# Kick-Off the Ranking of the Top 500 " Iranian SMEs with German FHM and Guter ''Mittelstand Methods

## On December 22. 2019, Yazd, Yazd province, Iran as project pilot and On December 18. 2019, Zahedan, Sistan-Baloochestan province, Iran separately

Under this agreement, the types of cooperation may include:

(1) Firstly, we will start with ''**IMI's methods"** with a combination of **''FHM's Methods"** based on SMEs' situation in Iran and we provide a **IMI/FHM-SME code** for Iranian SMEs to sift them with some conditions e.g. financial income and then introduce them for the next step.

**1.1.**If some of the SMEs don't have enough abilities to move to the next step can get management consulting and training support from **IMI/FHM-SME Clinic to** improve their situation for the next ranking project.

**1.2.** IMI will categorize the SMEs (have all conditions of the first step) based on customized FHM's categorization methods in ***4 main*** groups and ***some sectors*** as blew and send the results to FHM:

1) Productive
2) Service based
3) Contactor
4) Knowledge based

(1) Energy
(2) Agriculture and environmental
(3) Food industry
(4) Health, social welfare and insurance
(5) HR
(6) Dress and clothing
(7) Logistics, mobility and transportation
(8) Procurement
(9) Hotel and Tourism
(10) Construction and manufacturing
(11) Education and research
(12) Telecommunication
(13) Digitalization, IoT and smartness
(14) Finance and investment
(15) Automotive and Machinery
(16) Recycling and waste & waste water management
(17) Others

(2) And then for the second executive step, FHM will use its own German model for SME ranking titled: ''**Guter Mittelstand"** and after evaluation will give the results to IMI.

**2.1.** If the SMEs don't get a good rank can get management consulting and training support from **IMI/FHM-SME clinic to** improve their situation for the next ranking project.

**2.2.** The SMEs with a good rank will get **Appreciation Letter Tablet** for the first level/step of ranking ("**IMI's methods"** with a combination of **''FHM's**

**Methods"** based on SMEs' situation in Iran) and the second level/step of ranking (**FHM "Guter Mittelstand"**) in 4 different groups as below:

1) Normal
2) Good
3) Very Good
4) Excellent

(3) For the third step we use **"FHM's methods"** with approach from the OFFENSIVE MITTELSTAND FOUNDATION as well as ***Digitalization Index***.

(4) For the fourth step we use **"FHM's methods"** with approach from the OFFENSIVE MITTELSTAND FOUNDATION as well as ***Sustainability Compass***.

(5) FHM ranking model has the following steps:

1. Kick of the project in Iran (in each province) and then Germany and establish the project website.
2. Advertisement for the project in Iran.
3. Welcome meeting at IMI's branches in Iran
4. Project and ranking model introduction, welcome meeting, seminar and workshop for the SMEs who want to get involved.
5. Manual and Online formulation of the declaration
6. Pre-evaluation (preliminary evaluation)
7. Field evaluation inside the SMEs
8. To extract the final evaluation results to evaluate them
9. Final evaluation
10. Giving official feedback documents to IMI and then to Iranian SMEs
11. After the third level/step of the ranking (Digitalization Index for SMEs) and the fourth level/step of ranking (Sustainability Compass), give IRANIAN SMEs awards (Tablet and Statue) to 6 score groups

    (1) Minimum Guter Mittelstand
    (2) Guter Mittelstand + 1 star
    (3) Guter Mittelstand + 2 stars
    (4) Guter Mittelstand + 3 stars
    (5) Guter Mittelstand + 4 stars
    (6) Exzellenter Mittelstand + 5 stars

(6) FHM will use the following Guter Mittelstand eleven factors:

(1) Strategy

(2) Liquidity
(3) Risk assessment
(4) Leadership
(5) Market and customer
(6) Organization
(7) Corporate Culture
(8) Staff/Personal
(9) Production and Performance Process
(10) Procurement
(11) Innovation

