

### **1) Title of the case**

Development of Modern Management Concepts in Enterprise Estonia

### **2) General description of the organisation and/or project**

*Please describe the information about your organisation necessary for people to understand the context of the case. A full overview of the organisation is not required nor preferred.*

Enterprise Estonia (hereinafter EE) was founded in 2000 by the Ministry of Economic Affairs with the aim of promoting the competitiveness of the Estonian entrepreneurial environment and Estonian businesses, thereby increasing prosperity.

EE's main customers are entrepreneurs. In providing support to entrepreneurs in Estonia, EE actively collaborates with the research institutions and universities, and with the public and third sector. To optimally promote the business environment in Estonia, EE offers the companies and research institutions, universities, and public and third sectors financing products, advisory services, cooperation opportunities, and training. All EE services are based on National Development Plan and other policy documents. EE is also one of the largest implementing agencies of the European Union's structural funds in Estonia. EE's financing products and services have been built up in such a way as to ensure availability of appropriate support for each development stage of an enterprise.

The impact of EE's work is reflected in the development of companies, in such indicators as the growth of companies and export turnover, in their business success, and internationalisation. The implementation of supported projects results in the creation of new jobs, the growth of national wealth, and the improvement of the well being of all people living in Estonia.

### **3) The main content of your case**

*Based on the main features and key words provided in your previous short description, please explain in more detail what your case is all about.*

Enterprise Estonia would like to share experience in creating the strategy, involvement of people and partners, developments of management quality in using different concepts and methods (BSC, EFQM, ISO 9001:2000). Thereby Enterprise Estonia has developed to an organisation, which is a recognised partner for the ministries and stakeholders; an organisation, which continuously identifies and tries to exceed customers expectations and systematically improves the services; an organisation, which focuses its attention on ensuring that our services are user-friendly and that customer services function as intended.

Enterprise Estonia is not only an implementing agency of EU funds, but it is an accepted partner for the customers offering added value throughout the value chain – starting from establishment of the company, through product development and export support to even restructuring of the company. The case will be illustrated with the example of start-up program.

### **4) The reasons behind the case**

*Here you can explain the reasons behind your best practice case. In order to do that you may consider following questions:*

- *Why and when was the work started?*
- *Who initiated it?*

EE was established in 2000 by way of merging five different organisations, all of which had been involved in the implementation of business and regional policies. Merging different agencies brought together all elements important for enhancing the development of entrepreneurship (export promotion, supporting research and development, tourism promotion, attracting foreign investments, business and regional development promotion) in one organisation. It was quite a complicated task for the new organisation, since these five agencies had different visions, values, strategies, working principles. Therefore the first attempt to merge was not very successful – the new organisation had a joint location and board, but not any common strategy nor shared values. For that reason, EE initiated a strategy process followed by development of new structure, which did not base any more on agencies, but the customer target groups.

In order to provide our customers with a high quality service and assure EE's good image, the level of management quality must be constantly improved. The balanced development of different aspects of entrepreneurship formed a bases for synergy, and one-stop-shop was established where the entrepreneurs could apply for all support measures targeted at them.

The first step (new strategy and structure) was followed by introduction of balance scorecard principles, update of the processes, applying the requirements of the ISO 9001:2000 standard and use of EFQM model principles as well as self-assessment process.

### **5) The actors behind the case**

*You may describe the people involved in you case by answering for example the following questions:*

- *Who was in charge of the case?*
- *Who supported/steered the case?*
- *How was the personnel engaged in the initiative?*
- *How the customers where heard before, during and after the process?*
- *Was it a joint project with other organisation(s)?*
- *Was some external assistance needed or available?*
- *Did you use consultants?*

Since the first strategy document of EE was developed in 2002, lots of people (management, employees, representatives of customers and partners) have been involved in this process. The primary initiative was mainly taken by the supervisory board, the members of the board and the Ministry of the Economic Affairs and Communication. But in the following phases large number of working groups, which consisted both of employees as well as stakeholders and customers, were formed in order to work out customer-oriented strategy and products.

### **6) The process leading to success**

*Please describe here the implementation process of you case by:*

- *Describing how process was planned and resourced.*
- *Describing how the goals for the project were set.*
- *Giving a summary of the process description –what was done when, how and by whom.*
- *Explaining the main methods and tools used and reasons for choosing them.*
- *How has the evaluation of the case been organised?*

In order to implement the strategy developed in 2002, EE started to use balanced scorecard principles in 2003. Currently these principles are used in all EE's business units. EE's key

processes are also based on the strategy and objectives set by using the balanced scorecard method.

