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национално сдружение на малкия и среден бизнес

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Balkan-Mediterranean
European Regional Development Fund

„Key enabling factors for innovations in micro&SMEs “

Presentation of Needs analysis findings

Slivek, BULGARIA
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Project N:BMP 1/1.2/2481/2017 "SME Innovation Capacity Boost”
of the Cooperation Programme “Interreg V–B Balkan-Mediterranean 2014-2020

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The study "Identification of needs and key factors for the implementation of innovations by SMEs" is carried out in connection with the implementation of a contract for the provision of a consultancy service within the framework of the project “Increasing the Innovation Capacity of Small and Medium Enterprises” – “SMEINNOBOOST” FUNDED UNDER BALKAN MEDITERRANEAN PROGRAM 2014-2020.

The contract is mandated to produce an Analysis of SME needs, key success / failure factors to generate and implement innovations in the context of the first two phases of the innovation cycle - proof of concept and innovation development. The survey will cover 3 countries: Bulgaria, Albania and Macedonia.

The identification of factors that stimulate / inhibit the innovation activity of SMEs is of great importance for the formulation of effective policies and strategies for enhancing their innovation potential and competitiveness. The task also includes the preparation of a list of indicators for key enabling factors for innovation in SMEs and other relevant topics resulting from the evaluation.

WP/	WP/Deliverable Title	Start	End
WP 1	Project Management & Coordination	01.08.2017	31.07.2019
WP 2	Project Communication & Dissemination	01.08.2017	31.07.2019
WP 3	Statistical information for benchmarking	01.09.2017	31.03.2019
WP 4	Self-assessment tool (SAT)	01.12.2017	28.02.2019
WP 5	Transnational Innovation Clusters	01.11.2017	30.04.2019
WP 6	Enabling factors for the successful innovator	01.10.2018	31.07.2019
	Total period	01.08.2017	31.07.2019

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WP 3 activities

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The Needs analysis is an activity of WP 3 which aims to collect relevant for SMEs innovations data to be used later on for benchmarking and as well for policy making.

- Information needs analysis and development of a List of indicators regarding key enabling factors for innovations in SMEs and other relevant topics resulting from the assessment
- Workshop of statistical institutes for the development of a new, independent, relevant for SMEs Questionnaire and Methodology for the statistical survey
- Collection and processing of data for each country
- Development of datasets with matched records from the SAT and the statistical survey and tabulation

During WP3 pilot industry sector(s) will be selected for the statistical survey and SAT based on analysis of government strategies.

On the basis of the above the main objective of current Needs analysis is to support development of the questionnaire for the statistical survey of SMEs including micro companies on terrain, which will be organized and held by the national statistic institutes of Bulgaria, Albania and Macedonia.

Innovation

Innovation, according to the definition provided by the Oslo Manual (OECD/Eurostat, 2005), consists in “the implementation of a new or significantly improved product, a new process, a new marketing method or a new organisational method in business practices, workplace organisation or external relations. Innovation therefore goes beyond R&D and covers a broad range of activities that help firms become more productive and competitive”.

Innovation has both ***technological and non-technological*** aspects.

Non-technological innovations are comprised of: (1) Marketing innovations and (2) Organisational innovations.

