INSIGHTS ON INNOVATION MANAGEMENT IN EUROPE
TANGIBLE RESULTS FROM IMP³rove

IMProve

European Commission
DIRECTORATE-GENERAL FOR ENTERPRISE AND INDUSTRY
Insights on Innovation Management in Europe
Tangible results from IMP³rove
Europe INNOVA

Europe INNOVA is an initiative for innovation professionals supported by the European Commission under the 6th Framework Programme. The fundamental objectives of this initiative fall in line with the policy direction set out within the FP6 priority of “Structuring the European Research Area”. In acting as the focal point for innovation networking in Europe, Europe INNOVA aspires to inform, assist, mobilise and network the key stakeholders in the field of entrepreneurial innovation, including company managers, policy makers, cluster managers, investors and relevant associations. Additional information on Europe INNOVA is available on the Internet (www.europa-innova.org).

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Preface

The IMP³rove project, short for Improving Innovation Management Performance with sustainable IMPact project, was initiated to accelerate Europe’s global competitiveness through innovation. Because small- and medium-sized enterprises (SMEs) are the main source of jobs and employment in Europe, the European Commission DG Enterprise launched IMP³rove to support Innovation Management. Administered by a European Consortium, IMP³rove combines a wide range of expertise and research to support SMEs in the quest for innovation and also helps them gain access to financing and valuable management consulting. The insights generated from this project are the result of deep analyses and comprehensive testing of this state-of-the-art Innovation Management approach. The results are documented at the IMP³rove website, www.improve-innovation.eu.

IMP³rove’s success is the result of a consolidated team effort. Our thanks to all of the team members from the IMP³rove Consortium, including: Advansis (Finland), APRE - Agency for the Promotion of European Research (Italy), Iago (UK), i.con innovation (Germany), Logotech (Greece), Technofi (France), A.I. Zabala (Spain), the National Coordinators in Eastern Europe — ProFill (Czech Republic), The Entrepreneurship and Economic Development Research Institute (Poland), Tran@t (Romania), Abis (Slovenia), and the software provider Communardo for their contributions and support. We are also grateful to the network partners that contributed to the success of IMP³rove by testing its approach with SMEs across Europe.

The project benefited from the innovative spirit of more than 2,000 SMEs that were involved in this venture. It was a win-win situation; the companies gained valuable insights into their Innovation Management performance while IMP³rove received valuable new information for its platform and database.

We extend our deepest appreciation to the team at the European Commission, DG Enterprise, especially Reinhard Buescher, Elke van Tendeloo, and her successor, Marija Popovic. They proved to be enthusiastic champions for IMP³rove, supporting the project with new ideas and creative solutions.

Duesseldorf, October 2008

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Chapter 1
Innovation Management Summary

The IMP³rove project, initiated by the European Commission DG Enterprise, has successfully achieved major milestones through an Innovation Management approach that builds on existing best practices and is constantly reviewed and evaluated (see Figure 1).

The test confirms the following:

- The IMP³rove approach defines the state of the art in Innovation Management assessment and improvement for SMEs.
- The key stakeholders—SMEs, consultants, intermediaries, financial actors, and policymakers—benefit from IMP³rove.
- The basis for the dissemination of the IMP³rove approach is successfully established.
- Innovation Management’s proficiency level in Europe is not yet globally competitive.

1.1 The IMP³rove approach as state of the art

IMP³rove’s Innovation Management approach addresses all aspects of Innovation Management relevant to SMEs. These include innovation strategy; innovation organisation and culture; innovation life cycle processes with idea management; and the development of new products, services, processes, organisational structures, and business models; as well as the launch and continuous improvement. The IMP³rove approach also addresses enabling factors for Innovation Management such as project management, human resource management, and knowledge management. In this way, IMP³rove builds on a holistic approach to Innovation Management.

Figure 1: Milestones of the IMP³rove project

- Develop Innovation Management approach:
  - Review and evaluation of existing consulting methodologies and online self-assessment tools (SAT) in Europe
  - Improved Innovation Management consulting methodologies
  - European online self-Assessment Tool (SAT)

- Test Innovation Management approach:
  - Strong involvement of intermediaries, e.g., innovation management consultancies, trade associations, IRCs

- Disseminate Innovation Management approach:
  - Comprehensive marketing and communication program to promote new tools
  - At least 1,500 interviews with SMEs in more than 10 countries and various industry sectors, facilitated by intermediaries
  - Ensure increased sustainability

Source: IMP³rove 2006; www.improve-innovation.eu
As important as this holistic approach is, the IMP³rove approach is uncompromisingly targeted toward business results. IMP³rove aims to improve the business performance for SMEs and evaluates these results at major milestones during the IMP³rove process with Innovation Management benchmarks, Innovation Management consulting, and follow-up and quality assurance. This clear focus on business impact should generate measurable increases in the innovation performance of Europe.

The IMP³rove approach to Innovation Management is also highly integrated. It combines efficient online benchmarking with personal support provided by trained IMP³rove experts. The goal of the IMP³rove approach is effective and efficient impact and better services in Innovation Management for SMEs. The personal support provided by IMP³rove experts, who guided SMEs through the IMP³rove process, turned out to be a critical success factor. This enabled the SMEs to see the value-added from the IMP³rove Assessment, Root/Cause Analysis, consulting services and follow-up processes.

1.2 The benefits for IMP³rove’s key stakeholders

The key beneficiaries of IMP³rove are SMEs, consultants, intermediaries, financial advisors, and policy makers. During testing, all stakeholders experienced the benefits of the IMP³rove approach:

**SMEs** learn how to apply the holistic approach to Innovation Management. They gain a clear understanding of their strengths and weaknesses in Innovation Management and are given a roadmap to improve their Innovation Management performance. This roadmap is part of the IMP³rove consulting workshop for SMEs during the IMP³rove testing. SMEs can assess the short- and mid-term impact of the assessment, benchmarking, and consulting to continuously improve their Innovation Management performance.

**Management consultants** benefit from IMP³rove in numerous ways. By receiving training in the IMP³rove approach, they are able to apply this approach within their SME network and differentiate themselves as experts in IMP³rove, which is perceived to become the European standard in Innovation Management assessment. They are given access to European benchmarks, additional tools in Innovation Management, case studies, potential SME clients, and—last, but not least—a European network of Innovation Management experts.

**Intermediaries** across Europe leverage IMP³rove as an additional innovative service that they can introduce not only to their SME network but also to their network of consultants who support SMEs to improve their Innovation Management performance. As Innovation Management becomes more and more important, intermediaries have a ready-to-use, fully tested approach that is designed to become a common European standard. This will facilitate cross-border cooperation when SME are looking for suitable partners abroad.

**Financial actors** obtain valuable insights into the future growth potential of SMEs, and a more complete scenario that helps reduce investment risks. These insights are gained either during the due diligence or in preparation for the exit.

**Policy makers** benefit from IMP³rove, as it provides current data on the success of Innovation Management. The IMP³rove benchmarking database reveals how SMEs in various industry sectors and countries perform, and where improvements could be made. Policy makers can also gain insights into which Innovation Management proficiency enhancements could be further developed for SMEs, consultants, intermediaries, financial actors, and policy makers themselves.
1.3 Need for higher proficiency in Innovation Management

Although the IMP³rove approach has been established as state of the art, the journey toward improvement continues. There are still too few examples of high-quality Innovation Management performance among SMEs to compete successfully in global markets. This gap will probably continue to exist, as professional services providers do not currently deliver the required level of Innovation Management services to create the necessary impact on SMEs. Policy makers need better insights about the barriers and drivers that influence Innovation Management proficiency, to develop effective policies and interventions. IMP³rove will address some of these issues during the upcoming promotion and dissemination phase.

