



# Training for women entrepreneurs: access to finance and innovation

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Co-funded by  
the European Union

The RE-FEM - Upskilling pathways for RESiliency in the post-Covid era for FEMale Entrepreneurs project (2022-1-HU01-KA220-ADU-000089295) is funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them.



## **Access To Finance And Innovation**

This module equips women entrepreneurs with essential skills in financial management and innovation funding. It covers key topics such as understanding legal documentation, financial statements, performance evaluation, liquidity and credit ratios and pitching to investors. The module also explores net working capital management, creditworthiness assessment, and profitability analysis.

Participants will learn to navigate financial challenges, secure funding for innovation, and enhance strategic decision-making capabilities. The training combines theoretical knowledge with practical exercises, ensuring a comprehensive learning experience

## Access To Finance And Innovation

Participants will learn how to draft an innovation strategy, implement it effectively, and assess their company's innovation capacity. Their ability to create an innovation strategy will be strengthened by developing creative thinking skills, unlocking their potential to generate innovative ideas.

### **The training will start with the following topics:**

- Mindset for Creativity (Growth Mindset, Overcoming Mental Barriers)
- Divergent vs. Convergent Thinking

Participants will engage in various creativity techniques, including brainstorming, SCAMPER, mind mapping, Six Thinking Hats, and the "How Might We?" approach.

# Access To Finance And Innovation

Next, they will acquire fundamental knowledge on drafting a strategic innovation plan, transforming their innovative ideas—generated through the design thinking process—into a structured plan. This plan will include key elements such as:

- Defining the innovation strategy
- Vision, mission, and values
- Setting clear goals, KPIs, and measuring success
- Identifying the Job to Be Done and applying the Pain-Gain Model
- Defining the Value Proposition
- Creating a Business Model Canvas

Following this, participants will learn how to implement their innovation strategy and, finally, assess their innovation potential **using the INNOVATE methodology**, a self-assessment tool widely used by Serbian SMEs.

The training includes three interactive exercises. The innovation potential self-assessment is provided as a take-home tool, allowing participants to apply it at their convenience.

# Objectives

## **Enhance Financial Literacy:**

- Improve understanding of financial documentation and statements.
- Teach fundamentals of financial analysis and key financial ratios.

## **Improve Access to Finance:**

- Educate on available funding opportunities for women's SMEs.
- Provide practical skills for pitching to investors.

## **Strengthen Financial Management:**

- Explore net working capital and operational finance management.
- Teach the process of obtaining tax settlement certifications.

## **Conduct Financial Assessments:**

- Enable creditworthiness assessment and profitability analysis.
- Facilitate comprehensive SWOT analysis for strategic insights.

## **Foster Innovation:**

- Highlight innovation funding opportunities and advocacy.
- Stimulate creativity and strategic innovation planning.

# Learning Outcomes

## **Improved Financial Literacy:**

- Participants will better understand financial documentation and statements.
- Enhanced ability to conduct financial analysis and apply key ratios.

## **Effective Pitching Skills:**

- Participants will be able to prepare and deliver compelling pitches to investors.

## **Operational Efficiency:**

- Improved management of net working capital and operational finances.
- Capability to identify and address potential business obstacles proactively.

## **Strategic Financial Planning:**

- Proficiency in creditworthiness assessment and profitability analysis.
- Ability to perform SWOT analysis and gain strategic insights.

## **Innovation Capability:**

- Increased awareness of innovation funding opportunities.
- Improved ability to create and implement strategic innovation plans.

# **Content**

**Training for women entrepreneurs access  
to finance and innovation**

**Company  
Performance  
Evaluation**

**Funding for  
women's  
SMEs**

**Innovation**

# **Introduction to legal documentation and financial statements for entrepreneurs**



# **Introduction to legal documentation and financial statements for entrepreneurs**

## **Introduction to the importance of access to finance**

Why is access to finance and innovation crucial for the success of women entrepreneurs?

- ✓ Growth
- ✓ Development
- ✓ Success

What are some of the challenges women entrepreneurs face in accessing finance?

- ✓ Methods of financing
- ✓ Collateral procurement



# Introduction to legal documentation and financial statements for entrepreneurs

Evaluating company performance involves examining key financial metrics and ratios that help determine profitability, efficiency, and overall health. Ratio analysis—such as profitability, liquidity, and leverage ratios—helps entrepreneurs assess how well their business is performing over time, how it compares to competitors, and where improvements can be made. Financial analysis provides actionable insights that guide decision-making in areas like pricing, cost management, and investment.

