

Encountering Global Mega-trends in Non-Metropolitan Regions

Potential strategies : creativity and technology transfer

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Swedish innovation



- cream separator, milking machine – Gustav de Laval (Alfa-Laval)
- adjustable wrench – **J.P. Johansson**
- zipper, zip-type fastener – G.Sundback
- Safety match - 1844, Gustaf Erik Pasch
- dynamite – A.Nobel
- tetra pak – 1944, E.Wallenberg, R.Rausing, firm Tetra Pack
- Telephone handset – Lars Ericsson integrated speaker and microphone, 1876 - Ericsson Company established, AXE system – B.Magnusson, NMT – O.Makitalo, pioneering GSM
- funktional work clothes, **M.Viio**
- 3-point safety belt N.Bohlin; retractable seat belt – H.Karlsson



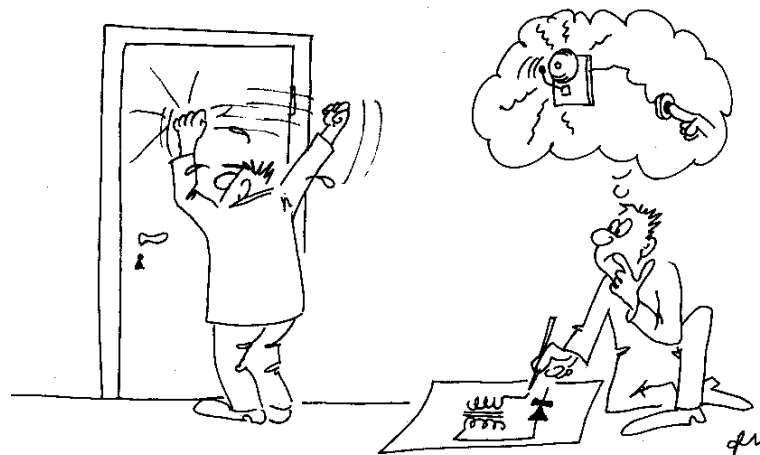
Competition of environments!

2002 vs 2010 in Baltic states

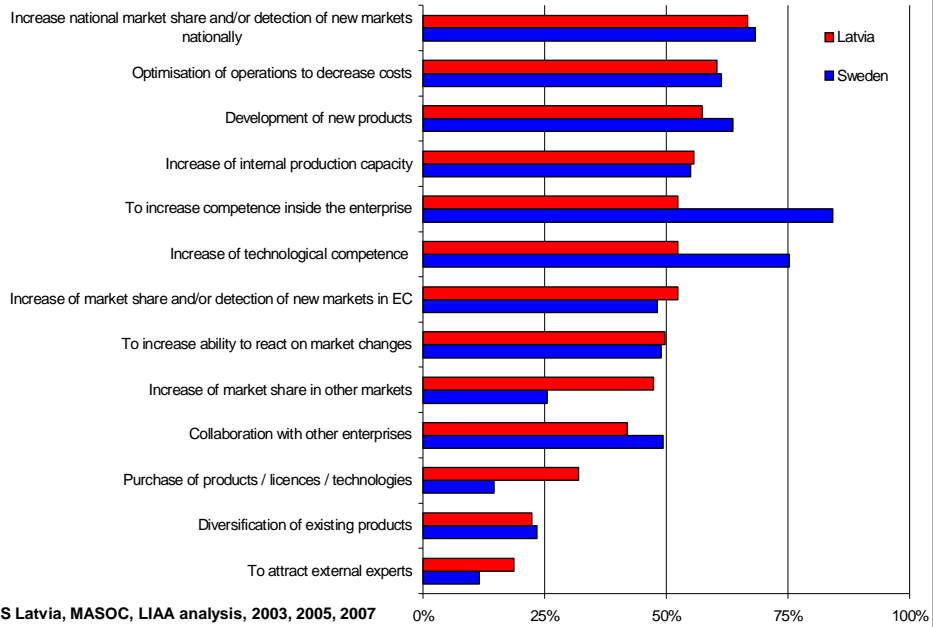
1. Low cost & low tech economy
2. Low productivity and low value added
3. Low share of product innovation
4. Low share of high tech export
5. Dependence on subcontract
6. High unemployment (brain drain, demographics, aging, social budget etc.)
7. Increasing regional disparities