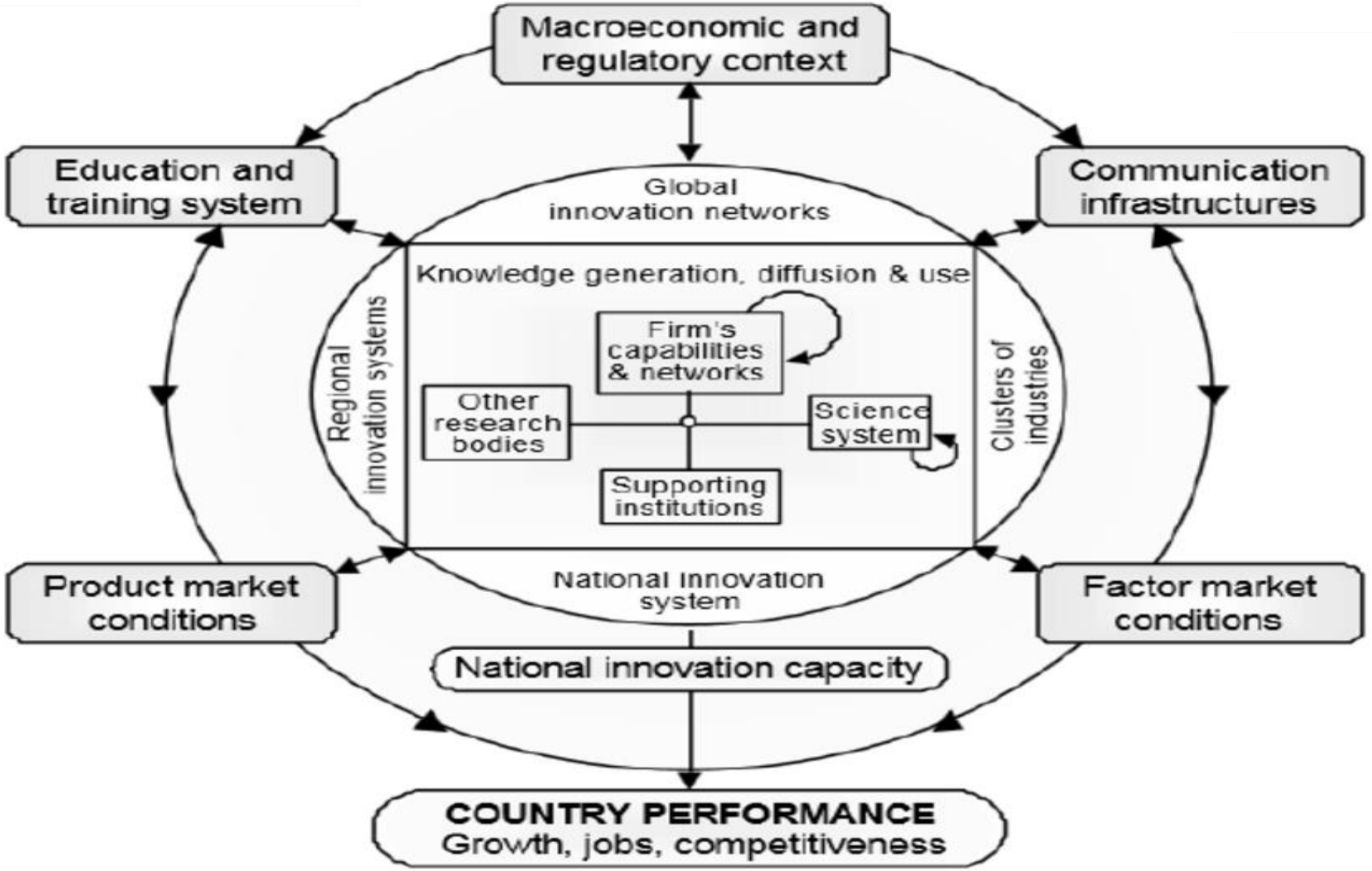
Technological innovations are usually associated with product and process innovations. The main starting point for separating between the two types is of course the different role of technology. While technological innovations are typically characterized by developing or using new technologies (i.e. new technical knowledge and technical inventions), non-technological innovations do not necessarily involve a change in technology, or the adoption of new technology, but may solely rest on the use of new business methods, new organizational concepts or other immaterial ways of changing business activities.

National Innovation System

The National Innovation System can be defined as a naturally occurring set of activities of the nationally represented institutions, organizations and business formations for the creation of new knowledge, its dissemination, absorption and practical use in the framework of the innovation process.

The term National Innovation System was introduced by Freeman (1987), which defines "a network of institutions in the public and private sectors whose activities and interaction create, impose, modify and disseminate new technologies."

Freeman believes that technological differences between technically developed countries and other countries are the result not only of technological innovations but also of organizing, financing, marketing, education and a number of other factors. The combination of all factors contributing to overcoming these differences is called the National Innovation System.