Entrepreneurs must understand the fundamental legal and financial documents that underpin business operations. Legal documentation, such as incorporation papers, contracts, and partnership agreements, ensures regulatory compliance and mitigates risks. These documents also formalize business relationships and provide legal protection for women entrepreneurs striving to establish a solid foundation.



# **Introduction to legal documentation and financial statements for entrepreneurs**

Financial statements are critical tools for monitoring business health. A balance sheet details assets, liabilities, and equity, providing insights into financial stability. Income statements summarize revenue and expenses, offering a clear picture of profitability. Cash flow statements track the movement of funds, crucial for meeting short-term obligations and maintaining operational efficiency.

By mastering legal documentation and financial reporting, entrepreneurs can confidently approach investors, secure funding, and make strategic decisions. For women entrepreneurs, these skills are instrumental in overcoming challenges and achieving sustainable growth.

# Introduction to legal documentation and financial statements for entrepreneurs

## Legal Documentation

- Business Registration: Ensure your business is properly registered and complies with local regulations.
- Licenses and Permits: Obtain necessary licenses and permits for your business operations.
- Contracts: Understand and maintain contracts with suppliers, customers, and partners.
- Tax Compliance: Keep up-to-date with tax obligations and ensure timely submissions.
- Financial Statements:
  - Balance Sheet: Provides a snapshot of your company's financial position at a specific point in time, detailing assets, liabilities, and equity.
  - Income Statement: Shows your company's revenues and expenses over a period, highlighting profitability.
  - Cash Flow Statement: Tracks the flow of cash in and out of your business, crucial for managing liquidity.
  - Equity Statement: Reflects changes in the owner's equity over an accounting period.



## Objectives

- Understanding: Gain a solid understanding of essential legal documents and their importance.
- Compliance: Ensure full compliance with legal requirements to avoid penalties.
- Financial Literacy: Develop the ability to read and interpret financial statements for better financial management.
- Informed Decision-Making: Use financial statements to make informed business decisions.

# **Company Performance Evaluation (Financial Analysis and Basic Ratio Analysis)**

# Company Performance Evaluation (Financial Analysis and Basic Ratio Analysis)

**Introduction:** Understanding financial statements and legal documentation.

**Financial Analysis:** Evaluating company performance through key financial ratios.

- Liquidity Ratios
- Credit Ratios
- Profitability Ratios

**Practical Application:** Using ratio analysis for informed business decisions.

**Operational Finances:** Managing net working capital.

**SWOT Analysis:** Assessing financial health and strategic planning.

**Learning Outcomes:**

- Enhanced financial literacy and analysis skills.
- Improved financial planning and decision-making abilities.
- Ability to assess and improve business profitability and creditworthiness.



# **Company Performance Evaluation (Financial Analysis and Basic Ratio Analysis)**

## **Introduction**

Evaluating a company's performance requires systematic financial analysis and understanding key ratios. Financial analysis involves examining trends in revenue, costs, and profits over time to assess growth potential and operational efficiency. Women entrepreneurs, particularly, benefit from these insights to tailor strategies that enhance competitiveness.

Basic ratio analysis simplifies the assessment of financial health. Profitability ratios, such as net profit margin, indicate how efficiently a business converts revenue into profit. Liquidity ratios assess the ability to cover short-term obligations, while leverage ratios measure the company's reliance on borrowed funds. Efficiency ratios track how effectively assets are managed to generate revenue.

Using these tools, women entrepreneurs can identify strengths, address weaknesses, and make informed decisions. Financial analysis not only fosters strategic planning but also builds confidence among stakeholders and investors.



