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DANISH NETWORK PROGRAM

Traditionally Danish industry, like Canadian, is largely small to medium-sized enterprises (SME's). In fact, 80 per cent of Danish industries employ fewer than 50 people, with the majority fewer than 35. Most have little time and interest for some of the more important aspects of business, ie financial, marketing, management, focussing instead on production.

To change the structural base of Danish industry to face significantly increasing competition, Denmark now has three "Network" Programs in operation, which are designed to provide incentives for the formation of networks of these small companies, to help them to become more professionally managed and to enable each firm to compete successfully with the best of the large companies. Risk sharing is an important element of those Networks. "Network" Program "Scouts" and "Brokers" who try to identify areas which could become of interest to SME's are the key to the success of the Programs.

In our telex YJTD 4443, dated 26 March, 1992, we outlined the three "Network" Programs. In this report these are explained in greater detail.

DEVELOPMENT OF THE "NETWORK" PROGRAM

The original "Network" Program was developed in 1988 with the expertise of an American consultant, Richard Hatch. The original plan was too abstract and did not sufficiently take into account Danish conditions. These shortcomings were corrected and in August, 1989, the first phase of the Danish "Network" Program was launched.

DEFINITION OF "NETWORK"

In the Program, NETWORKS are defined in fairly precise terms:

- a) *Network cooperation is concrete, prolonged, contractually binding cooperation between a group of companies;*
- b) *Their cooperation includes joint establishment, development and operation of one or more activities which companies cannot manage alone; and*
- c) *Through cooperation companies will be able to solve bigger and more complicated tasks. The form of network cooperation intended by the program may be a means for SME's to achieve economy of scale, while at the same time preserving their independence.*