

# Innovation Promotion Session for local SMEs

WP3 -pilot project, Seinäjoki Technology Centre Ltd.

Anssi Uitto, Project Coordinator, anssi.uitto@stoy.fi, +358405273844

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# 1. Background

## Background

SMEs in Finland are facing growing challenges in sustaining their competitiveness and securing the continuity of business activities also in the future. This is the case especially in South Ostrobothnia, where a vast majority of the enterprises are small (family) businesses, mainly managed by an owner-manager. In addition, most of the SMEs are subcontractors in the fields of e.g. metal industry, food industry and wood technology.

At the same time major corporations are considering the re-location of their production to countries with lower work force expenses. This places huge demands for subcontractors as well. Furthermore, SMEs need to innovate new products, services and production methods, renew their operations, and reconstruct the organisation etc. in order to assure the continuity of their business.

Sources of innovations often lie at the interfaces of different knowledge domains; e.g. technological sectors, business intelligence, process management or between some other sector-specific knowledge branches. The biggest challenge is to create meeting points for different types of knowledge, and to encourage new, innovative ideas to arise from these interfaces. Moreover, the traditional linear model of innovation (from scientific knowledge into innovation) is becoming more or less exceptional, whereas innovations arising from day-to-day routines and practical problems within a company are becoming the primary impulse for innovations.

The aim of the pilot activity “*Innovation promotion session for local SMEs*” in Seinäjoki region is to promote innovativeness in local SMEs. This is achieved by creating a systematic method for matching up different fields of knowledge and renewing the business activities in local SMEs. A larger scale purpose for this pilot activity is to create new business opportunities into the region.

## Innovation Promotion Session as a part of VBN Innoreg

Innovation Promotion Session is a suitable best practice method to be piloted and tested in VBN Innoreg -like project because the method itself can be copied and benchmarked quite easily by other project partners. During the VBN Innoreg -project the method was benchmarked, developed further and tested in various pilot cases. Therefore the other project partners around Baltic Sea region can utilize the method and experiences gained in project. Also the target to increase innovativeness in SMEs is a common theme between different countries.

From the Seinäjoki Technology Centre Ltd. point of view the VBN Innoreg -project offered a great possibility to develop a method aiming to promote innovativeness in local SMEs. It is important in building this kind of tool that the needs of the local companies are taken into account and therefore it was essential that the tool could be piloted in several cases. The results gained were encouraging and new business opportunities and other ideas were generated. All in all the Innovation Promoting Session is a suitable tool for a Technology Centre -type of organisation to utilize in the regional development.

## Seinäjoki Technology Centre Ltd

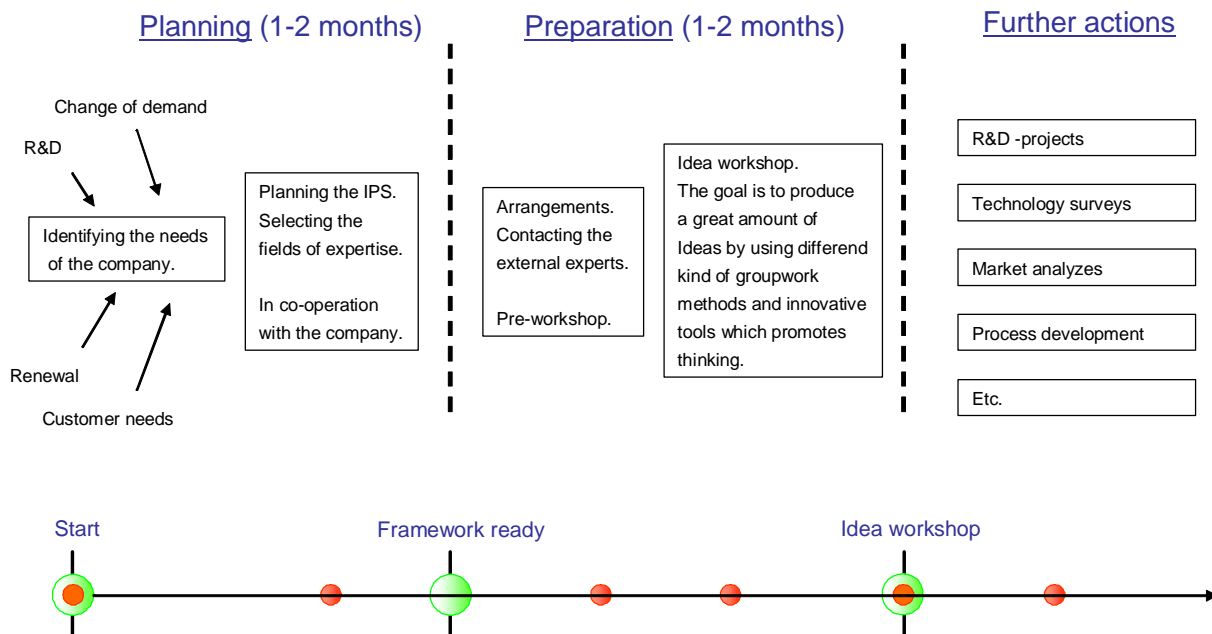
Seinäjoki Technology Centre Ltd. (STC) aims to strengthen the Seinäjoki region as an operating environment that attracts businesses and professionals, and to support new and existing technology companies. STC provides modern office facilities, business incubation and development services for local companies.

