

Re-booting Innovation in the CEE



Industry Forum

Karpacz, 8 -10 December 2016

Attila Tóth

President, Novitech in Slovakia

About me



Attila Tóth

President and founder of Novitech a.s.

Email: toth_attila@novitech.sk

Web: www.novitech.eu

Professional background:

- ❖ Nuclear engineer, PhD. in Computer Science
- ❖ „Influenced“ by the American School of innovation
- ❖ Consultant of United Nations Industrial development organization for Production management in Steel Industry (1980-90)

Current professional orientation:

- ❖ Founder of BTEC TeleDom Innovation School (www.teledomschool.eu)
- ❖ Founding member of the Knowledge for Innovation Association (K4I)
- ❖ Member of the Board of EBN (European Business Innovation Centre Network)

Why to re-boot ?

**Innovation, the new value creation process, is a key driver of progress
in any social system and civilisation**

**EU innovation policy for the past 20 years does not support efficiently the
competitiveness of the EU because of:**

- 1. The policy is based on bad paradigm: is overwhelmingly research-driven**
- 2. Planned and managed centrally: against the nature of the innovation process**
- 3. Does not enable equal opportunity of all EU citizens, institutions and businesses to the new value creation process**

Current EU policy effects -1

- **The policy governance:**
- EU citizen perception: Old slogans (Lisbon strategy) are replaced by new ones (Horizon 2020) for the past 10 years
- Innovation is treated only as a „little brother“ of the Research
- The lowest level of current innovation policy reach: SMEs

- **Accessibility of EU Innovation support:**
- Innovation grant are bundled within Research projects. Main evaluation criteria: Scientific excellence
- Good for Research institutes, barriers to SMEs, unsuitable to team groups even with healthy „but small“ ideas
- Artificial inclusion of SMEs into Research projects with marginal impact on creation of new values in the SMEs

Current EU policy effects -2

Policy-Centric Innovation (PCI) Management

Type: Top-down from Brussels

Core Approach:

Research driven innovation. Priorities set by policy makers EU civil servants and academia

Current policy structures:

1. EU R&D policies
2. Programmes
3. Funding schemes
4. Project results
5. Communities & Citizens
6. Companies, SMEs

Impact assessment:

Formal and linked general societal and business needs

Eligibility for funding:

External evaluators assess project proposals based on formal criteria set by policy makers. Independent also on the subject of the proposal ...

Financing: „Big money to a few“

Financed by diverse EU schemes
Co-financed by project consortium

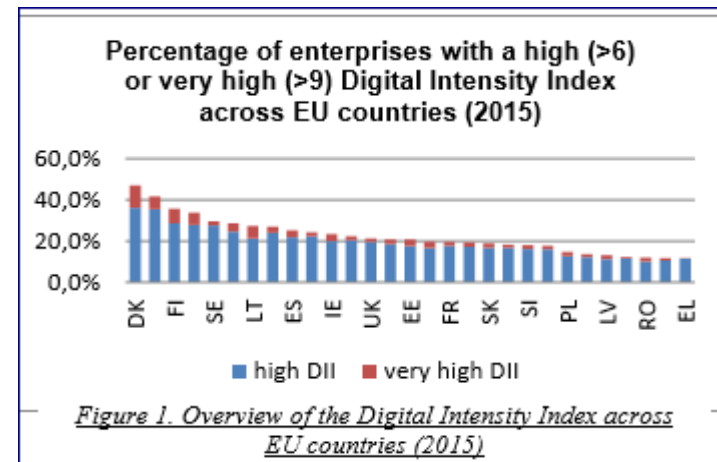
EU Industry Innovation today – example

WorkGroup W1 – Digital Industry Hub (DIH) meeting, Brussels 8-9 December:

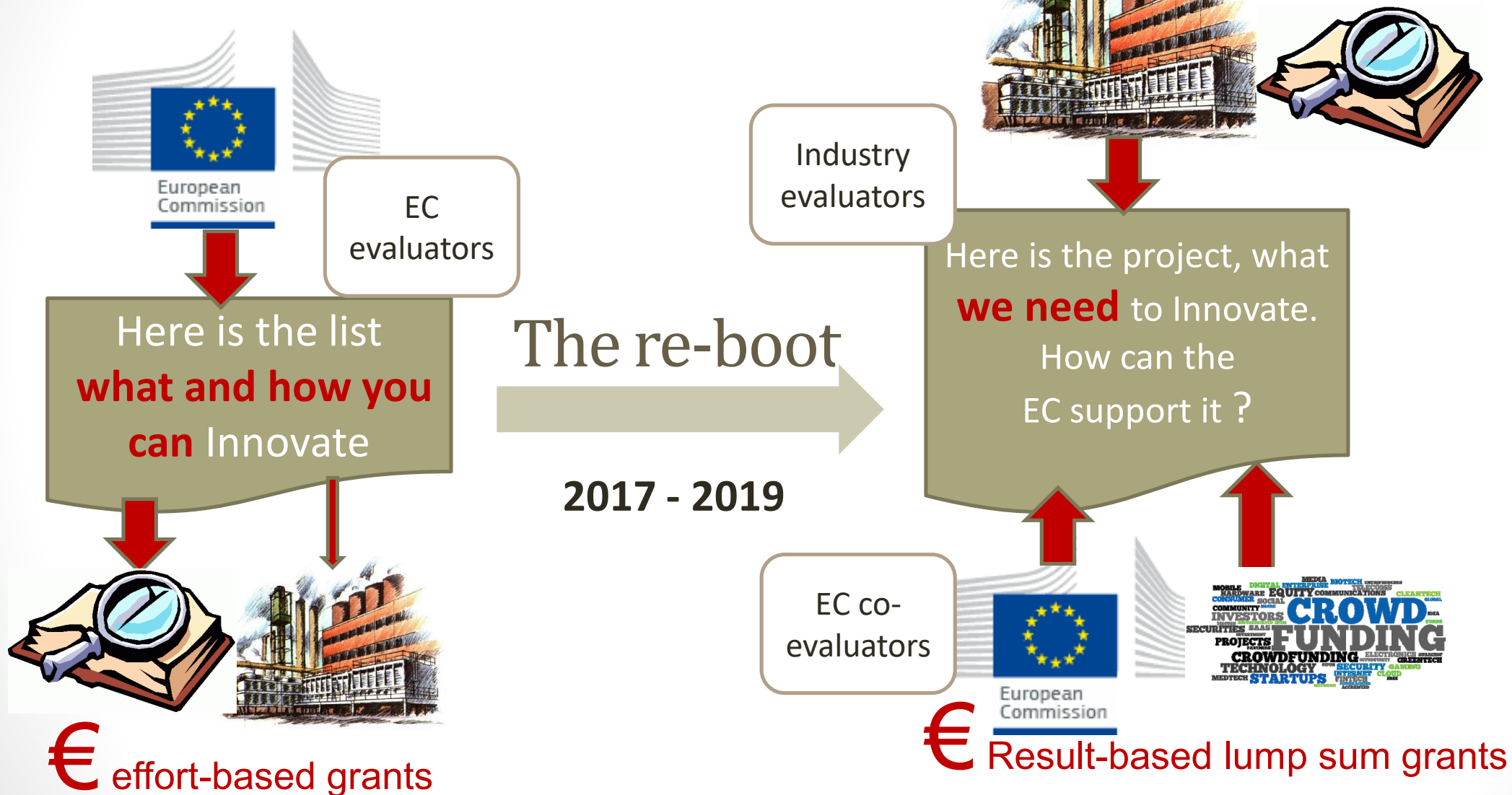
In particular, the WG is invited to reflect on the following questions:

- what do competence centres and DIH need to offer to support more effectively industry?
- how to ensure that the knowledge of the network, in particular missing competences, reaches out to the DIH where it is needed?
- what is the volume of investments necessary to ensure **the creation and expansion of the DIH across Europe**? How to leverage European, national and regional public investments? Which investments are already foreseen by MS and regions?
- how to reach out to regions without DIH?
- how to foster synergies and collaboration between DIH and relevant competence centres, such as KETs Technology Centres/ Pilot Lines?
- which targets and indicators should be retained to monitor progress?