Further details on IMP³rove are provided in the following chapters. For current information on IMP³rove and for Innovation Management benchmarks, the IMP³rove platform is accessible at www.improve-innovation.eu.
Chapter 2
Europe needs more proficiency in Innovation Management

SMEs need to innovate to survive and create advantages in today’s fiercely competitive environment. Globalization exposes SMEs to new competitors from distant parts of the world, making it more difficult to defend their position in the value chain. Rapidly changing markets require adaptive business processes. Standing still is no longer an option. However, innovation is neither solely the incorporation of technological advances; nor is it alchemy or mystery. Enterprises can remain competitive with successful Innovation Management.

The current European market reveals that Innovation Management is not leveraged sufficiently for growth and profit when the following is considered:

- The average Innovation Management proficiency level among European SMEs is not sufficient to be considered globally competitive.
- Intermediaries and consultants have not yet gained the proper amount of expertise to support SMEs to become more innovative.
- Financial actors cannot yet adequately evaluate the Innovation Management capabilities of SMEs, which is a key factor for a company’s success.
- The policy makers’ initiatives to support SMEs in becoming more innovative and competitive in global markets have not resulted in the desired Europe-wide improvement of SMEs’ profitable growth.

A European standard needs to be developed for an approach that will result in improved innovation performance for SMEs. This standard also needs to define the mechanisms that drive Innovation Management performance for the sustainable, profitable growth of SMEs.

As already stated in European Innovation Management Landscape (1), Innovation Management proficiency still needs to improve for all key stakeholders including SMEs, intermediaries and consultants, financial players, and policy makers. The following paragraphs outline the need for a holistic approach that addresses all key stakeholders in the innovation process to improve Innovation Management performance.

2.1 SMEs need to enhance their competency in Innovation Management for profitable growth

The average European SME lacks operational profit margin growth while Growth Champions - those that achieve the highest and most sustainable growth in income, profit, and number of employees - have increased their operating profit margins by an average of 5 percent (2). The superior performance of the Growth Champions is driven by the higher income generated from innovations. Breakthrough innovations play an especially important role. A recent study clearly shows that superior Innovation Management has a significant impact on the business performance of SMEs (3).

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(2) Source: IMProve database, 2008
(3) Source: IMProve database, 2008
(4) Source: IMProve benchmarking results, 2008
There is good news, however. European SMEs are becoming more aware that business as usual is no longer sufficient. Their futures depend on their ability to offer innovative products and services, tap into innovative business models, and innovate their business processes. Managing the entire process—from new idea to launch—requires a clear mid- to long-term innovation strategy, an organisational culture that supports innovation, and processes that ensure that the right ideas are developed quickly.

However, superior and systematic Innovation Management is currently not established in the average European SME. These businesses need support from professional services providers to implement systematic Innovation Management. A thorough and comprehensive analysis of the key strengths and weaknesses of the Innovation Management of SMEs is required to improve performance. Current practices usually focus only on selected Innovation Management aspects, such as idea generation or project management, missing out on opportunities that will give the SME the chance to enter into completely new business models.

Experience shows that customized and impact-oriented measures can be developed and implemented only with the support and coaching from professional services providers. SMEs require customized support, taking into account their low level of Innovation Management awareness and inexperience with Innovation Management experts. European SMEs need easy access to qualified Innovation Management consultants and transparent results. Unfortunately, such support or standards for Innovation Management consulting are not readily available in Europe.

2.2 Innovation Management consultants need to raise the standard of Innovation Management consulting services

Most of the Innovation Management consultancies (IMCs) in Europe have narrow specialty areas of Innovation Management. These usually include R&D, ideation, or launch management. IMCs also lack a framework that provides the basis for a common language. Recent studies show a lack of a holistic view on Innovation Management. To successfully improve the various dimensions of Innovation Management, consultants need to have a thorough understanding of all the dimensions and levers of Innovation Management and its inner workings. To develop customized services, consultants need to be able to assess the SME’s Innovation Management performance in a systematic manner. They can only develop these customized solutions by having the right set of competencies.

Intelligent and sophisticated tools cannot substitute for the expertise of trained and experienced IMCs. Just as solutions need to be customized, the competency of the service providers is a key prerequisite for successfully leveraging the mechanisms of Innovation Management for profitable growth. The average IMC needs further systematic training to build up the required competencies. This training must introduce them to the right tools and measures that are applicable to SMEs. Since most consultants serving SMEs are with very small consulting firms, they cannot afford to invest in these tools and approaches. Plus, they are hesitant to adopt new tools during a project because they do not want to risk that it fails and damages their reputation.

Europe can only improve the Innovation Management performance of SMEs if the service providers reach a higher level of proficiency in Innovation Management consulting and their competencies become less fragmented. Without a clear standard in Innovation Management consulting, it is not surprising that a large variance exists in the level of service quality rendered to SMEs. Without a significant improvement in Innovation Management consulting, Europe’s SMEs will not show major improvements.
2.3 Intermediaries need to understand the mechanics of Innovation Management and profitable growth at SMEs — a need for a European standard

Innovation Management is often as new to intermediaries as to SMEs. Many intermediaries are aware of the importance of innovation and Innovation Management, but in many cases they lack an understanding of how to introduce and disseminate Innovation Management practices successfully within SMEs. Usually, their support activities do not address Innovation Management and its impact on performance. They advise on new technologies, financing, and creating an innovation culture, but do not integrate these activities with a consistent Innovation Management framework or clearly link them to business performance. To be truly effective, the intermediaries need to be able to explain the mechanics of Innovation Management and profitable growth. They also need consultants who can help the SME establish Innovation Management successfully.

Recent results of the IMP³rove Field Test show that the interest, experience, and expertise in Innovation Management intermediaries vary widely across countries. Therefore, there is a need to build up the Innovation Management competency level of European intermediaries so they can render services to SMEs that meet a defined minimum European standard.

2.4 Financial actors need the criteria to assess the future innovation potential of SMEs

Financial actors interested in funding highly innovative SMEs can only assess an SME based on past performance. They cannot properly determine an SME’s Innovation Management capabilities required to turn new products, services, or business models into profitable growth. They have little information on whether an innovation strategy is well developed, or insights into management’s ability to leverage external networks for the development of new ideas. Investors must take such capabilities into consideration, as they provide the basis for future growth. Even if an investor has identified the SME’s weaknesses, it remains difficult to find the right service provider to help the SME improve its Innovation Management performance to increase profitable growth.

2.5 Policy makers need more effective approaches to increase the impact on SMEs’ growth

Significant public investments have been made to improve the innovation performance and growth of SMEs. However, the result is rather sobering. Too few SMEs can claim to be high-growth companies. For those that can, growth often occurred in spite of policies and publicly funded projects. Solid data on the barriers and levers for innovation at SMEs and an infrastructure that effectively supports the SMEs in their efforts to leverage innovation for profitable growth are essential. Policy makers can only design better policies if they gain a better understanding of the various needs of specific capability clusters. Policy makers must also link public funding to proven Innovation Management performance. The IMP³rove benchmarking and the benchmarking reports (www.improve-innovation.eu) provide the means to show minimum Innovation Management performance. Furthermore, clear standards in how to assess and further develop Innovation Management will give policy makers a better basis for effective policies.
Recent studies from the IMP³rove project clearly show that the performance and experience levels of all key stakeholder groups vary across countries. A range of differences also exists across industries. These differences need to be taken into account to successfully improve Innovation Management performance with sustainable impact. IMP³rove aims to support all key stakeholders in overcoming the problems that currently exist and increase the performance of all players involved in the innovation process to leverage Innovation Management for Europe’s wealth and growth.
Chapter 3
The IMP³rove approach — Growth through Innovation Management

To meet the needs of all stakeholders, the IMP³rove approach offers a range of unique value propositions that have proved to leverage Innovation Management for profitable growth. This approach is unique, as it is fully integrated and links holistic Innovation Management with profitable growth. IMP³rove also builds on existing approaches to Innovation Management and goes beyond them to establish a state-of-the-art approach for SMEs.

3.1 Innovation Management — the key driver for European SME growth

An integral part of the IMP³rove approach is the close link between Innovation Management performance and business performance targeted to profitable growth. All key elements of the IMP³rove approach are directed to Innovation Management aiming at the SME’s growth.