RIS

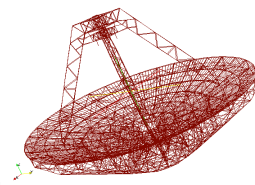
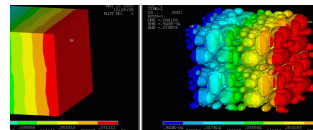
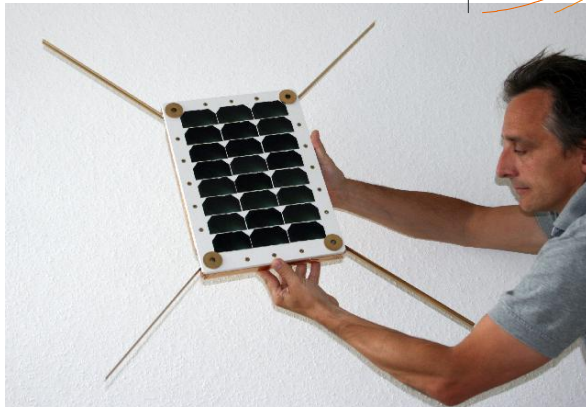
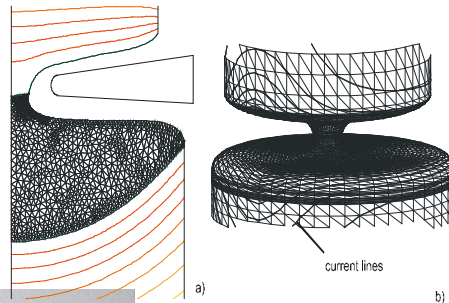
- Competitiveness of existing companies (products, processes, management, jobs)
- New vital and sustainable firms



Lack of technological competitiveness



Over-estimation of investment in R&D?? Radical innovations??



Gazelle company



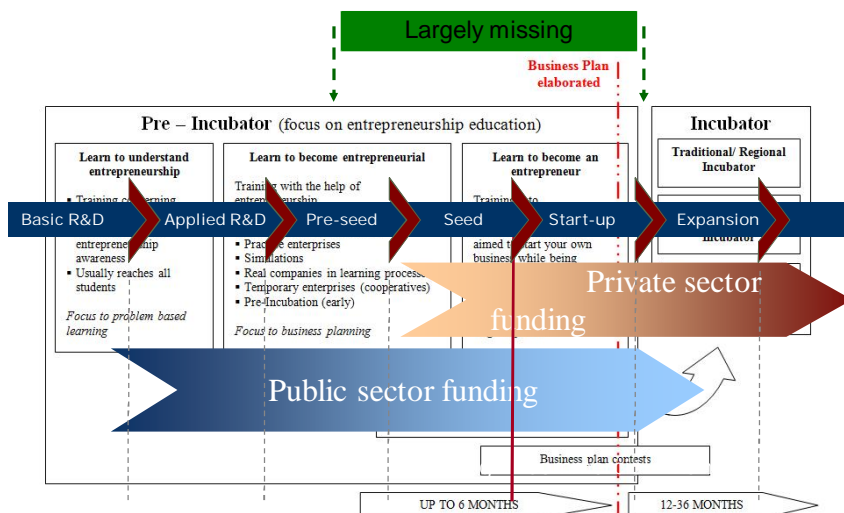
Definition

- High growth.....
- Turnover growth 20 % a year for 4 years
- Some gazelles are acquisitive/or get eaten up

Why Gazelles are good for Europe

- Create jobs
- Promote restructuring of regional economy in balance with life-style firms
- Offer potential high returns for investors
- Can play significant role in local society in rural regions
- Keep skilled workers in region – stop brain drain
- Objects of national pride
- Nuclei for new clusters, spur competition and economic change

80% of new ideas do not reach market



Only few entrepreneurs want to fly high: why they should be expansive?

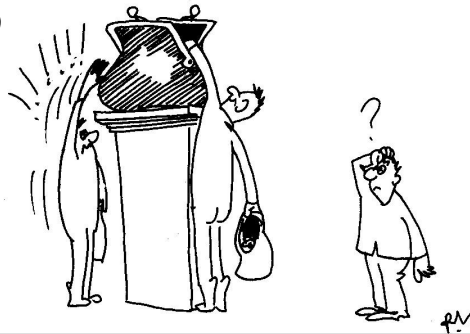
A knowledge based start-up is its founder's baby and satisfies his ego. Hence, high profit perspectives are no proper incentives.