# Company Performance Evaluation (Financial Analysis and Basic Ratio Analysis)

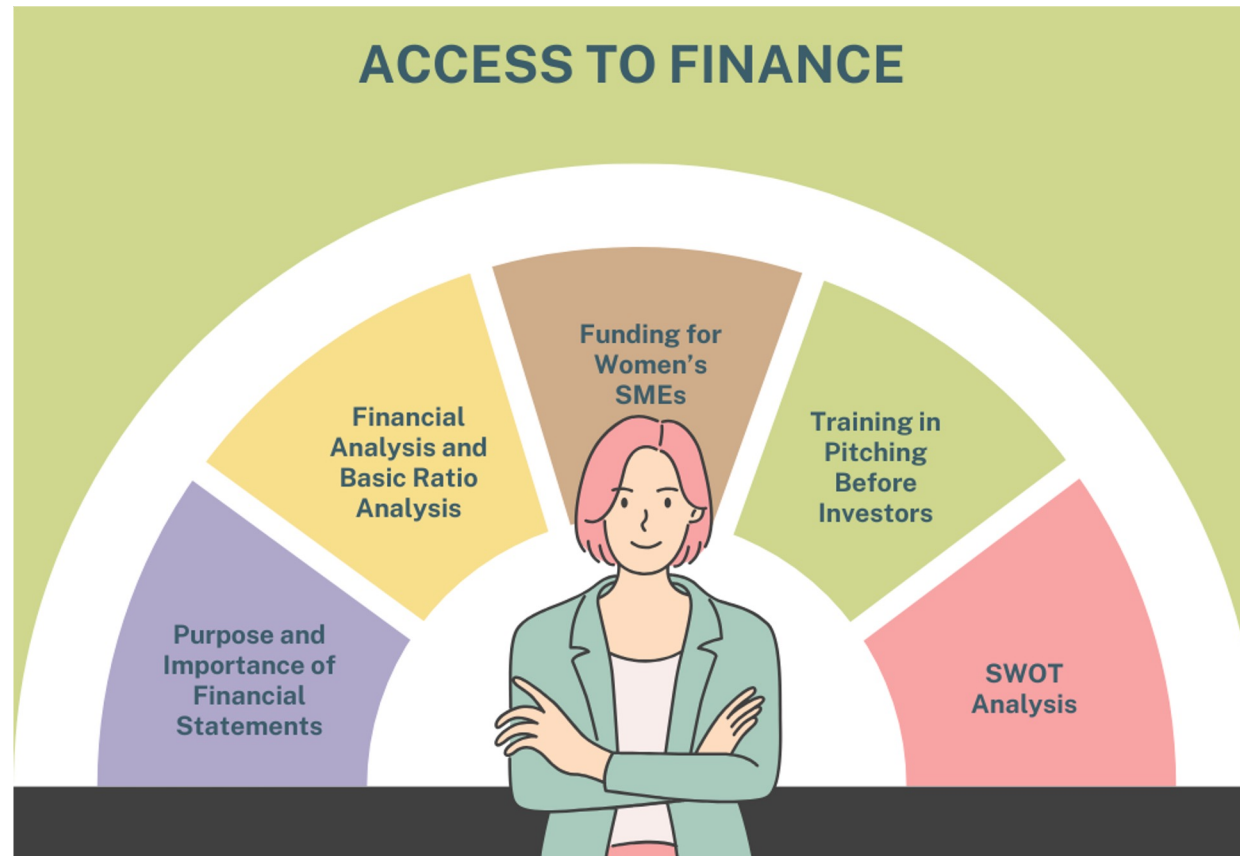


Figure 1 Key aspects of access to finance. Created by the author.

# Liquidity Ratios

**Liquidity:** the ability of a firm to pay its short-term debts.

Liquidity ratios measure a company's ability to meet short-term obligations. The current ratio, calculated as current assets divided by current liabilities, indicates the availability of resources to cover debts. A higher ratio suggests better liquidity, while a lower ratio signals potential financial strain.

The quick ratio (acid-test ratio) refines this analysis by excluding inventory from assets, focusing only on liquid resources. This is particularly useful for businesses in industries with slow-moving inventory. For women entrepreneurs, understanding these ratios is vital to maintaining operational stability and avoiding financial difficulties. Also known as the quick ratio, this is a stricter test of a firm's liquidity. It ignores the least liquid of the firm's current assets – inventories (stocks).

$$\text{Acid-test ratio} = \frac{\text{liquid assets}}{\text{current liabilities}}$$

Regularly monitoring liquidity ratios helps identify cash flow bottlenecks and ensures readiness to meet financial commitments. It also builds trust with lenders and suppliers, facilitating smoother business operations.