Experience shows that SMEs in Europe do not consider Innovation Management to be as important as larger enterprises currently do. However, SMEs face challenges and need to find an answer to the following important questions:

- How can I secure my company’s future?
- How can I sustain my operational profits?
- How can I ensure that my best customers will still be my best customers in three to five years?
- How can I acquire new customers and develop markets for my products and services as quickly as possible?
- How can I attract and retain qualified employees?
- How can I finance my growth?

The one answer to all of these questions is to generate a steady flow of innovations that create value. And this is only possible with well-established Innovation Management. Innovation Management is the means for reaching the growth targets and for thriving in an increasingly competitive business field. Very recent analysis of Innovation Management performance proves that it is a key driver for profitable growth. However, SMEs currently lack a systematic approach toward Innovation Management (see chapter 5.1).

The definition of Innovation Management in the context of increasing Europe’s innovation performance has to be comprehensive, as well as take into account the various types of innovation and have a clear focus on the growth of SMEs (see Figure 2).

Successful is defined in the business environment by high and sustainable growth in income, profit, and number of employees. All the dimensions of Innovation Management have to be directed to the overall goal of sustainable business impact and growth. IMP³rove is based on this comprehensive definition of Innovation Management to provide the SMEs and all the other stakeholders with a holistic approach that offers strong value propositions.
3.2 The proven value propositions of IMP³rove to leverage Innovation Management for profitable growth

IMP³rove has identified service offerings for the following stake-holder groups that are essential for strengthening Europe’s Innovation Management performance:

In the context of Innovation Management for profitable growth, a wide variety of capabilities must be built to meet the needs of the various stakeholders to respond to global competition (see Figure 3).

A key value proposition for SMEs is a well-structured and comprehensive approach to Innovation Management that has been established as standard across Europe. This includes the following:

- A thorough assessment of Innovation Management and its impact on profitable growth
- Support and coaching of SMEs during the assessment and benchmarking by Innovation Management experts
- Benchmarking Innovation Management performance linked to profitable growth across Europe and across industries documented in structured reports
- High-quality consulting services that meet a defined European standard and clearly focus on business impact
- Mechanisms that foster a regular assessment and benchmarking of Innovation Management performance
- Access to communities focusing on innovation-related issues in which the SME can find new partners
- Access to a European network of intermediaries and consultants that meet the European standard in Innovation Management professional services

SMEs receive a most valuable learning experience just by completing the IMP³rove questionnaires. This triggers their thinking about issues that they have either not

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Figure 2: Definition of Innovation Management

<table>
<thead>
<tr>
<th>Innovation Management is the capability to ...</th>
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<tr>
<td>... manage an invention/idea of ...</td>
</tr>
<tr>
<td>• new products, services, processes, production methods, organizational forms</td>
</tr>
<tr>
<td>or</td>
</tr>
<tr>
<td>• an elementary improvement of a business (model) system up to its successful realization.</td>
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</table>

Source: IMP³rove Core Team 2006; www.improve-innovation.eu
yet addressed, or not addressed sufficiently. Thus the IMP³rove questionnaires increase the awareness for Innovation Management - related issues.

The benchmarking reports that the SME can generate based on the IMP³rove Assessment and Root/Cause Analysis reveal the ways SMEs can improve their Innovation Management performance. These reports also help the SME fill the gaps that separate them from Growth Champions and eventually outperform the benchmark themselves.

Key value propositions for Innovations Management Consultancies (IMCs) are:

- A proven, holistic, and integrated approach to Innovation Management applicable to SMEs and designed to become the European standard
- Thorough trainings in the IMP³rove approach
- Standard tools and approaches for Innovation Management consulting
- Current benchmarks in Innovation Management
- Access to a network of highly qualified Innovation Management experts to complement their service offerings that comply with the same standards
- Access to potential customers seeking Innovation Management consulting
- Tools to track the client’s Innovation Management activities

Consultants appreciate industry benchmarks. IMP³rove offers these on a national as well as European level. They are the basis for best practices that are presented in the case studies and tools available to consultants on the IMP³rove platform.

The wide range of information on Innovation Management plus the training offered on the IMP³rove approach allow IMCs to further broaden their knowledge and skills. IMP³rove also offers the IMCs excellent marketing opportunities as well as possibilities for increasing the effectiveness and efficiency of their services.

Key value propositions for intermediaries are:

- Well-structured training on the IMP³rove approach as a well-structured approach to Innovation Management
- Access to current benchmarks in Innovation Management
- Improved offerings for their clients’ Innovation Management

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**Figure 3: Relevant value propositions for key stakeholder groups**

Source: IMP³rove Core Team 2008; www.improve-innovation.eu
Intermediaries can expand their service offerings to their SME network beyond simply offering information on Innovation Management. They can offer a highly effective and efficient approach that is available online and allows for comparison across Europe. Intermediaries can also leverage IMP³rove to further position themselves as innovative, leading organisations that support their clientele for growth.

Key value propositions for financial actors are:

- Information on and access to European standards in Innovation Management linked to profitable growth
- Assessment of their portfolio in Innovation Management that complements traditional methods of portfolio analysis
- Assessment of target companies in Innovation Management as part of the due diligence process
- European and national benchmarks on Innovation Management that serve as the basis for investment decisions
- Access to a European network of IMCs to support the improvements in Innovation Management within their portfolio with a standardized approach
- Access to training in the IMP³rove approach

Financial professionals investing in SMEs need to know the growth potential of these companies. They benefit from the benchmarks that IMP³rove offers as well as the benchmarking reports, which not only help investors but also the company’s management in focusing the improvement measures on the areas in which the largest gaps have been identified.

Key value propositions for policy makers are:

- Awareness of and access to European standards in Innovation Management linked to profitable growth
- Access to current data on Innovation Management of SMEs
- Access to European benchmarks and analysis of industry, cluster, and country with regards to Innovation Management performance
- Access to Innovation Management experts and professionals

Policy makers depend on data to develop the most effective policies and interventions. IMP³rove currently offers the largest and most up-to-date database on Innovation Management performance of SMEs. This creates an especially strong value proposition for this stake-holder group. Policy makers benefit from the insights that can be derived from the database as well as the experience of introducing IMP³rove. This can help remove the barriers that not only exist within the SMEs, but, even more importantly, in the infrastructure that helps SMEs develop the appropriate skills.

The IMP³rove approach, which started as a hypothesis, has proved to be a strong value proposition. Details on the characteristics of the IMP³rove approach and its key features are provided in the next section.
3.3 IMP³rove: The holistic approach to Innovation Management

IMP³rove takes a holistic approach to Innovation Management. The conceptual framework—the A.T. Kearney House of Innovation—covers all elements of Innovation Management, as shown in Figure 4. It addresses innovation strategy, organisation and culture, and innovation life cycle processes (from idea management, product/service/organisational/process/business model development, and launch processes to continuous improvement of the innovation) as well as enabling factors such as human resource management and knowledge management.

All of these elements are clearly linked to business impact. The innovation strategy must ensure that the most promising markets and future customer segments are addressed. The organisation’s culture needs to ensure that the innovation strategy will generate a continuous stream of value-added innovations, and that the innovation life cycle processes are managed as professionally and seamlessly as possible. The enabling factors ensure that the SME’s Innovation Management is supported and driven to reach the defined targets on an operational level.

IMP³rove is also holistic in terms of the Innovation Management consulting process. It covers the phases of business acquisition, the execution of the consulting engagement, the measurement of the consulting service’s business impact, and follow-up processes.

IMP³rove takes an integrated approach to Innovation Management in three areas. First, the various dimensions of the A.T. Kearney House of Innovation are integrated. The innovation strategy drives the organisation’s innovation culture, the innovation life cycle management processes, and determines the enabling factors. Secondly, the IMP³rove approach systematically integrates a web-based Innovation Management assessment and benchmarking with an individual end-to-end consulting process and systematic follow-up processes for continuous improvement. The IMP³rove online platform provides the tools for IMCs to provide a well-structured consulting process that meets the high-quality standards throughout Europe and meets the needs of SMEs. Third, IMP³rove is a Europe-wide effort designed to become the European standard in Innovation Management assessment, development, and consulting for SMEs and is based on a European benchmarking database. The IMP³rove Assessment allows SMEs to benchmark their company’s Innovation Management performance against other SMEs of similar size, industry, and location.