STC was founded in December 2000. The company is owned by the City of Seinäjoki, the Seinäjoki University of Applied Sciences and the Foundation for the Tampere University of Technology. STC is responsible for the development of Seinäjoki Science Park (SSP) -concept. SSP consists of close cooperation with the City of Seinäjoki, Seinäjoki University of Applied Sciences, the University Consortium of Seinäjoki, the University Network Epanet, the South Ostrobothnia Healthcare District, Foodwest Ltd and Mediwest Research Centre Ltd.

## 2. Summary of the pilot project

### Innovation Promotion Session – the method

The next picture presents the process description of the IPS -method. The whole process can be divided into three phases: planning, preparation and further actions:



Picture 1: Description of the Innovation Promotion Session process

The main idea in the Innovation Promotion Session is to arrange a day long workshop for a company where external expertise is linked with the company's own expertise. And by doing so the target is to produce new ideas concerning new products, business lines, strategies, etc. The external experts should come from whole different areas of knowledge because the point is to

find these new ideas especially from the interfaces of these knowledge domains. Important thing to remember is that the workshop is only a culmination point of the whole process. Careful planning, choices of external expertise and the further actions after the workshop are essential for the process to be successful. In the basic model of the IPS it is arranged for one company at the time. Other participants are the external experts (2-5), organisers (STC) and a consultant familiar with the innovative group working methods. Optimal size of the whole group is around 15-18 people. What really differs the IPS -method from ordinary brainstorming is the external experts and the process point of view. IPS is not just a one time brainstorming session. In the next paragraphs the process is shortly described phase by phase:

## **Phase 1: Planning**

In the first phase the process will be carefully planned in close cooperation between the IPS-coordinator (STC) and the customer company. Usually the CEO and the R&D manager are the right persons to be involved in the planning. The goal of the first phase is to create a framework for the whole session process. The framework includes the main theme or question for the session process, the drivers and starting points for the session and the chosen areas of knowledge. The main question or a problem is the first thing to be set. The pilot cases showed that the more precise and focused the main question is, the better the results are. Otherwise the ideas may stay in a quite general level. After the main question the drivers behind it are identified. This is done because it helps defining the fields of external expertise. The interface of at least two knowledge areas are then discussed and agreed with the management of SME. External experts might include researchers from different areas, business experts etc. At the same time when building this framework the actual goal for the session is set with the customer. Careful planning is a crucial factor as it comes to the success of the whole session process.

## **Phase 2: Preparation**

The preparation phase includes all the arrangements and they are made by the IPS-coordinator (STC). Operations include tasks like: finding and contacting the external experts, making the invitation of tenders and contracts, planning the agenda for the pre-session and the actual session day (idea workshop) in cooperation with the consultant (who masters the group working methods and directs the workshop), making the contract with the consultant, booking the premises and ordering the lunch and coffees, making the non-disclosure agreement, setting the dates which fits for everyone, sending the invitations and so on. The execution -phase culminates in to the idea workshop, which is carried out as a full day event in close cooperation with the SME management, sector-specific experts and intermediate organisation (STC). A consultant with the knowledge of creative group working methods is called in to inspire the participants and to conclude the discussions during the day. Basically the main idea of the workshop is to create a great amount of ideas, choose a few of the most promising ones and to develop them further. In the end of the day these ideas are also evaluated by the participants. The role of the external experts is to start the day with short presentations about their field of knowledge and to participate in the group work phase later on the day. The IPS process includes also a half day pre-session which is organised roughly a week before the idea workshop for the participants from the customer company. The purpose of the pre-session is to rise up questions relating to the session theme. Using these questions the goal of the idea workshop can be focused even more. The pre-session also prepares the participants for the working methods which are to be used in the idea workshop.