(7) FHM methods,

### **7.1.** FHM Digitalization index for SMEs

- **Recognize and perceive opportunities of digitization**

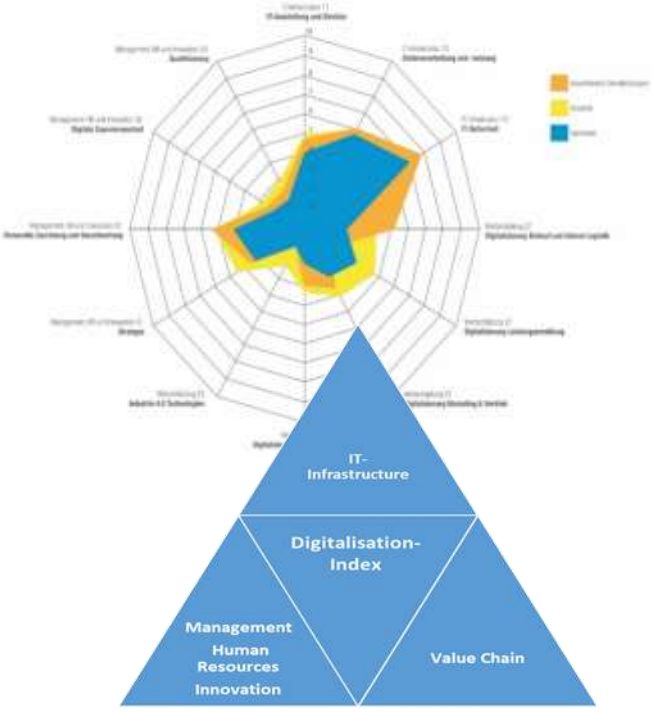
The daily advancing digitization poses increasing challenges for politics and the economy. The digital transformation requires established products, processes and business models to be put to the test and further developed by means of IT inclusion in order to remain competitive in the long term.

Digital advances are the driver of sustainable economic growth in the medium and long term in times of highly dynamic markets and disruptive changes in business models. In order to cope with the growing challenges and ensure international competitiveness, companies and policymakers must therefore deal intensively with the issue of digitization, encourage them to change and develop promising strategies.

Above all, SMEs, the backbone of the economy, are increasingly required to digitize processes. However, due to the complex requirements, this is under pressure against the background of limited resources. Small and medium-sized enterprises misunderstand the importance of digitization and underestimate the urgency of dealing with digital transformation.

From a political point of view, a systematic analysis and analysis of the digitization status of German SMEs has so far failed to materialize. Without a precise picture of the current status of the digitization status of companies, the determination and deduction of entrepreneurial investment potential and structural policy measures is impossible. Digitization needs political support and must become part of corporate strategies!

The FHM now closes this gap with its digitization index. The aim of the digitization index is to survey the digitization status of small and medium-sized enterprises in the craft, industry and industry-related services sectors in the core areas of IT infrastructure, value added and management, HR and innovation. The index thus shows what has been done so far by companies in the field of digitization




and, accordingly, where there is still a deficit. In this regard, he points out urgent fields of action for both companies and politicians.

## .Digitalization index for SMEs

(1) IT infrastructure

(2) Value added

(3) Management, HR and Innovation

## Digitization index by industry

1) Digitization characteristic by area of craft industry iDL
2) IT infrastructure
3) IT equipment and structure
4) Data processing and use
5) IT security
6) Value added
7) Digitization Purchasing and internal logistics
8) Digitization of services
9) Digitization Marketing & Sales
10) Digitization of products / services
11) Industry 4.0 technologies
12) Management, HR and Innovation
13) Strategy
14) Personnel assignment and responsibility
15) Digital collaboration
16) Qualification
17) Total

## Initial Situation

- Information on strategic and investment status in SMEs in the field of digitalisation and y 4.0 is mostly based on "self-assessments".
- The nationwide „SME 4.0 competence centres“ offer “training workshops" and information.
- The SME Digitalisation Index (KDI) provides an empirical basis for the current state of digitalisation and its dynamics.
- The digitalisation index is designed as a cockpit instrument
  - for entrepreneurial monitoring in company rankings and investment decisions
  - for structural policy decisions and economic development

## Survey Dimensions

| IT Infrastructure | Value Chain | Management, HR und Innovation |
|---|---|---|
| - IT Equipment and Structure<br>- Data processing and Use<br>- IT Safety | - Digitalisation of Purchasing and Internal logistics<br>- Digitalisation of Production Processes<br>- Digitalisation of Marketing & Sales<br>- Digitalised Products and Services<br>- Industry 4.0 Technologies | - Policy<br>- Personnel allocation and Responsibility<br>- Digital Collaboration<br>- Qualification |

**7.2.** FHM Sustainability Compass

**FHM team will send a paper-based questionnaire along the criteria to the SMEs based on FHM Sustainability Compass.**

- The entrepreneurial sustainability compass is based on these 20 criteria:

I. Strategy:

1. Strategic analysis and measures
2. Materiality
3. Goals
4. Depth of the value chain

II. Process Management:

5. Responsibility
6. Rules and processes
7. Control
8. Incentive systems
9. Stakeholder participation
10. Innovation and product management

III. Environment:

Use of natural resources 11.

Resource management 12.

13. Climate relevant emissions

IV. Society:

14 .Employee rights

15 .Equal opportunity

16. Qualification

17 .Human rights

18 .Commonwealth

19 .Political influence

20. Law-compliant and directive-compliant behavior