Figure 4: The A.T. Kearney “House of Innovation”

Source: A.T. Kearney; www.improve-innovation.eu
The IMP³rove platform is an integral part of the IMP³rove approach, which has already created a powerful network of Innovation Management professionals that now have access to tools, links, approaches, case studies, and best practices in Innovation Management (see Figure 5).

In summary, the key characteristics of the IMP³rove approach are:
- Full integration of online benchmarking and personal consulting
- Valuable, current benchmarks on Innovation Management performance in SMEs
- Online assessment designed for the Innovation Management needs of SMEs
- High level of effectiveness and efficiency due to the combination of online assessment, personal consulting, and integrated evaluation as well as evaluation of the business impact of the services rendered
- Focus on business impact due to systematic follow-up processes
- The IMP³rove platform, which drives the overall IMP³rove process and is structured in distinctive phases

3.3.1 The IMP³rove process

The integrated IMP³rove process is designed to create sustainable improvements of the SME’s Innovation Management performance. This process combines online assessment for efficient and systematic data gathering and analysis of the SME’s Innovation Management, and personal consulting for effectiveness of the measures to improve the Innovation Management performance. As shown in Figure 6, it is structured in distinct phases: the benchmarking process, the consulting process, and the follow-up process for high impact. These key processes are divided into subprocesses and are supported by the IMP³rove online platform. The IMP³rove approach thus combines online processes with personal consulting processes.

The benchmarking process. This includes the IMP³rove Assessment and the Root/ Cause Analysis.
The IMP³rove Assessment allows a systematic evaluation of the company’s Innovation Management performance based on a structured and formalised questionnaire. After completion, the SME can request one or several detailed reports with current benchmarks that point out the key strengths and weaknesses in Innovation Management. The IMP³rove Assessment has a strong focus on Innovation Management activity results, and the report provides the basis for a thorough discussion with an IMP³rove expert to develop custom recommendations.

The Root/Cause Analysis follows the IMP³rove Assessment. With this tool, SMEs may further investigate the underlying root causes of their strong or weak performance. It looks into the Innovation Management processes of the company in more detail by focusing on qualitative and descriptive questions. The Root/Cause Analysis provides additional valuable insights for Innovation Management consulting.

The consulting process. In this process, which follows benchmarking, a trained IMC renders consulting services to the SME. During the IMP³rove Field Test, the consulting phase started with an individual workshop with the SME to discuss the results of the benchmarking and to develop initial recommendations and a first basic roadmap for improving the Innovation Management performance of the SME. This Consulting Workshop, which lasted two to three hours, was offered free of charge to the SME by an associated network partner to discuss key strengths and weaknesses and to develop initial recommendations for improvements. Follow-up services focus on more detailed actions for improving Innovation Management. The IMP³rove platform fully supports the service provision. The IMP³rove consulting process as defined within the IMP³rove approach is described in more detail in chapter 4.3.3.

Feedback loop (immediate IMC evaluation). After the service provision, feedback from both the SME and the IMC is collected to assess satisfaction and the direct impact of the service provision. In addition, feedback on the IMP³rove approach is collected, ensuring a continuous improvement process. Feedback from the SME regarding the quality of the consulting services is evaluated to increase transparency. The platform fully supports the feedback process.

Long-term impact review. After nine months, the long-term impact of the services provided is assessed by the SME and the IMC to ensure the sustainability of the services rendered. The impact assessment is based on performance measures such as time-to-market and time-to-profit.

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**Figure 6: The IMP³rove process**

<table>
<thead>
<tr>
<th>Benchmarking process</th>
<th>Consulting process</th>
<th>Follow-up process for high impact</th>
</tr>
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<tbody>
<tr>
<td>IMP³rove Assessment</td>
<td>Root/Cause Analysis</td>
<td>IMC service provision</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Feedback loop (direct IMC evaluation)</td>
</tr>
</tbody>
</table>

IMC = Innovation Management Consultancy; SAT = Self-assessment tool; SME = Small and medium sized enterprise

www.improve-innovation.eu

E= Small and medium sized enterprise; IMC= Innovation Management Consultancy; KPI= Key performance indicator

Source: IMP³rove Core Team 2006; www.improve-innovation.eu
Follow-up assessment. SMEs have the possibility for a new assessment as soon as nine months after the previous one to compare performance levels. This helps SMEs continuously monitor their Innovation Management performance and track how well they have improved their competitive position. Follow-up processes allow SMEs to monitor their company’s Innovation Management performance in a structured manner.

These key features of the IMP³rove approach are integrated into the IMP³rove online platform.

3.3.2 The IMP³rove platform — integrating European online benchmarking and personal consulting

The IMP³rove platform consists of two major components: the software module, which supports the IMP³rove process, and the modules with general Innovation Management content.

The IMP³rove platform drives the complete IMP³rove process from the initial registration, the assessment phase, the personal consulting services, and the feedback processes.

As IMP³rove focuses on business impact, SMEs and IMCs are solicited for their feedback on the value-added immediately after the consulting services, and then again nine months later. The IMP³rove platform also contains further valuable information such as Innovation Management tools, case studies, and training materials, which can either be read online or downloaded from the IMP³rove platform.

Four different user groups can register on the IMP³rove platform: SMEs, National Coordinators, IMCs, and intermediaries. SMEs are the largest user group on the IMP³rove platform. SMEs from all key European countries and all industry sectors with 5–999 employees and a minimum of two years in business are qualified to register on the IMP³rove platform. National Coordinators have been selected to coordinate the activities with SMEs, IMCs, and intermediaries in their respective countries with the objective of disseminating the IMP³rove approach. Increasing the number of SMEs that apply the IMP³rove approach will facilitate national benchmarking in addition to European benchmarking. National benchmarks will be most useful for national and regional policy-making or awarding public funds to innovative SMEs. As more countries outside Europe join the IMP³rove platform, their National Coordinators will be registered by the IMP³rove Core Team.

IMCs and intermediaries, as the potentially second largest user group, must qualify before they are registered on the IMP³rove platform. Besides these user groups, guests (non-registered users) may read content on the publicly available platform.

As the confidentiality of private company data is an important principle of IMP³rove, each user group has to accept the terms of use and the statement of data security before being registered on the platform.

The IMP³rove platform not only offers an assessment but fully supports each phase of the IMP³rove process. Such a fully integrated approach ensures that the SMEs will repeat the benchmarking process and the IMCs will follow-up on the SME’s improvements.

The software module offers a structured approach that guides the user through each web-based element in a systematic way. At the same time, it provides sufficient flexibility so that the process can be adapted to the evolving needs of the SMEs. First, an SME registers on the online platform. After the registration and confirmation, the SME completes the IMP³rove Assessment. The SME may then
request a report and download it. At this stage, the SME has the choice to either continue to complete the Root/Cause Analysis questionnaire or proceed directly to the consulting phase. Preferably, both the IMP³rove Assessment and Root/Cause Analysis are completed prior to the consulting workshop (a personal meeting of the consultant and the SME manager). Once the Root/Cause Analysis is completed, a report can be requested and generated for that questionnaire.

The consulting phase is initiated with the selection of a consultant from a list on the IMP³rove platform. A consultant can be selected at anytime during the IMP³rove process. The SME can decide at which stage the consultant should be contacted.

The feedback processes are triggered with the completion of the consulting workshop. When uploading the minutes of the consulting workshop, the IMC starts to complete the short-term online feedback form. This triggers the feedback process of the SME.

The navigation of the IMP³rove platform not only offers an assessment but fully supports each phase of the IMP³rove process. Such a fully integrated approach ensures accountability both at the SMEs to repeat the benchmarking and the IMCs to follow-up on the SME’s improvements.