## Credit Ratio

Credit ratios assess a company's ability to handle its debt obligations. The debt-to-equity ratio compares total liabilities to shareholders' equity, reflecting the balance between borrowed funds and owner investments. A higher ratio may indicate financial risk but also highlights growth potential when managed effectively.

The interest coverage ratio measures how easily a business can pay interest on its debt using operating income. This ratio is critical for entrepreneurs seeking loans, as it reassures lenders about repayment capacity. Women entrepreneurs can leverage these insights to optimize borrowing strategies and negotiate favourable terms.

By understanding and applying credit ratios, businesses can achieve sustainable growth while maintaining financial stability.



# **Funding for women's SMEs**



## Funding for Women's SMEs

Innovation funding is crucial for empowering women entrepreneurs to drive growth in small and medium enterprises (SMEs). Grants, loans, and equity financing are popular options. Governments and international organizations often provide targeted programs to support women-led businesses in technology, sustainable development, and other innovative fields.

Securing funding requires a solid business plan that highlights the innovative aspect of the enterprise. This includes identifying a unique selling proposition, demonstrating market potential, and outlining the expected impact. Additionally, women entrepreneurs can benefit from incubators and accelerators that offer mentorship alongside funding opportunities.

Women entrepreneurs have multiple financing options available, each with unique benefits and challenges. The choice of funding method depends on the business model, growth stage, and financial needs. By understanding these funding sources, women entrepreneurs can develop a strategic approach to securing capital and building successful, sustainable businesses.

Securing financing is one of the most critical aspects of launching and growing a business. Women entrepreneurs face unique challenges in accessing capital, but there are various funding options available to support their ventures. These funding sources differ in terms of eligibility, repayment obligations, and the level of business control retained by the entrepreneur.

# **Theoretical overview of the key financing methods...**


# Funding for Women's SMEs

## Grants (non-repayable funds)

Grants are financial awards provided by governments, private organizations, or non-profits to support businesses without requiring repayment. They are typically awarded based on specific criteria, such as industry focus, social impact, or business ownership demographics (e.g., women-led businesses).

### Key Characteristics:

- No repayment required
- Competitive application process
- Often awarded for specific business purposes (e.g., innovation, social impact)
- May have reporting requirements to show fund utilization

 **Example:** Government-backed grants for women entrepreneurs support economic empowerment by reducing financial barriers to business entry and expansion.



# Funding for Women's SMEs

## Business Loans

A business loan is a form of debt financing in which an entrepreneur borrows capital from a financial institution, online lender, or government-backed program and repays it over time with interest. Loans provide a structured repayment schedule, but they require a solid credit history, business plan, and sometimes collateral.

### Key Characteristics:

- Requires repayment with interest
- Can be secured (requires collateral) or unsecured (higher interest rates)
- Can be short-term or long-term, depending on the business needs
- Allows business owners to maintain full equity ownership

📌 **Example:** Microloans are a common financing method for small businesses, particularly in developing economies, providing low-interest capital to women entrepreneurs.



# Funding for Women's SMEs

## Venture capital (vc) and angel investors

Venture capital (VC) and angel investment involve external investors providing capital in exchange for equity (partial ownership) in the business. Venture capital firms typically invest in high-growth startups, while angel investors are individuals who provide early-stage funding.

### Key Characteristics:

- Provides significant funding for scaling businesses
- Investors take an ownership stake and may influence decision-making
- Suitable for high-growth, innovative startups
- Requires a strong business plan and growth strategy

📌 **Example:** Tech startups often attract venture capital funding because they demonstrate high scalability and profitability potential.

# Funding for Women's SMEs

## Crowdfunding

Crowdfunding is a method of raising funds from a large number of people, usually through online platforms. It allows entrepreneurs to secure financing without traditional financial intermediaries, leveraging public interest and community support.

### Key Characteristics:

- Uses digital platforms to raise small amounts from many contributors
- Can be reward-based (pre-selling products), equity-based (offering shares), or debt-based (repayable loans)
- Ideal for product-based businesses and creative ventures
- Requires strong marketing and audience engagement

📌 **Example:** Women-led businesses in fashion or technology often use Kickstarter to secure early-stage funding by offering pre-orders as rewards to backers.


# Funding for Women's SMEs

## Business competitions and accelerators

Entrepreneurial competitions and accelerators provide funding, mentorship, and networking opportunities to startups. Many of these programs focus on supporting women entrepreneurs by offering capital in exchange for participation in mentorship and training programs.

