

## DOCUMENT ON NATIONAL DEFENCE INDUSTRY ASSOCIATIONS' BEST PRACTICES

### 1. BACKGROUND

The National Defence Industry Associations (NDIAs) support industry operating in defence markets in a number of ways, by creating networks, disseminating information and assisting contractors to find suitable sub-contractors. They are particularly important for Small and Medium-sized Enterprises (SMEs), which often lack resources necessary to penetrate the market. Although the role of NDIAs is of great importance, it often seems that their capabilities in fostering a European and international orientation within their membership, management and employees alike, are not utilised in full.

These findings have been underlined in the final reports of two EDA studies: "R&D/R&T contracting policies in support of SMEs" and "The innovative and competitive potential of the defence-related supplier base in the EU12". Furthermore, the "Guidelines for facilitating SMEs' access to the defence market", approved by the SB-NADs on 9 October 2009, include a recommendation for pMS to support national defence industry associations (NDIAs) and other industry associations (i.e. ASD) by, among others, improving the communication and information flow between governments and industry.

To support this process EDA was tasked by Steering Board NADs on 19 March 2010 to develop, in cooperation with pMS, ASD and NDIAs a document on NDIAs' Best Practices.

### 2. OBJECTIVES

This document is based on experiences of ASD, NDIAs, their members and governments and aims at stimulating the support and bringing forward ideas for actions/initiatives directed towards NDIAs' members. This is also important for pMS authorities as the quality of relations between governments and NDIAs has a direct impact on associations' operation and effectiveness and, in turn, affects their members.

The defence market differs from the commercial market, in terms of industry's relationship with governments, security of supply, technological level and programme cycle; industry operating in this market is also subject to different rules, regulations and requirements than in the civil market. It is important to learn from the experience of the wider commercial market; a number of initiatives and support measures can benefit also the defence industry (for example the European Commission's initiatives related to the Small Business Act, the activities of the Enterprise Europe Network). These initiatives have also been taken into account in this paper.

### 3. BEST PRACTICES

The document provides a list of examples of NDIAs operation in three areas: internal support for the members of the associations, relations with government authorities and international

aspects; it does not impose an obligation on any of the parties but rather provides an overview of “best practices” and ideas/recommendations for possible use.

### **3.1 Internal initiatives**

Associations are created by industry and for industry. The support and services provided to member companies are the “raison d’être” of associations, their main objective and goal. Associations can serve as “knowledge centres”, providing information and training, but also support industries in their efforts to develop their businesses and represent the economic interests of members and views and opinions of the national defence industry in front of government and international institutions, foreign companies and groupings of industry.

- **Access to information**

Relevant and timely information is one of the crucial aspects for industry, particularly for SMEs. Associations can assist companies in finding their way through the different regulations and make it easier to sell their products or services.

Practical steps:

- Providing information on relevant national and EU laws, institutions, standards, policies and procedures.
- Providing information on current tenders and business opportunities (through website or personalised e-mail updates) and supporting members in the preparation of tendering documentation (e.g. templates for foreign documents).
- Data collection and overview of developments and trends in the national industrial base, providing analyses and reports.
- Providing contacts to industry (national and foreign), government and international institutions.
- Overview of relevant events (e.g. exhibitions, conferences, business-to-business events etc.).

- **Access to finance**

Getting finance can be a big challenge for entrepreneurs and small businesses. With relevant information, associations can help their members to get the finance they need to develop their business.

Practical steps:

- Providing information (preferably structured – guides, workshops etc.) on possible public financial aid (grants for investment, innovation, employment, export), including R&T funds.

- **Marketing and promotion**

Effective marketing is crucial for companies' success in different markets and can enable them to find new opportunities and new partners and in consequence, grow rapidly.

Practical steps:

- Supporting promotion and participation in related exhibitions (e.g. joint stands, particularly important for SMEs).
- Finding opportunities for companies to advertise on forums and events relevant to their business, e.g. conferences, workshops etc.
- Creating public and easy accessible websites and databases, folders and brochures on the services, products, quality and potential of members, for national and foreign actors.