The IMP³rove online assessment goes beyond a simple web-based questionnaire, as it offers various functionalities that support an impact-oriented improvement process for the SMEs. As shown in Figure 7, the key elements of the IMP³rove self-assessment tool are:

- Two structured questionnaires: the IMP³rove Assessment and the Root/Cause Analysis
- A sophisticated scoring logic, which ensures that high-quality scores and benchmarks are generated after completion of the questionnaire
- Explanations to facilitate the assessment phase and learn more about Innovation Management
- Results delivered in structured evaluation reports with current benchmarks
- The IMC profiles and selection mechanism, designed to best match the SME’s needs with the IMC’s competencies

Core elements of the assessment tool

1. Scoring logic
   - Questionnaire: IMP³rove Assessment, Root/Cause Analysis

2. Explanations
   - Definitions
   - Help functions

3. Client management
   - Scheduling of workshops
   - Monitoring of consulting process

4. IMP³rove profile
   - Competency
   - Industry focus

5. Building Blocks
   - Trainings
   - Toolbox
   - Case studies
   - Links
   - Valuable reading

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SME = Small and medium sized enterprise; SAT = Self assessment tool; KPI = Key performance indicator
Source: IMP³rove Core Team 2006; www.improve-innovation.eu
A two-way feedback process based on online feedback forms (short-term and long-term) completed by the IMC and SME, respectively.

An IMC quality assurance mechanism

The benchmarking process follows a two-step assessment: the IMP³rove Assessment and the Root/Cause Analysis. On average, it takes an SME manager two to three hours to complete the IMP³rove Assessment. The length of time required for this questionnaire varies, depending on the enterprise’s experience with Innovation Management. The second questionnaire (the Root/Cause Analysis) usually takes one to one-and-a-half hours. There are various scenarios in which the SME can complete the assessment in the IMP³rove process.

Assessment completed by one individual user, usually the CEO or owner. Particularly for small enterprises with less than 50 employees, it is recommended that the CEO or owner complete the assessment, as this is the person who is usually most knowledgeable about the innovation processes within the company. Depending on her awareness of and experience with Innovation Management, she should rely either on help features (such as calling the National Coordinator or the consultant from the IMP³rove or accessing help online) when difficulties arise in assessing the questionnaire.

Assessment in a team setting. Medium-sized enterprises might benefit from a team-based assessment. Due to the size of the company, Innovation Management activities are often spread out across different functions. Therefore, the best results can be achieved when completing the questionnaire in a team setting.

Assessment with the assistance of an expert. The SME can stay highly motivated through the assessment process if assisted by an expert. SMEs that had never been exposed to Innovation Management required support when it came to specific Innovation Management–related terms or indicators. A personal approach helps overcome this issue.

Assessment in an SME workshop. IMCs or National Coordinators may conduct workshops for several SMEs at one time. In this manner, the SMEs are able to have personal assistance in completing the questionnaire, and the IMCs save time by having several SMEs participate simultaneously. This type of SME workshop also increases participant motivation and provides opportunities to discuss ideas and exchange various aspects of Innovation Management. It also creates a networking opportunity for SMEs interested in improving their Innovation Management performance.

The diagnostic design and the benchmarking approach of the IMP³rove online assessment build upon the holistic approach of the A.T. Kearney House of Innovation and take a corporate-wide perspective toward Innovation Management. This incorporates processes, structures, and cultural aspects of Innovation Management. The overall aim is to balance the profoundness, validity, and accuracy of the assessment measures and holistic scope. While existing self-assessment tools either use a specialised approach or a systemic one, IMP³rove combines both.

To achieve both breadth and depth in the Innovation Management assessment, IMP³rove is not limited to technological and product innovations (see Figure 8). In fact, there are five types of innovation:

- **Product innovations.** Product innovation addresses issues such as product functionality and performance, product systems, and product design. These innovations encompass a change to a product that a company currently offers in the marketplace or an entirely new product. It is the most easily recognised type of innovation, because consumers see the changes firsthand.
• **Service innovations.** Service innovations include the introduction of a completely new service or changes to an existing service that a company offers in the marketplace. For companies operating in the service industry, this is usually the most important type of innovation. However, manufacturing companies can also successfully complement their products with service innovations.

• **Process innovations.** Process innovations address changes in a company’s core processes. Often these innovations are a result from changes made in the company’s process technologies. Usually these processes are invisible to the consumer but are vital to a product’s or service’s competitive positioning.

• **Organisational innovations.** Organisational innovations address changes within the organisational structure of a company. These changes include, for example, the shift from a functional organisation to a project-driven organisation. Organisational changes may also involve changes in the integration of external partners, such as alliances and networks.

• **Business model innovations.** A business model refers to the way a company creates, sells, and delivers value to its customers. There are three main areas in which innovations to a company’s business model can occur: value proposition, what is sold; how it is created and sold; and the target customer, or to whom it is delivered. To measure Innovation Management performance, a holistic set of critical success factors and performance indicators has been defined for each performance dimension. The key set of critical success factors that emerged when integrating and harmonising the concepts of existing best practices all across Europe provides the basis of the diagnostic design. Based on different question types, Innovation Management performance is measured in the most reliable, valid, and objective way. Furthermore, the diagnostic design brings together purely output-related performance measurement systems and root-cause indicators.

**The IMP³rove evaluation reports with current benchmarks: pointing out the key strengths and weaknesses**

After the completion of the respective questionnaire/assessment, two major tangible results are delivered by the IMP³rove online assessment module: The IMP³rove Assessment report and the Root/Cause Analysis report (see Figure 9).

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**Figure 8: The IMP³rove benchmarking approach – striving for breadth and depth**

![Figure 8: The IMP³rove benchmarking approach – striving for breadth and depth](source: IMP³rove.Core Team 2006; www.improve-innovation.eu)
Both reports are clearly structured and are an efficient basis from which to build value-added consulting services.

The key benchmarking principle upon which IMP³rove reports are based is the linking of Innovation Management and value growth. This results in benchmarks that help compare the company’s Innovation Management performance with the average performance of the Growth Champions and the average of the benchmarking class selected by the company. The guiding principles of the benchmarking process are:

- Comparing the company’s scores with the average performance of the Growth Champions and the average within the benchmarking class to point out areas for improvement
- Dynamic benchmarking to reflect the actual competitive position
- Multidimensional identification of Growth Champions based on average rate of growth in income, number of employees, and profit growth
- A focus on internal growth, rather than external growth generated from mergers and acquisitions
- Industry-specific scoring (IMP³rove Assessment only), which ensures that different industry groups (taking into account industry specifics) and each dimension can be compared when calculating aggregated scores

The performance of the company is evaluated relative to two benchmarks: the Growth Champions and the average. The relative performance of the company in comparison to the Growth Champions and the average depends on the selected benchmarking class. The benchmarking class is the sample of companies that the SME chooses for comparison. It defines which companies are included when calculating the score of the Growth Champions and the average. The following variables can be specified when selecting the benchmarking class:

Industry groups:
- Biotechnology, chemical, and pharmaceutical
- Information and communication technologies, electronic technologies, optics
- Mechanical and plant engineering, construction

Figure 9: IMP³rove reports

Reports generated by the online self-assessment tool

Score for each question

<table>
<thead>
<tr>
<th>Score per dimension of the A.T. Kearney “House of Innovation”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall score of the Innovation Management Performance</td>
</tr>
<tr>
<td>Your Company</td>
</tr>
<tr>
<td>Growth champions</td>
</tr>
<tr>
<td>Average</td>
</tr>
</tbody>
</table>

SMEs are compared with best performing companies = Companies with highest value growth

Source: IMP³rove Core Team 2006; www.improve-innovation.eu
• Aerospace, engineering and technologies, automotive
• Knowledge intensive services
• Textile
• Food and beverage

As the number of datasets grows, benchmarking by NACE (EU classification system) codes will be possible. This includes the following:

• Size classes (number of employees): 5–20, 21–100, 101–250, more than 250
• Age classes (number of years in business): 2–5, 6–10, 11–25, more than 25
• Countries: The EU25 member states as well as additional European countries are represented in the database. The SMEs can benchmark themselves against the companies within their own country or against all countries. The more SMEs from one country in the database, the more meaningful the national benchmarks will get.