It is important to guarantee the efficiency of in-house processes and the harmonisation of different management tools deployed within the organisation. For that reason, a decision was made to update the processes and to begin applying the requirements of the ISO 9001:2000 standard. In March 2005, Det Norske Veritas, an international certifying company confirmed that EE's quality system was in compliance with the requirements of the ISO 9001: 2000 standard.

EE has also decided to implement regular self-assessment, adopting the model of the Estonian Business Excellence Award, which is based on EFQM model. The first self-assessment was made in August 2004, with the participation of the management members and key persons. In order to be assessed by a party outside the organisation, EE decided to participate in the Estonian Business Excellence Award competition in 2005. In addition to the valuable feedback from assessors and plenty of improvement suggestions, EE can compare its management quality with the other organisations - the total score given to EE was 400-450 points, which is quite a good result considering the first year of participation.

EE's quality objectives require constant development efforts on the part of each employee as well as the organisation as a whole. The principle behind all the management models introduced in EE – e.g., balanced scorecard, ISO 9001:2000, the model of Business Excellence – is that the results of activities are measured and followed by adjustments. All the most important objectives are reviewed in the course of the strategy review process. The management system is monitored, developed, and improved with the help of management reviews, the system of non-compliances, internal and external quality audits and subsequent improvement efforts, and improvements based on the findings of personnel surveys.

One could ask: why do we use so many different concepts? Because all these concepts complement each other. Business excellence (EFQM) gives a method for continuous improvement, it's a kind of framework for diagnostics. BSC gives direction and method for measurement and achievement of goals. ISO gives us guidelines for the processes and internal rules. And finally it is easier to consider all impacts in decision making as well as in review.

## **7) Results indicating the success**

*To present the results of your case, you could report here:*

- *How you measure the results of your case, qualitative and/or quantitative indicators you use?*
- *The actual measured results.*
- *What has been learned from measuring the results? What kind of development actions can be drawn from them to further improve your case?*

Results so far include:

- customer results;
- people results;
- development activities;
- diminished duplication;
- results of self-assessment and submission document - as a management tool, handbook for newcomers and old members.

The results will be illustrated with the appropriate figures and graphs.

## **8) The main obstacles of the case**

*Every development process faces different obstacles. Please tell how you have coped with them during your process?*

- *What obstacles were encountered during the project?*
- *How were these obstacles addressed?*
- *How were these obstacles overcome?*

One of the main difficulties, mentioned already beforehand, has been to merge five very different organisations and develop a common strategy for all of them. It was only overcome by involvement of people, customers and stakeholders as well as by making the right decisions at right time.

We could also point out lack of resources, especially lack of time for development activities, which was overcome by hard work and, again, involvement as many people as possible. Involvement, in one's turn, helped us also explain the essence of strategy and management concepts to our people in a better way – learning by doing or trying to make something by yourself brings always better results than passive participation in the project.

The third obstacle, but it would be better to name it as a challenge for us, has been fast growth of the organisation related to the joining process with the EU and rapid development of our economy. It has required lots of material and non-material resources, but above all, again, commitment of our people.

## **9) Main sources of inspiration behind the case**

*Hardly any development action is launched in a vacuum without studying similar examples or looking for some advice from outside. Here you can describe and name your sources of advice and inspiration. These sources could be:*

- *Studying, visiting other best practice cases.*
- *Studying new theories of organisational development or quality management.*
- *Benchmarking a new innovation of someone else.*

During the process we have learned a lot from different organisations from Estonia and abroad (like TEKES from Finland, Enterprise Ireland, TNT Estonia etc), we have benchmarked ourselves with the similar organisations mainly from abroad and every now and then we have used some input from different management consultants.

EE has taken an active role as a leader in improvement efforts in the society, as well. Since 2001, for example, a task initiated by the EE management has actively promoted the management quality in Estonian companies by running the Business Excellence Award Competition and implementing a quality programme for tourism companies. Companies can also benchmark themselves through the Entrepreneurship Award competition; the environment label is awarded through the Green Key programme. So we could conclude that these networks were also a source of inspiration behind the case.

## **10) The most important lesson learned**

*If you should need to choose the most important thing you have learned from your case, what would it be?*

Lessons learned:

- 1) involvement of people (trainings, teamwork etc) is the most important;
- 2) commitment of top-management and all leaders is crucial;
- 3) planning of process: plan more time and other resources for development activities;
- 4) keep promises and demand it also from the others, give regular feedback;

- 5) keep things as simple as possible;
- 6) use improvement cycle in everyday work, especially in management quality.

The process is not over after implementing all the above-mentioned activities, neither was it a one-time initiative for us. Currently we are analysing the need for update our strategy, structure, current model of customer service as well as the content of our services. Through systematic strategic approach and quality process we can provide our customers with a high quality service, meet or exceed their expectations as well as show impact on society and approach our vision, which is: "Estonian business environment will be among the best in the world!"