### Key Characteristics:

- Competitive selection process
- Provides funding, mentorship, and networking opportunities
- Often focused on innovation, technology, or social entrepreneurship
- Some require partial equity in exchange for funding

 **Example:** The Cartier Women's Initiative provides grants and mentorship to female entrepreneurs with businesses that have a social impact.

# Funding for Women's SMEs

## Bootstrapping (self-funding)

Bootstrapping refers to funding a business using personal savings, reinvested profits, or revenue generated from early operations rather than seeking external financing. This method allows entrepreneurs to retain full ownership and control but may limit growth potential due to resource constraints.

### Key Characteristics:

- No debt or loss of equity
- Requires financial discipline and careful budget management
- Best for businesses that can generate revenue quickly
- May limit expansion opportunities without external funding

📌 **Example:** Many small businesses start by bootstrapping, reinvesting early profits into growth before seeking external financing.

# **Training in Pitching Before Investors**

# Training in Pitching Before Investors

Pitching is an essential skill for entrepreneurs seeking investment. A successful pitch succinctly communicates the business idea, target market, revenue model, and growth potential. Women entrepreneurs can gain confidence by structuring pitches that emphasize innovation, financial sustainability, and social impact. Key components of an investor pitch include a compelling introduction, a problem-solution narrative, and a clear ask (investment amount and its purpose). Visual aids and data-driven arguments enhance credibility while rehearsing improves delivery and confidence.

Pitching to investors requires clear communication, strategic planning, and confidence. To increase the chances of securing funding, women entrepreneurs should go through structured training to refine their pitch and approach. By refining your pitch deck, mastering storytelling, engaging in mock pitching, and handling investor questions confidently, you can increase your chances of securing funding.

# Training in Pitching Before Investors

A pitch deck is a short presentation (usually 10-12 slides) that highlights key business aspects. It should include:

- **Problem Statement** – Clearly define the problem your business solves.
- **Solution & Unique Value Proposition** – Explain how your product/service addresses the problem.
- **Market Opportunity** – Show the market size and growth potential.
- **Business Model** – Describe how you generate revenue.
- **Traction & Milestones** – Present key achievements, customer acquisition, or revenue figures.
- **Competitive Advantage** – Explain what differentiates you from competitors.
- **Go-To-Market Strategy** – Outline your plan for acquiring customers.
- **Financial Projections** – Provide realistic revenue and cost projections.
- **Funding Request** – Clearly state how much funding you need and how you will use it.
- **Team** – Highlight key team members and their expertise.

# **Explore the Concept of Net Working Capital to Manage Operational Finances Effectively**



# **Explore the Concept of Net Working Capital to Manage Operational Finances Effectively**

Net working capital (NWC) is the difference between current assets and current liabilities. It reflects the liquidity available for day-to-day operations. A positive NWC ensures smooth operations, while a negative one may signal cash flow challenges.

Managing NWC involves optimizing inventory levels, accelerating receivables, and extending payables without compromising supplier relationships. For women entrepreneurs, efficient NWC management is crucial for maintaining financial stability and supporting growth.

By regularly reviewing NWC, entrepreneurs can identify areas for improvement, ensure operational efficiency, and prepare for unforeseen financial needs.

# **Blockade Verification and Certifications Confirming the Settlement of Tax Obligations**

# **Blockade Verification and Certifications Confirming the Settlement of Tax Obligations**

Blockade verification involves checking whether a business is under financial constraints, such as frozen accounts or unresolved debts. This step is essential for maintaining transparency and credibility in financial dealings.

Certifications confirming tax settlements are equally important. They assure stakeholders that the business complies with tax regulations, avoiding legal issues. For women entrepreneurs, these certifications build trust with investors, lenders, and clients, facilitating smoother collaborations.

Adhering to these practices not only protects businesses from penalties but also enhances their reputation in competitive markets.



## Certificates of tax compliance

Certificates of tax compliance confirm that a company adheres to tax regulations and avoids legal issues. For female entrepreneurs, these certificates help build trust with investors, lenders, and clients, facilitating collaboration.

By adhering to these practices, female entrepreneurs not only protect their businesses from penalties but also enhance their reputation in competitive markets.