The scoring implemented in the IMP³rove software tool seeks to point out differences between the Innovation Management performance of the Growth Champions and the average. It is not based on a stage-gate model, in which the evaluation is linked to a fixed maturity model. Rather, the evaluation of the Innovation Management performance describes the performance of the Growth Champions and the average and gives an indication of how Innovation Management contributes to valuable growth.

The Growth Champions represent the top 10 percent of companies within the benchmarking class with the highest valuable growth. The scores of the Growth Champions represent the average score of the Growth Champions on that respective question. The average score represents the average of all companies within the benchmarking class on the respective question. The selection of the Growth Champions is based on the company’s ranking in four dimensions. The highest growth value is defined by the highest average yearly growth rates with regards to income and employment data (number of employees) and highest average yearly growth of operational margin (as percentage of income). In addition, only companies which grow mostly from internal, organic growth are taken into account as Growth Champions. As the innovation processes within young companies are less established and differ from companies that are well established, only companies in business more than seven years are included in the sample of the Growth Champions.

The IMP³rove Assessment and the Root/Cause Analysis reports have different objectives. As the IMP³rove Assessment is intended to give a clear overview on the current Innovation Management performance of the company, scores are generated for different levels of aggregation. (An example of an IMP³rove Assessment report can be downloaded from www.improve-innovation.eu.)

The Root/Cause Analysis seeks to provide complementary information to identify root causes. Here, the benchmarking is complemented by a rather detailed analysis of processes and structures. Therefore, the Root/Cause Analysis report does not provide the evaluation of the performance at a dimensional level but provides a question-by-question evaluation.

**The IMP³rove platform drives the IMP³rove consulting services delivery and supports quality assurance**

Innovation Management consulting is driven by the self-assessment module. Once the SME has completed a questionnaire, it can select a consultant within its country. The IMC’s profile is presented to the SME, which contains information on
his expertise and industry focus. The consulting process begins once the IMC is selected. This is supported by the IMP³rove platform in the following ways:

- Automatic email notification to schedule a meeting with the consultant
- A scheduled meeting between the SME and consultant via the IMP³rove platform (effective project management)
- SME management (overview of status of each SME along the IMP³rove process). IMCs can access the list of their clients. Information on the status of each SME within the IMP³rove process will be provided.

As IMP³rove is striving for high-quality Innovation Management services, user feedback is very important. Therefore, both the SMEs and IMCs are asked to provide feedback on the online platform. This request for feedback is triggered by an email right after the consulting service has been completed (status is set as “Consulting Workshop completed”) and contains a link to the consultant’s online feedback form. If the consultant does not complete the feedback form, a reminder email will be sent at a later date.

The SME is asked to complete an online form containing feedback on the value of the platform, the IMP³rove process, and the services received. The consultant is also asked to provide feedback on the value of IMP³rove. This feedback, given directly after the first service (during the Field Test, which was a two- to three-hour workshop), is complemented by so-called long-term feedback, which is also provided by the SME and the IMC after nine months. The focus of this feedback is on the business impact of IMP³rove and the related services that emerge only after the implementation of the improvement measures. This feedback process is a key component of the quality assurance mechanism, as it increases the transparency on the quality of the services delivered.

**Additional content available via the IMP³rove platform**

IMP³rove provides valuable content to SMEs, intermediaries, and IMCs. An extensive library of Innovation Management and IMP³rove-related documents and links complement the assessment module that drives the IMP³rove process. These resources are known as the IMP³rove building blocks (see Figure 10).

This state-of-the-art content on Innovation Management is provided to help IMP³rove build a Europe-wide Innovation Management community. This includes:

**Figure 10: Complementary information on Innovation Management for IMP³rove experts**

<table>
<thead>
<tr>
<th>IMP³rove Building Blocks for Innovation Management Consultants</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Information on Process</strong></td>
</tr>
<tr>
<td>- Key characteristics of SAT, and assessment process</td>
</tr>
<tr>
<td>- IMP³rove Innovation Management consulting process</td>
</tr>
<tr>
<td>- Quality criteria for IMP³rove consulting process</td>
</tr>
<tr>
<td>- Description of IM methods and tools according to A.T. Kearney <em>House of Innovation</em> model (recommend for selection &amp; applications)</td>
</tr>
<tr>
<td>- Assessment based on SAT Tool FAQs</td>
</tr>
<tr>
<td><strong>Toolbox</strong></td>
</tr>
<tr>
<td>- Innovation Management consulting approaches</td>
</tr>
<tr>
<td>- Tool application based on SME practice description</td>
</tr>
<tr>
<td>- Industry and size specific recommendations</td>
</tr>
<tr>
<td><strong>Case studies</strong></td>
</tr>
<tr>
<td>- Customer satisfaction</td>
</tr>
<tr>
<td>- Recommendations</td>
</tr>
<tr>
<td>- Continuous learning</td>
</tr>
<tr>
<td>- Key findings from analysis</td>
</tr>
<tr>
<td>- SME needs</td>
</tr>
<tr>
<td>- Growth opportunities</td>
</tr>
<tr>
<td><strong>Trainings</strong></td>
</tr>
<tr>
<td>- Train-the-trainer concept</td>
</tr>
<tr>
<td>- Workshop guidelines</td>
</tr>
<tr>
<td>- Quality criteria for IMP³rove consultant selection</td>
</tr>
<tr>
<td><strong>IM References</strong></td>
</tr>
<tr>
<td>- Recommended literature</td>
</tr>
<tr>
<td>- Links</td>
</tr>
<tr>
<td>- Innovation Management FAQs</td>
</tr>
<tr>
<td>- Key players overview (clusters, IRCs, IMCs, ...)</td>
</tr>
<tr>
<td>- Competence networks and contacts</td>
</tr>
<tr>
<td><strong>Competence Network</strong></td>
</tr>
<tr>
<td>- Customer satisfaction</td>
</tr>
<tr>
<td>- Recommendations</td>
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<td>- Continuous learning</td>
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<td>- Key findings from analysis</td>
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<td>- SME needs</td>
</tr>
<tr>
<td>- Growth opportunities</td>
</tr>
<tr>
<td><strong>Lessons Learned</strong></td>
</tr>
<tr>
<td>- Flyers, brochures</td>
</tr>
<tr>
<td>- Documentation of interim results</td>
</tr>
<tr>
<td>- Marketing presentations</td>
</tr>
</tbody>
</table>

SME=Small and medium sized Enterprise; FAQ= Frequently asked questions; IMC=Innovative management consulting
Source: IMP³rove Core Team 2006; www.improve-innovation.eu
general information on the IMP³rove approach, current news, specific information on Innovation Management tools and methods, important dates, the use of the website, and networking information. This provides IMCs and intermediaries with a wealth of material to support their consulting and networking activities.

As Figure 11 shows, IMP³rove is designed as an open learning platform, offering all key stakeholders the possibility to learn from best practices. Furthermore, the numerous case studies and tools that have been posted on the IMP³rove platform contain the source of information as a reference. Therefore, the IMCs can directly link with these sources who are experts in a specific area of Innovation Management consulting. Tools may include handbooks, guidelines, templates, checklists, and links. Each tool that is submitted for posting on the IMP³rove platform will indicate which dimensions of the A.T. Kearney House of Innovation is applicable. Thus the IMP³rove platform is offering a well-structured toolbox for IMCs (see Figure 12).

Similar to these tools, a library of more than 60 case studies has been developed. They describe the SME’s scenario, the objective that needed to be achieved, the approach that was selected, and the results that improved the SME’s Innovation Management performance. As with the tools, each case study contains the source with contact details for further information.

