technological innovation is defined as the introduction of new organizational methods or new marketing methods.
- ❖ Organisational innovations include introduction of management systems for general production or supply such as supply chain management, business reengineering, lean production, quality management system. It also includes establishment of formal or informal knowledge from different departments, such as marketing, research and production.
- ❖ Suggestion for intermediaries to face trying to keep the conversation on non-technological innovation asking about specific types of non-technological innovation rather than asking "...within non-technological innovation".
- ❖ Implementation of non-technological innovation can be very cheap and have a high cost-benefit ratio in comparison to traditional innovations.
- ❖ Non-technological innovation is driving sales of product and process innovations related to market innovations and reducing the cost of new processes.

- ❖ 6-step process will help the intermediaries counsel the owner managers (OMs) to frame and target non-technological innovations in support of the technological innovations. This will lead to growth in the companies.
- ❖ OMs were positive and satisfied about the 6-step counselling process.
- ❖ 6 steps counselling process is very well organized, logic and in this sense were very helpful in implementing the activities towards non-technological innovation. The instructions were clear.
- ❖ The market already has a wide range of tools available to assist OMs in their collaboration with intermediaries, but 6-step process is special by specifically targeted owner managers of production SMEs.
- ❖ Questions of the Spider Web Tool should be formulated more clearly. Second testing was carried out with the help of translation of questions to the national language.
- ❖ Tested companies which participated the second testing round, development measures made progress, or they were considered.
- ❖ It is challenging to measure companies' results because six months is a quite short observation period.
- ❖ Implementing intermediaries' recommended measures has had a positive impact in some of the companies, for instance, on the enlargement of the business, on the rise of customer amounts, on creating growth opportunities in the company etc.
- ❖ There were quite different situations in the companies during second testing. Most often, the greatest challenges in developing small businesses are related to lack of resources (lack of OM's time for development processes). It is important to plan the development measures according to realistic resources of the company. OM's dedication to the development process plays the key role in achieving the planned results for growth.
- ❖ The companies considered Spider Web Tool as useful tool. Moreover, it opened new viewpoints and strengthened owner-managers' assumptions in relation to non-technological innovations.
- ❖ Spider Web Tool was evaluated by OMs as a relevant, however, some improvements can be made, in regards to questions which are general, it could lead to understand of the same question in different ways, what can open possibilities for interpretations, which can lead to the incorrect results.
- ❖ Spider Web Tool brings some of the questions which OMs never thought about before, and it also brings some things which are worth thinking over in the future.
- ❖ The counselling process benefits the companies in their future development projects. The counselling has given fresh viewpoints on the current situation and development needs in the companies' future.



- ❖ Received support for OMs were led to the new structure of organization, stronger relationships with clients, improved quality of client services, better cooperation with external partners, etc.
- ❖ The key challenges when implementing innovations are overcoming fear of change and structural fixation (when changes are made in organisation structure).
- ❖ The majority of meetings with OMs were organized face to face to develop great relations and mutual trust.
- ❖ Intermediaries highlight the importance to choose the right people (OMs), who would be willing to participate in the whole counselling process, motivated and responsible for the implementation of innovations.
- ❖ In general, the aimed results of the second testing were achieved to some extent and there are good prerequisites for achieving the chosen objectives.