- **Networking**

NDIAs can help their members to find competent and trustworthy partners, both nationally and abroad.

Practical steps:

- Organising networking events, particularly related to specific topics.
- Facilitating contacts with other companies (national and foreign), particularly between primes and suppliers/SMEs.

- **Export**

For many companies, export is becoming an essential cornerstone in achieving success, yet it requires knowledge of procedures and business disciplines far beyond the basics of operating a domestic business.

Practical steps:

- Providing information on import/export opportunities and legal and administrative processes.
- Organising “information days” or “country days” with information on export processes and opportunities in other countries (possible cooperation between associations).

- **Research and Technology (R&T)** (national R&T funds, EU Framework Programmes, EDA and ESA R&T projects)

Taking part in a research project is a great way to boost a company's competitiveness; associations can assist companies in preparation of project ideas and proposals.

Practical steps:

- Helping to assess the technology to identify potential, needs and funding opportunities.
- Helping to formulate project ideas.
- Providing guidance and support to write the proposal and guidance to manage the project (in-house knowledge, workshops etc.).

- **Intellectual Property Rights (IPRs)**

Protecting and profiting from own ideas and innovations is important for industry, particularly with a technology focus; with a basic in-house knowledge NDIA's can support their members in learning how to protect and make the most of their intellectual property.

Practical steps:

- Providing information and advice on intellectual property and patents.
- Providing contact information to relevant organisations (also to specialised legal support).

- **Specific initiatives for SMEs**

Associations' activities are at least as important for SMEs as they are for big companies, since smaller firms often lack resources necessary to expand their business. Apart from providing information, associations can play an important role by promoting and facilitating dialogue, partnership and business between SMEs and large companies and public procurement agencies.

Practical steps:

- Developing and implementing a SME strategy/plan and specific actions directed for SMEs within associations.
- Appointing a person in an association dedicated to SME issues.

### **3.2 Relations with Government authorities**

Good contacts with government institutions are crucial for the success of associations' work. It is however a two-way street – both sides have an interest in maintaining close relations and cooperation as they often share similar objectives. Associations are usually the main point of contact for government institutions on issues related to the defence industry.

The relations are organised in different ways in pMS (based on official agreements or on informal arrangements) and include various types of contacts, forums and procedures, and responsibilities/support.

Some examples of cooperation between NDIAs and government institutions include:

- Government institutions assigning a Point of Contact for contacts with national associations.
- Associations representing views and opinions of the national defence industry in front of government institutions;
- Providing information, particularly on long-term requirements and future capabilities; organising events on R&T projects or armaments priorities; established/structured information management system;
- NDIAs providing governments with information and data on the national industrial base;
- Consultation on issues related to the defence industry, involving NDIAs in government's decision and planning processes (opinions and inputs, participation in committees and working groups);
- Promotion/export – NDIA input and participation in MoD official visits and organisation of foreign official delegations' visits to national companies;
- Joint work for certifying national suppliers;
- Financial support for promotion activities (e.g. trade fairs and exhibitions, brochures) or/and for membership in international organisations (like ASD);
- Organising meetings, seminars and conferences on topics of common interest.

### **3.3 International environment**

Even though the core business of associations is on the national markets, in the view of increasing European and international business relations, NDIAs have to reflect this situation, be active also in the international environment and successfully support their members in their business relations.

Relations with international institutions and organisations:

- Establish contacts and active participation in industry-related activities of EDA and other international bodies (participation in EDA NDIAs meetings, overview knowledge of different initiatives);
- Providing information, promoting and encouraging NDIA members to participate in relevant fora (e.g. EDA CapTechs, ASD groups etc.);

- In these forums associations should not only limit themselves to collecting information, but should also actively contribute with their views and opinions. Particularly, NDIAs should engage not only in activities with short-term/immediate business potential but also in the development of strategies, technology perspectives, key industrial capabilities etc.

Relations with other industry associations:

- Information exchange – appropriate newsletters, bulletins, press releases etc. that may be of mutual interest;
- Establishing contacts as a basis for industrial cooperation;
- Networking opportunities;
- Coordination, wherever practicable, on mutually relevant issues and activities.