Figure 11: IMP³rove as learning platform

Figure 12: Selection of tools available on the IMP³rove platform

Source: IMP³rove Core Team 2006; www.improve-innovation.eu
3.3.3 Toward higher proficiency in Innovation Management consulting — the IMP³rove consulting process

The IMP³rove platform and its various offerings are complemented by a clearly structured consulting process that aims at tangible results. This consulting process has been an integral part of the IMP³rove training offered to IMCs. After training, these IMCs have received comprehensive support materials to successfully introduce their SME clients to IMP³rove.

The IMP³rove Consulting Process. The Innovation Management consulting process is a core element of the IMP³rove approach and therefore needs to be clearly defined. The Core Team has developed best practices for Innovation Management consulting processes that are clearly structured and result-oriented.

As shown in Figure 13, the IMP³rove consulting process consists of three phases:

- Client acquisition and proposal development
- Execution of the consulting project
- Follow-up and client relationship maintenance

Each of these phases is geared to clearly defined results. The client acquisition and proposal development phase requires active marketing of IMP³rove and all of its features. If the client has already completed the IMP³rove Assessment and downloaded the benchmarking reports, she needs to be convinced that professional support from an experienced IMC is worth the effort. For SMEs this is often a major obstacle. However, during Phase 1 of the IMP³rove project, the proof of concept has already been delivered. SMEs have involved experienced IMCs to support them in improving their Innovation Management capabilities. Most importantly, the IMC has to clearly understand the SME’s needs for improving their Innovation Management performance. Only then can they develop a highly customized proposal for support. It is important for the SME to clearly understand what deliverables they will receive from the IMC. For the SME, the tangible results in this phase of the collaboration with an experienced IMC are insights into the key areas for improvement and how to best address these areas.

The second phase of the IMP³rove consulting process is the execution of the consulting project. If not done already during proposal development, the results

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**Figure 13: The consulting process**

**Steps**
- Marketing of IMP³rove approach
- Identification of client Innovation Management needs
- Development of customized proposal
- Validate assessment based on IMP³rove SAT
- Detailing project plan and turn it into roadmap
- Execution of roadmap for increasing SME’s value growth
- Strong involvement and participation of SME during the entire project
- Implemented improvement in Innovation Management driven by the client organization
- High scores in the SME’s feedback and ranking of the IMC
- Diligent execution of the IMP³rove follow-up process
- Development of mid-term roadmap for Innovation Management Excellence customized to the needs of the SME
- Increase in number and volume of add-on projects and follow-up engagements
- Client committed to roadmap for Innovation Management Excellence
- High scores in client satisfaction

**Tangible results/KPIs**
- Strong market penetration and awareness of IMP³rove approach
- IMP³rove approach branded as leading Innovation Management consulting methodology in Europe for SMEs
- High hit-rate in winning proposals
- IMP³rove Consulting Process
- Self-assessment tool
- Small and Medium sized Enterprise

Source: IMP³rove Core Team 2007; www.improve-innovation.eu
from the IMP³rove Assessment and, if available, the Root/Cause Analysis should be validated. Based on this validation, a plan will be developed that will provide the SME with a roadmap for improving its Innovation Management performance. This roadmap is already a clear deliverable for the SME. Experience shows that SMEs that were convinced of the IMC’s value-added also required the IMC to execute this roadmap. However, the IMP³rove consulting process clearly requires strong involvement from the SME during the development and implementation of the roadmap. It is a prerequisite that the SME take ownership of the Innovation Management improvements recommended to the organisation.

The SME’s high level of involvement can be established with joint project teams, or teams with client and consultant members. Within the IMP³rove consulting process, a team charter is required to clearly describe roles and responsibilities within the project. It is also a prerequisite to train the client in the approaches, methodologies, and tools designed to improve their Innovation Management capabilities.

At the end of each consulting project, the IMC must brief the client on lessons learned and issues that should be closely monitored during the next phase of business. The IMC should also provide the client with the next steps in the Innovation Management improvement process that will lead to the client’s business success, and explain the risk/benefits ratio of continuing to further develop Innovation Management improvement measures.

The third and final phase is follow-up and client relationship maintenance. This requires diligent execution of the IMP³rove follow-up process as well as the development of a mid-term roadmap for Innovation Management excellence customised to the needs of the SME. As IMP³rove is geared toward continuous improvement, the IMC should motivate the client to complete the short-term evaluation form triggered by the online self-assessment tool (SAT). He should also explain the evaluation’s implications on the IMC ranking and provide an outlook on the long-term evaluation process triggered by the IMP³rove platform. This will assess the tangible results of the IMP³rove benchmarking and personal consulting services.

To maintain the relationship with the client, the IMP³rove platform will automatically notify the IMC approximately nine months after the completion of the consulting project to follow-up with the SME and assess the impact of the recommended measures. In this way, the SME will receive a clear, end-to-end consulting service that initially outlines the expected results of defined measures and then assesses whether these results have materialized.

Consultants who apply this state-of-the-art process not only increase the standard in Innovation Management consulting but also increase the quantity and quality of the IMP³rove database, as they verify the consistency of the data that the SMEs have supplied in the IMP³rove questionnaires.

3.4 The IMP³rove database and the IMP³rovenet-work — a truly European Innovation Management approach

The IMP³rove database has been developed continuously since the IMP³rove Field Test, which was conducted from March 2007 to March 2008. Due to the wide scope of this Field Test, IMP³rove now offers the largest European databases on Innovation Management. A large network of Innovation Management services providers is also now associated with IMP³rove.
Since the beginning of this project, all EU member states were involved in the IMP³rove Field Test. Additional countries outside of the EU such as Switzerland joined the IMP³rove Field Test to benefit from IMP³rove (see Figure 14).

### 3.4.1 Characteristics of the database

The IMP³rove database is currently the largest and most up-to-date database on Innovation Management in Europe. In March 2008, more than 3,000 SMEs were registered on the IMP³rove platform, more than 2,000 SMEs had completed the IMP³rove Assessment, and more than 1,600 had participated in the consulting workshops, in which personal feedback from trained IMP³rove experts was provided to the SMEs. During these workshops, the IMP³rove experts also reviewed the data provided by the clients to ensure a high-quality IMP³rove benchmarking database.

In addition, more than 300 SMEs completed the Root/Cause Analysis. Taking into consideration that this second questionnaire was not mandatory during the Field Test or a prerequisite to request a personal consulting workshop with an IMP³rove expert, this figure clearly shows the value-added of the IMP³rove approach. As the results in Figure 15 show, IMP³rove has more than met its initial goals for the Field Test, which included the following:

- To complete at least 1,500 IMP³rove Assessments
- To complete at least 1,500 IMP³rove consulting workshops
- To complete at least 200 Root/Cause Analyses

The IMP³rove benchmarks build upon the number of IMP³rove Assessments completed. With the current results, the IMP³rove data-base is a starting point to gain further insights in the Innovation Management performance of European SMEs. Figure 16 shows the geographic spread of SMEs in the IMP³rove database, covering both Western and Eastern Europe.

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**Figure 14: Geographic scope**
The distribution of completed IMP³rove Assessments by industry groups shows that key industry sectors are represented. Thus, the IMP³rove benchmarks offer a first indication of the Innovation Management performance in the key industries (see Figure 17).

**Figure 15: Status of the IMP³rove database as of March 17, 2008**

![Bar chart showing distribution of IMP³rove Assessments](chart15.png)

**Figure 16: Distribution of IMP³rove Assessments by country**

![Bar chart showing distribution of IMP³rove Assessments by country](chart16.png)

**Figure 17: Distribution of IMP³rove Assessments by industry group**

![Pie chart showing distribution of IMP³rove Assessments by industry group](chart17.png)
The distribution of the completed IMP³rove Assessment by size and years in business also shows that the IMP³rove database represents a variety of SMEs in these classes. Smaller SMEs are particularly well represented in the database (see Figure 18).