Macroeconomic and regulatory context
Education and training system
Communication infrastructures
Global innovation networks
Knowledge generation, diffusion & use
Regional innovation systems
Clusters of industries
Firm's capabilities & networks
Other research bodies
Science system
Supporting institutions
Product market conditions
Factor market conditions
National innovation system
National innovation capacity
COUNTRY PERFORMANCE
Growth, jobs, competitiveness

I. Owner characteristics (manager)

Ability to manage company growth and early identification of new growth opportunities through innovation.
Intense innovative relationships with trust-based external partners (eg, trade associations are an option for additional capabilities and commitments).
Using innovative knowledge, skills and experience not only for family / management team members, but also for all employees.
Clear understanding of the role of talents in innovation process and capability to attract/support talents

II. Company strategies.
Developed a common corporate strategy and functional strategies that reflect business opportunities and market needs.
The main goals of the overall strategy are growth and competitiveness through active innovation development.
Correspondence between general and functional strategies and commitment to the necessary resources in time and volume.
Resource provision: -Appropriate organizational structure and management style; - Assurance with the necessary resources; - Availability of efficient communication and distribution channels;
Innovation strategy

III. Staff

The presence of qualified personnel with knowledge, experience and readiness for development. Cultural readiness for innovation. Capacity for innovation
Applying an effective staffing system and an innovation training scheme for the employed.
Adequate individual characteristics of the innovators (knowledge, professional habits and experience, creative, communicative and organizational abilities, interests, loyalty to the enterprise).
Intense exchange of technological and manufacturing experience
Effective forms of interaction between innovators, between them, management and other employees.
Staff knowledge of languages of partners and export markets

IV. Enterprise Innovative behavior

Set high goals - "global" product (one version for the whole world) or "glocal" product (one direction of development and product concept, but in the form of several product variants for different international markets).
Focusing on product / service differentiation in niche markets to avoid or protect against price competition.
Using the specifics of innovation and the specificities of their distribution as a way of differentiating between enterprises.
Focusing on the key determinants of success: differentiating the benefits and achieving excellence.
Preliminary formulation of the criteria and indicators for measuring results with the possibility to change them in the process of innovation.
Design management as a lever for innovation:

V. Innovation process

Clear definition of the stages, activities, resources and potential "critical points" of the innovation process through efficient internal and external communication channels
Systematic idea generation and Effectively functioning system for managing innovative ideas and activities related to R&D
Life cycle per innovation to be developed and launched -time-to-market -time-to-profit
Optimal allocation and targeting of resources to a specific innovation process and its individual stages; accurate and preliminary determination and allocation of innovation costs
Success rate of incremental innovation projects; Success rate of radical innovation projects

VI. Co-operation and partnership

Existence of partners with close goals, innovation risks, income, production and market power
Active participation in various forms of innovation cooperation and adequate selection of innovative partners
An effective system of innovative relationships and relationships with business partners, educational institutions or other organizations
Similar supply networks (distribution)
Exploitation of external sources through informal partnerships
Membership in innovative clusters or other similar entities

VII. Market & Sales

- Strong market orientation & presence on international markets;
- Market monitoring on design, construction and product development;
- Maintaining uninterrupted contact with the customer and the ability to quickly identify and respond to consumer expectations

- Growth in income
  - Incomes from sale from new products or services
- Growth in operational profit
  - Operational profit from innovation
- Allocation of operational profit from innovation
  - Profit growth drivers

Past expenditures for innovation
Cost reduction

VIII. Institutional support

Adequate support from state institutions; **Active regional policy to support enterprise innovation**
Successful development of a significant part of the enterprises in the region; **Pooling regional resources into a cooperative network to stimulate innovation activity and economic development of the enterprise.**
Well-established cooperative ties with industry associations, national and regional research and project-design organizations, and local industrial enterprises
Existing funding instruments to support innovations generation; development and launching on the market (funds, programs, etc)
Good institutional and innovative practices to motivate enterprises to innovate

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Next steps:

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- Statistical survey of more than 13 500 micro and SMEs In Bulgaria, Macedonia and Albania
- Development of datasets with matched records from the SAT and the statistical survey and tabulation
- During WP3 pilot industry sector(s) will be selected for the statistical survey and SAT based on analysis of government strategies – suggestion is for ICT and food industry!
- Development of SAT
- **A lot of questions for discussion!**

Contacts

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