Success factors

Innovation - a core business process involving:

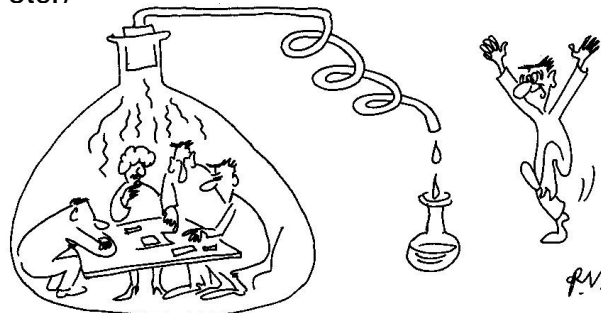
- § Searching, selecting, implementing, capturing
- § Similarity – common patterns -in most processes
- § Innovation management is **a learned capability**

Success in innovation appears to depend upon two key ingredients- technical **resources** (people, equipment, knowledge) and the **capabilities** to manage/mobilize them



Lean vs traditional innovation

- Return from process innovation 4x more compared to product innovation
- Benefits from the applications and adaptations of new technologies are greater than from its generations
- Management and organisational innovations accounts for half of the increase of performance (management practices, organisation, business processes)
- Social, public returns on innovation are twice the private return (spillovers etc.)



Source: Joe Tidd

Why lean (small markets)?

- Traditional
- Product
- R&D
- In-house
- Radical outputs
- (private) profits & sales

- Lean innovation
- Organisational & process
- Search and implement
- Absorb & adapt external innovations
- Reiterative, redevelopment
- Create & capture (economic & social value)

Role of similarity: Absorption /capture readiness???

Source: Joe Tidd

Conclusions – 1/2

- BSR policy – innovation, clusters, networks, service innovation, research, foresight – what return do we expect to get?
- BSR R&D stars vs absorption readiness / diffusion and spillovers
- Demand driven innovations (aging market)
- Small cities vs metropol regions – from competition to collaborative culture??
- Role and impact of provincial knowledge centres – HEIs, innovation intermediates

Conclusions – 2/2

- Lack of innovation culture / conducive environment
- ICT as a driver
- Crossborder programs are little integrated with national policies
- Gaps in entrepreneurship education
- Role of networks, clusters, partnerships and crossborder projects to boost technology transfer and absorption capacity

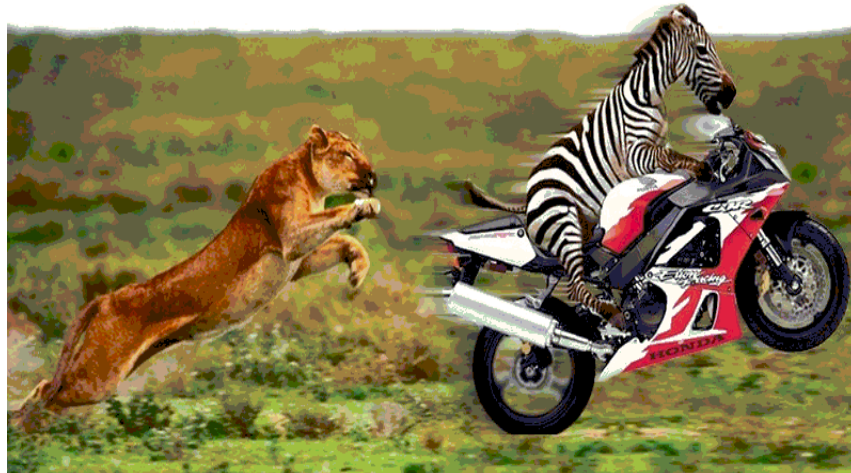
Innovation in the region is not a story, how to generate more radical innovation



Avots: Renē Tenisons, Tartu TP

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... but it is the story about right attitudes and understanding how to maximise benefits in your's concrete situation



Avots: Renē Tenisons, Tartu TP

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Ventspils – city of innovative environment

Thank you for your attention!