HPC-Cloud Application Experiments (EC cost 16M €)



EU-supported Industrial Innovation



CEU Industry prepared for the change ?

- Will companies (mainly SMEs) be able to identify and to formulate their innovation needs ?
- and to manage and to collaborate in the implementation ?
- and to follow and learn latest technologies (like Industry 4.0) ?

Human resource challenges ahead:

1. Company workplaces (teams) must be innovation - ready. To be a loyal employee is no more enough. (followers)
2. Companies will need to nurture and sustain their creative class (min. 20% - ref. Prof. Florida)

Proposal 1: broad-band policy action in the CE

Proposed Instrument:	Workplace Innovation Support
Objective:	Increase the innovation potential of the teams of employees
Methods:	<ul style="list-style-type: none">• Innovation and collaboration oriented Training• Introduction of co-entrepreneurial structures• Horizontal learning among teams (best practice visits)• Personal innovation skills development• Innovation zones (open innovation within the organization)
Facilitation By governments	Mini-grants allocated directly to the team. Simple application procedure. Team members <u>accountable as natural persons</u>
Funding:	Gov: 45%, Employer: 50%, Team members: 5% of eligible team project budget approved
Beneficiaries: (Broad-band)	A team of any organization presenting a relevant application Bottom-up Approach

Proposal I': Citizen-Centric Innovation

Type: Bottom-up

Core Approach: Innovation priorities driven by the needs of communities (regions, companies, sectors, interest groups, families, individuals)

New practice:

1. Setup of EU innovation mentor network
2. Initiation of innovation groups (IG) recruited by innovation mentors).
3. Idea and project generation in the innovation groups addressing real local measurable needs
4. Inclusion of unemployed young persons to IG
5. Global and local support and incentives to IGs

Impact assessment:

- A. New workplaces created by the IG
- B. Number of person/month devoted to IG

Eligibility for funding:

Funding provided upon results A and B achieved. No prior assessment of the innovation idea. Only registration of the IG general objectives

Financing: „Small money to many“ by components:

1. Financed and guided by the EU
- 2.-4. 20% tax bonus of the approved effort (B) to the mentor entity (company, regional authority,.. IG entity) – EU or local member state.
- 2.-4. 10% of annual salary cost of created workplace to IG owner entity for the first 3 years
5. PCI project shall be committed and budgeted to deliver support relevant IGs.

EU-wide Resources and initiatives

Resource	Description
The Netherlands	<ul style="list-style-type: none">• National ESF Social Innovation grants• Improve organization, processes, collaboration in small SMEs• Coached by <u>Social innovation expert</u>• Max contribution: 24.000 euro
Luxembourg	<ul style="list-style-type: none">• Income tax credit of 80% for innovative products and services• Separate cost center within the organization
Novitech Slovakia	<ul style="list-style-type: none">• Internal innovation zone for OT and business consulting• Coaching of several thematic I-ZONES: www.izones.eu www.givteam.eu• Evaluates team performance in creation of new values
Flood protection community, Slovakia	<ul style="list-style-type: none">• 22 village communities in Eastern Slovakia forest region• Unemployed people grouped to make and maintain barriers retaining heavy rainwaters in the forest• Environmental scientists warning: These mini-dams are damaging the forests ... (before: floods damaged villages)...

My Summary

Enablers and Disablers of Workplace Innovation

Enablers	Disablers
Innovation is top priority of the Organisation (community) the Workplace team is involved.	Priority focus on degressive objectives (saving cost, employee headcounts, etc.)
Good team spirit. Complementary and consistency of team members	Set of individuals each without a common motivation and vision
Governance: Transparent communication, motivation and reward system.	Non transparent or effort (and not value) based motivation
Equal opportunity: to propose idea and to participate in its implementation	Strictly hierarchical subordination: „ waiting for good ideas of the boss“
Encouragements: Tolerance of failures, but communicate lessons learnt	Luxury company spendings without a common benefit
Positive Society climate and communication for innovation (government, public opinion)	Non-transparent public procurement practices. „Corruption as a main vehicle of prosperity“
Tangible and focused financial support (grants, competitions)	General financial support and state-aid (EU, MS regional level support)