# Creditworthiness Assessment

## Creditworthiness Assessment

Creditworthiness assessment evaluates a business's ability to repay debts. It involves both quantitative and qualitative analyses. Quantitative aspects include examining financial ratios such as debt-to-equity and interest coverage, while qualitative aspects focus on business history, industry reputation, and management capabilities.

Women entrepreneurs must understand their credit profile to access financing effectively. Building a strong credit history involves timely repayment of debts, maintaining a good credit utilization ratio, and ensuring financial transparency.

This assessment is critical for negotiating favorable loan terms and establishing trust with lenders. Regular evaluations allow entrepreneurs to improve their creditworthiness and prepare for future growth opportunities.

# **Conduct an Assessment to Determine the Creditworthiness of Your Enterprise**

# Creditworthiness Assessment

Assessing creditworthiness begins with a thorough review of financial documents, such as balance sheets and cash flow statements. Entrepreneurs must ensure these records are accurate and up-to-date. Financial ratios, including liquidity and solvency measures, provide insight into the company's financial health.

Qualitative factors, such as the stability of the management team and market reputation, are also considered. For women entrepreneurs, aligning personal credit history with business credit can enhance the overall evaluation.

## **Assessment of Creditworthiness:**

- Importance of assessing creditworthiness for accessing financial resources.
- How to assess one's creditworthiness?
- Quantitative analysis
- Qualitative analysis
- Pitching presentation

By conducting regular assessments, businesses can identify areas for improvement, strengthen their financial standing, and gain access to a broader range of funding options.







# Profitability Analysis

# Creditworthiness Assessment

Profitability analysis measures a company's ability to generate profit relative to its revenue, assets, and equity. Key metrics include gross profit margin, operating profit margin, and return on equity (ROE). These indicators reveal whether the business model is sustainable and efficient. For women entrepreneurs, understanding profitability helps in identifying cost-saving opportunities and optimizing pricing strategies. Analyzing trends over time can highlight the success of initiatives and guide strategic planning.

## Importance of Profitability Analysis for Women Entrepreneurs:

-  **Access to Funding** – Investors and lenders assess profitability before providing capital.
-  **Business Growth** – Helps decide when to expand, hire staff, or invest in new products.
-  **Pricing & Cost Control** – Ensures products/services are priced competitively while maintaining profitability.
-  **Financial Independence** – A profitable business allows women entrepreneurs to reinvest and scale without relying on external financing.

Effective profitability analysis is crucial for securing investments, as it demonstrates the business's potential for long-term growth. It also empowers entrepreneurs to make informed decisions that align with their financial goals.

# **Perform a Thorough Analysis of Your Company's Profitability**



# Perform a Thorough Analysis of Your Company's Profitability

To perform a comprehensive profitability analysis, begin by calculating profit margins and comparing them against industry benchmarks. This step helps identify whether the business is operating efficiently and competitively.

Next, evaluate cost structures, including fixed and variable expenses, to identify areas where costs can be reduced without compromising quality. Analyze product or service profitability to determine which offerings contribute the most to the bottom line.

For women entrepreneurs, regularly reviewing these metrics supports financial transparency and strengthens their position when seeking funding or partnerships. By optimizing profitability, businesses can achieve sustainable growth and enhance their market presence.

# **SWOT Analysis**

# SWOT Analysis

## What Does SWOT Stand For?

SWOT Analysis is a simple but powerful tool that helps women entrepreneurs evaluate their business by identifying Strengths, Weaknesses, Opportunities, and Threats. It provides a clear picture of where the business stands and helps in strategic decision-making.



Figure 2 SWOT Analysis. Created by the author.



## **SWOT Analysis**

A SWOT analysis can be conducted through a self-assessment checklist, serving as a fast-track evaluation tool for micro and small companies, often led by women. Here you can access the self-check along with the PESTEL analysis that complements the SWOT analysis (Exercise 1).

# SWOT Analysis

Category	Description	Examples
<b>S – Strengths</b> (Internal, Positive)	Advantages your business has over competitors, such as unique products, strong brand reputation, loyal customer base, skilled team, and efficient operations.	📌 A woman entrepreneur running a handmade cosmetics business may have strong customer loyalty due to natural ingredients.
<b>W – Weaknesses</b> (Internal, Negative)	Areas where your business needs improvement, including limited financial resources, lack of brand awareness, dependence on a single supplier, and weak online presence.	📌 A female-owned bakery may struggle with high ingredient costs, reducing profit margins.
<b>O – Opportunities</b> (External, Positive)	External factors your business can leverage for growth, such as increasing demand, new technology, government grants, and expansion to new markets.	📌 A woman entrepreneur in fashion may find an opportunity in the growing demand for sustainable clothing.
<b>T – Threats</b> (External, Negative)	External challenges that could harm your business, including strong competition, economic downturns, changing customer preferences, and supply chain disruptions.	📌 A woman running a local boutique may face threats from big online retailers offering lower prices.