### **Phase 3: Further actions**

After the idea workshop the summary of the day is revised by the consultant and STC. As a result of the summary some further actions are decided with the SME in a final meeting. Results might include new business ideas, new service concepts, renewed business processes, spin-off - companies, etc. The most promising initiatives are elaborated into development projects. And it is important that the company is not left alone with the ideas and the coordinating organisation should have services to be offered for the company. For an example Seinäjoki Technology Centre Ltd. has services like project coordination, different kind of r&d -services, some financial instruments etc. to offer for the company to utilize.

### **Pilot cases**

During the VBN Innoreg -project the IPS was piloted in four cases. The goal was to test the method and its applicability in different kind of cases in order to gain experiences as much as possible. Finally the cases turned out to be very different in nature. In the next paragraphs there are short overviews of the pilot cases but because of the made non-disclosure agreements the actual ideas cannot be presented.

#### **Epec Ltd.**

Epec Ltd. is an embedded control systems manufacturer whose clients are the mobile working machine manufacturers (eg. forest machines). The aim of the organized IPS was to get fresh ideas for in which direction the new product generation of the Epec should be developed. The external experts were invited from the themes of global usability, wireless technologies and future software environments. As result a lot of ideas were generated and they included few very potential and even radical innovations. Since the IPS the cooperation between Epec and STC Ltd. has strengthened and one common project has started. The Epec case was near the basic model of the IPS as the experiences showed that the cases involve quite a lot tailoring.

#### **Seinäjoki University of Applied Sciences: Culture production**

In the second pilot case the IPS was carried out as a part of other project which was coordinated by culture production students. The aim of the project was to develop new product and service ideas for small culture production companies and independent entrepreneurs. The IPS was utilized in achieving this goal. The starting point and main idea of the IPS was to combine students from culture production and ICT faculties. External experts represented the fields of mobile services and games, internet communities and entrepreneurship. In this case the role of the Seinäjoki Technology Centre Ltd. was more mentor-like; the students made most of the arrangements. In this case the results remained in a quite general level. Reasons explaining this might lie in the level of knowledge and experience the students have or in the fact that the focus of the session was quite general. Anyway a lot of ideas were generate and few of the most promising one were developed further. The case itself differed a lot from a IPS arranged to a company in the terms of arrangements, involvement and results.

## **Exertus Ltd.**

Exertus Ltd. is another local manufacturer of machine control systems but in the Exertus case the target was not to create new ideas about products or services but to solve a problem related to their supply chain management. Exertus works in close co-operation with a contract manufacturer and a number of key customers. The IPS was arranged for this group of actors and the aim was to clarify the actions included in the supply chain. The target was also to define the need for an ERP software and a preliminary list of software requirements was created. Experts of company networks and their management and operations management participated the idea workshop. The Exertus case differed a bit from the original idea of IPS as the target was not to find new ideas from the interfaces of different knowledge areas. In this case the IPS method was tested as a problem solving tool and the results were good. New ideas were created and one of the main benefits was that all the actors were brought around the same table. In this way the actors engaged themselves into the ideas created.

## **Härmänmaa -region**

The fourth pilot was again very different in nature as compared to the previous three cases. The “customer” in this case was a group of regional developers in Härmänmaa region and the aim was to create new tools and methods of regional development. In this case the IPS was arranged in two phases: the first pre-session was organised for a group of local companies and the target was to bring up the themes and preliminary ideas for new development actions. In the second phase the actual idea workshop was arranged for the regional developers and a great amount of ideas were generated relating to themes raised from the companies. In this case the regional developers got fresh new ideas for their work and eventually the companies are the actors who really will get the benefit. But even though the results were good there are few very challenging elements in utilizing the IPS in this way. First of all the commitment of companies in this kind of development work is weak so it is difficult to get them participating. Another factor worthwhile mentioning is that the whole session process became quite long. Anyway the results were good and the IPS session process can be used for a group of different companies and other actors. But it is important that the key target is common for the group in this kind of case.

## **Main results**

The results achieved in this VBN Innoreg pilot project are twofold. From the customers (= actors utilizing the IPS) point of view the results were concrete. They got a lot of new ideas concerning new products and services, business opportunities, other development activities etc. All the feedback from customers has been only positive and encouraging. According to the feedback 5-10 further development projects have been started as a result of IPS. One important notion is also the fact that new cooperation relationships between customer organisations and external experts were born.