# SWOT Analysis

## Why Is SWOT Analysis Important for Women Entrepreneurs?

- ✓ Helps in better decision-making
- ✓ Identifies areas for business improvement
- ✓ Guides in strategic planning
- ✓ Prepares the business to handle challenges

Conducting a SWOT analysis regularly ensures that strategies remain aligned with business goals. It fosters informed decision-making and equips entrepreneurs with a proactive approach to navigating challenges and seizing opportunities.

## What to remember

Importance of Finance and Innovation: Critical for the growth, development, and success of women entrepreneurs.

### Challenges:

- Discrimination and Bias: Gender-based discrimination within financial institutions.
- Lack of Collateral: Insufficient collateral to secure traditional loans.
- Limited Financial Literacy: Gaps in understanding financial systems and products.
- Awareness: Lack of knowledge about diverse financial products and services.
- Creditworthiness: Stringent criteria that many women-owned businesses struggle to meet.
- Policy Barriers: Inadequate policies and institutional support.
- Network Access: Restricted access to professional networks.
- Economic Instability: Disproportionate impact on women-owned businesses.
- Support Systems: Importance of public and private initiatives, digital transformation, and strategic partnerships.
- Advocacy: Need for advocating tailored financial options and capacity building.
- Future Trends: Embrace technological integration, global collaboration, and ecosystem building for sustainable growth.

# Self-assessment test



### **Why is access to finance and innovation crucial for the success of women entrepreneurs?**

- ☐ To increase company expenses
- ☐ To avoid legal regulations
- ☐ To achieve growth, development, and success

### **What is the main purpose of financial ratio analysis for women entrepreneurs?**

- ☐ To increase business costs
- ☐ To assess profitability, liquidity, and leverage for better decision-making
- ☐ To attract competitors

### **Why is crowdfunding a popular financing method?**

- ☐ It allows businesses to raise funds from multiple contributors online
- ☐ It eliminates the need for financial planning
- ☐ It guarantees funding without investor scrutiny

### **What does SWOT analysis help women entrepreneurs achieve?**

- ☐ Ignore external business threats
- ☐ Identify strengths, weaknesses, opportunities, and threats
- ☐ Increase reliance on personal savings

## **Self-assessment test – Correct answers**



## **Why is access to finance and innovation crucial for the success of women entrepreneurs?**

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## **What does SWOT analysis help women entrepreneurs achieve?**

- ☐ Ignore external business threats
- ☒ Identify strengths, weaknesses, opportunities, and threats
- ☐ Increase reliance on personal savings

**The Innovation segment of the  
Module includes the following sub-topics:**

# **Effective Implementation Of Innovative Ideas**



# Effective Implementation Of Innovative Ideas

Clayton Christensen (The Innovator's Dilemma, 1997), and Nadya Zhexembayeva (Overfished Ocean Strategy: Powering Up Innovation for a Resource-Deprived World, 2021) explained the phenomenon of Corporate Narcissism or "We're Too Good to fail" by describing why large organizations fail to engage in the innovation process: "The decision-making and resource allocation processes that are critical to success organization is the art of listening to customers, carefully monitoring the activities of competitors, and investing resources in designing and building high-quality, high-performance products that will bring more profit. These are the reasons why organizations fail when faced with disruptive technological changes."

According to Mamula Nikolić, T. (2023), several questions arise - how can we reinvent a business, its processes, business model, and brand, considering the rapid changes in the environment? How can we respond to the demands of consumers, employees, suppliers, business partners, society, and increasingly strong competition?

# **Assessment of innovation capacity for SMEs including self-assessment test based on INNOVATE methodology**

# **Assessment of innovation capacity for SMEs including self-assessment test based on INNOVATE methodology**

When assessing their innovation potential, companies may analyse various segments of innovation management, including product development strategy, structured product development, teamwork quality, and the tools and techniques used in the product design process. Each of these segments encompasses different aspects, which are outlined here.

# I. Product Development Strategy:

1. **Business Strategy:** Strategic planning, defining the mission, vision, and/or clear business focus. Regular preparation of annual plans, analysis of new markets and products
2. **Products and Markets:** Understanding of competition, awareness of market needs for your product, assortment planning, etc
3. **Technology and production:** How much does the company track technological changes, and how much effort and resources are invested in improving design, technology, and business processes?
4. **Customer focus:** To what extent do the company's products/services meet customer needs? Are customer requirements defined before developing a new product? Awareness of laws regulating the market for specific products/services (existence, permits, standards) ...
5. **Quality:** The existence of quality standards, adherence to quality practices and procedures throughout the company following ISO 9000, presence of quality control in the business system (in which segments), the existence of a TQM (Total Quality Management) program aimed at continuous improvement of development, production, sales, and service activities. Ability to quantify costs of quality/failure.
6. **Intellectual property rights:** To what extent does the company pay attention to intellectual property protection when developing a new product? Does it have resources for intellectual property protection?

## II. Structured product development

How to create a structure of the product development process, aiming for the rapid realization of the project and maintaining control over the process implementation?

Defined process (to what extent is the product development procedure present and is it present at all? Is each product developed differently?). Procedures exist but are simple, and controlled through meetings; the product development process is clear and defined by the Official Control Manual for all phases of the process; there is complete tracking of product status in each phase of the process

Organization (Is there a developed line of responsibility in product development management or is only one manager responsible for the entire process?).

Level of implementation (To what extent are there plans for various types of development projects, decisions are made on an ad hoc basis regarding which processes will accompany which project; are there and to what extent are there rules for various types of projects from major developments to simple adaptations; does the entire company understand the process; are clear criteria for the process that accompanies each project; performance measurement is used for continuous improvement).

## II. Structured product development

**Performance measurement:** Is there quantitative performance measurement for product development? project's impact known at the end of the fiscal year or not; are performance regularly measured in each phase of the process or not

**Initial project assessment:** How thoroughly are initial assessments of development production costs conducted and compared with sales prices and quantities; to what extent is fully integrated marketing, development, and production evaluation present before any project is approved?

### III. Team Work

**How people work together in a team and how successful they are in developing a new product: team selection, organization and functioning?**

- ✓ Team composition
- ✓ Roles and responsibilities
- ✓ Training and qualifications
- ✓ Management and motivation
- ✓ Communication

## **IV. Tools And Techniques**

**Availability and application of appropriate tools and techniques such as CAD, SPC, FMEA, in all stages of the product design process, to maximize the effectiveness of the development team.**

- ✓ Application
- ✓ Quality improvement tools
- ✓ Cost reduction tools
- ✓ Information technology
- ✓ Planning tools
- ✓ Product testing and evaluation



## **V. Parallel Work (On Several Aspects Of The Project)**

- ✓ Market, product, process, materials
- ✓ Product price
- ✓ Available information
- ✓ Supply chain partnership

## VI. Project And Program Management

- ✓ How projects and groups of projects are managed to ensure efficient resource allocation
- ✓ Eliminate conflicts and bottlenecks in the process;
- ✓ Control costs
- ✓ Adhere to activity schedules

## VI. Project And Program Management

How projects and groups of projects are managed to ensure efficient resource allocation; eliminate conflicts and bottlenecks in the process; control costs; adhere to activity schedules

### Kotter's 8-step Change Model



Figure 5 - Kotter's 8-step Change Model

## **VI. Project And Program Management**

Think about each point in the context of your company. For example, an entrepreneur might reflect on how extensively she uses ICT, quality improvement tools, cost reduction tools, and other similar resources.

The list of innovation management segments serves as a takeaway resource, enabling participants to analyse their business from multiple perspectives and gain new insights.

Companies can also use a simple tool for assessing innovation capacity called INNOVATE, which is available [here](#) (Exercise 2)

**Thank you for your attention!**





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The RE-FEM - Upskilling pathways for REsiliency in the post-Covid era for FEMale Entrepreneurs project (2022-1-HU01-KA220-ADU-000089295) is funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or the European Education and Culture Executive Agency (EACEA). Neither the European Union nor EACEA can be held responsible for them.