From the Seinäjoki Technology Centre Ltd. point of view the pilot project has also been a success. A concrete tool to help the innovation processes of the regional companies was implemented and developed further. During the five pilot cases the processes behind the IPS - method was created. One important factor is also the team organising these sessions. During the pilot cases a close cooperation between STC personnel and the consultant were born. One goal

of the project was also to create a tool to disseminate academic knowledge into the companies and this was achieved in three cases when the external experts participating the workshops were from the region.

One result of the whole project relates to the transnational added value. The basic model of the IPS method is a relatively simple tool to implement regardless of the nation or implementing organization. During the project all the experiences were shared with other project partners and a manual of the IPS -method was disseminated.

## **Lessons learnt**

Maybe the main lesson learnt is the variability of the method. The basic IPS model can be varied a lot and utilized in different cases while the basic idea of bringing in the external expertise remains. The method itself works fine and it offers a lot of variation possibilities. There are also lessons learnt in every three phases of the session process:

In planning to put up an IPS kind of a service there are few important things to keep in mind which the experiences gained from the project showed. In the first phase of the process the main lesson learnt was that it is critical for the success of the whole process that the customer company has a real need for the session and that the management of the company is committed to the process. If the management is not committed or there are no actual need for new ideas the idea workshop remains in a very general level and no real results can be achieved. Relating to this it is also very important that the goal and focus of the session is clear. Overall the careful planning and selecting the fields of external expertise are the two most important factors in the success of the session process.

In the actual idea workshop the goal is to get the whole group to produce a lot of new and innovative ideas in a very short period of time. This can be achieved only by creating a relaxing and creative atmosphere in to the workshop. Also the main problem or question has to be relevant for all the participants so that it is even possible to get creative solutions for it. It is also important that the agenda of the workshop is planned carefully. The experiences showed that the idea workshop can be a bit exhausting day if there is too much program etc. presentations or if the group work phase is too long.

Lesson learnt from the third phase showed that it is utmost important that the company is not left alone with it ideas. The organising actor should have other services it can offer for the company to utilize. These services might include technology and market surveys, r&d services, financial services etc. depending on the ideas generated. One of the main lessons learnt regarding the third phase is that there should always be someone who takes the responsibility of taking the ideas further. If there is no one responsible, it often takes time to get back to these ideas and they might get even forgotten.

### 3. Ideas for the future and advice

#### Future plans

During the VBN Innoreg project the Innovation Promoting Session proved to be a very concrete and functional tool to be used in the regional development. It is often hard to find methods which can be targeted right into the companies and which really benefits the company in a concrete level. The gained experiences during the project were excellent and proved the need for this kind of a work.

From the Seinäjoki Technology Centre Ltd. point of view the IPS offered a great tool to develop the operations and work of the local SMEs. The VBN Innoreg project made it possible to test the method in four pilot cases. During this time an interest towards the method grew among local companies and other actors. Therefore Seinäjoki Technology Centre Ltd. is planning to offer the IPS service for the companies as a continuous basis. But because the IPS might become a bit too expensive for SMEs it is important that the process could be subsidized financially. So the future plan is to find a financial tool which can be utilized in organising these sessions.

Besides the plan to get a financial support for IPS the method itself is to be developed further. The pilot cases showed that the session can be varied a lot according to target and purpose of the each case. First plans are to make three different versions of IPS: a basic innovation promoting session, a more problem solving like tool where the external expertise is related more closely to the main question and a third version where the main focus will be in creating a vision or a strategy for a company. One future plan is also to commercialize the service so it would be easier to perceive in companies. This has been a challenge especially when marketing the method for companies from more traditional lines of business. Few plans are also made to link the IPS into the other services STC offers (e.g. business incubation services).

#### Advice for other actors

The IPS is a very flexible method which can be adapted and implemented quite easily. Even so there should be enough resources so the regional versions of IPS can be built properly. The process might get very difficult and slow if it is done alongside other tasks and responsibilities. Regions implementing the method can of course utilize the lessons learnt and experiences gained in this VBN Innoreg project. Also a manual how to organise an IPS was disseminated during the project. All and all the Innovation Promoting Session -method is a functional and concrete tool to help the local companies in their innovation processes. And on the basis of the experiences gained in this project the method can be highly recommended for regions and development actors to be adapted and developed in their own regions.