### 3.4.2 Characteristics of the current IMP³rove network of trained consultants

The IMP³rove network of Innovation Management consultants (IMCs) has been successfully developed since the IMP³rove platform was launched. As of March 17, 2008, more than 300 professional services providers have been trained in the IMP³rove approach. These consultants also contributed significantly to the success of the Field Test; for example, the IMCs supported the dissemination of IMP³rove during the Field Test. These consultants received well-structured training by either the European Coordination Team or the National Coordinators on the holistic IMP³rove approach. Both face-to-face and web-based training were conducted to allow off-site participants to become involved in the IMP³rove network. Figure 19 shows the distribution of IMP³rove experts by country.

### 3.5 Introduction of IMP³rove—successful marketing strategies

One of the main challenges of the IMP³rove Field Test was to convince SMEs to start a valuable improvement process. Experiences from the Field Test showed that SMEs are not aware that they need to build up their innovation capabilities to secure their future.

Currently, there is a gap between the SME’s perception of their competitive situation and their awareness of Innovation Management. On one hand, SMEs are aware that they face technological pressure and fierce competition. On the other hand, only a small percentage of SMEs are aware that Innovation Management is the key lever for future growth. Most do not see Innovation Management as an investment for the future and therefore do not initially see its value.

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**Figure 18: Distribution of IMP³rove Assessments by size and age classes**

<table>
<thead>
<tr>
<th>Total number of completed IMP³rove Assessments by size of SME</th>
<th>Total number of completed IMP³rove Assessments by age of SME</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 20 empl.</td>
<td>&gt;20 years</td>
</tr>
<tr>
<td>21-100 empl.</td>
<td>6-10 years</td>
</tr>
<tr>
<td>101-250 empl.</td>
<td>&lt;5 years</td>
</tr>
<tr>
<td>&gt;250 empl.</td>
<td>11-25 years</td>
</tr>
</tbody>
</table>

KIS = Knowledge Intensive Services
Source: IMP³rove Core Team 2006; www.improve-innovation.eu
Achieving the ambitious target of having more than 1,500 SMEs complete the IMP³rove Assessment and more than 1,500 SMEs complete the entire IMP³rove approach, including the consulting workshop and feedback process, required the systematic development and implementation of an integrated marketing strategy. This strategy included a proper positioning of IMP³rove as a value-added approach that delivers tangible results and ensures the company’s future growth and personal relationships between the SME and the IMC.

The key for success was a solidly prepared marketing strategy and consistent implementation across Europe. The results show that a wide variety of marketing activities and channels led to the successful positioning of IMP³rove.

### 3.5.1 Solid preparation of the marketing for IMP³rove

It was clear from the beginning that the marketing strategy had to factor in the high drop-out rate that is common in endeavours such as the IMP³rove project. While preparing the IMP³rove marketing strategy, various scenarios were developed to determine how to reach the targeted number of SMEs participating in the Field Test (see Figure 20).

**Figure 19: Distribution of IMP³rove experts by countries**

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of Experts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Germany</td>
<td>53</td>
</tr>
<tr>
<td>Italy</td>
<td>31</td>
</tr>
<tr>
<td>France</td>
<td>32</td>
</tr>
<tr>
<td>Spain</td>
<td>29</td>
</tr>
<tr>
<td>Poland</td>
<td>25</td>
</tr>
<tr>
<td>UK</td>
<td>23</td>
</tr>
<tr>
<td>BeNeLux</td>
<td>18</td>
</tr>
<tr>
<td>Austria</td>
<td>20</td>
</tr>
<tr>
<td>Norway</td>
<td>17</td>
</tr>
<tr>
<td>Switzerland</td>
<td>14</td>
</tr>
<tr>
<td>Finland</td>
<td>14</td>
</tr>
<tr>
<td>Others</td>
<td>38</td>
</tr>
<tr>
<td>Total</td>
<td>314</td>
</tr>
</tbody>
</table>

**Figure 20: Scenarios of drop-out rates**

- **Worst-case**: 3% of contacted SMEs complete the entire process.
- **Average-case**: 7% of contacted SMEs complete the entire process.
- **Best-case**: 10% of contacted SMEs complete the entire process.

Source: IMP³rove Core Team 2008; www.improve-innovation.eu
A strong marketing push was envisaged to prepare the target groups for the upcoming Field Test (see Figure 21).

The promotion was aimed at all stakeholder groups considered to have good access to the SMEs across Europe. Information packages were developed to create awareness and interest in IMP³rove. Different channels were leveraged to successfully reach the target groups.

In preparation of the marketing and communication strategy, the corporate design for IMP³rove was developed. It was designed to achieve a high recognition of IMP³rove as part of the EuropeINNOVA program and at the same time support the branding of IMP³rove as the Innovation Management approach for SMEs. All publications authorized by the European Coordination Team followed the same corporate design (see Figure 22).

The full implementation of the marketing strategy began when the Field Test started in March 2007.

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**Figure 21: Pre-marketing and promotion**

![Pre-marketing and promotion](image1)

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**Figure 22: Example of the IMP³rove corporate design**

![Corporate design example](image2)
3.5.2 Consistent implementation of the IMP³rove marketing strategy

With support from the European Coordination Team, the National Coordinators implemented a wide variety of marketing activities across all countries. The starting point was a press conference organised in Berlin under the European presidency of Germany with participation of the European Commission to inaugurate the beginning of the Field Test.

Numerous presentations, speeches, press releases, articles, and interviews were issued to penetrate the European market. Partners who were suitable to link to the IMP³rove website were identified. The authorized marketing materials were posted on the IMP³rove platform, which were accessible to all National Coordinators and registered IMCs to further disseminate IMP³rove within their networks. This leveraged a wide variety of channels to successfully attract SMEs across Europe to join IMP³rove.

The recruiting strategies varied from country to country, taking into account the national differences and the National Coordinator’s business approach. They built upon the best access channels to SMEs in their respective countries (see Figure 23).

Apart from recruiting SMEs within their own client base, the National Coordinators leveraged both private and public entities to attract SMEs. Public entities included Innovation Relay Centres (IRC), chambers of commerce, trade associations, universities, incubators, and innovation clusters. Some countries utilized professional marketing agencies to attract more SMEs. The Internet proved to be a successful channel in which to raise awareness of IMP³rove.

Different marketing channels were leveraged in each country to penetrate the SME community, ranging from private IMC training to trade shows, telephone marketing, and workshops with SMEs to dissemination at public institutions. Interestingly, certain countries involved a relatively large number of private IMCs, including Slovakia (43 percent), Poland (33 percent), Turkey (46 percent), and Benelux (36 percent). In countries such as France and Italy, the National Coordinators placed a stronger focus on public organisations, including intermediaries and public entities offering consulting services (49 percent and 46 percent, respectively).

Figure 23: Successful marketing channels across different countries – excerpt (based on more than 2,000 recruited SMEs)

<table>
<thead>
<tr>
<th>Recruiting via</th>
</tr>
</thead>
<tbody>
<tr>
<td>Online/internet</td>
</tr>
<tr>
<td>Intermediaries/public MCs</td>
</tr>
<tr>
<td>IMCs (Private)</td>
</tr>
<tr>
<td>CoCo</td>
</tr>
<tr>
<td>Professional agency</td>
</tr>
<tr>
<td>Germany</td>
</tr>
<tr>
<td>Spain/Portugal</td>
</tr>
<tr>
<td>UK</td>
</tr>
<tr>
<td>Italy</td>
</tr>
<tr>
<td>France/Belgium</td>
</tr>
<tr>
<td>Poland</td>
</tr>
</tbody>
</table>

CoCo = Country Coordinator; CT = Core Team; IMC = Innovation Management Consultancy; Self-Assessment tool; SME = Small and Medium Enterprise

Source: IMP³rove Core Team 2008; www.improve-innovation.eu
When comparing the channels through which SMEs were recruited in the various countries, it is obvious that personal contact and awareness-building measures were the most successful ways to promote IMP³rove.

### 3.5.3 National adaptation of the IMP³rove marketing strategy

Depending on the national market, the National Coordinators had to either gain direct access to SMEs or through intermediaries and IMCs. The marketing strategy depended highly upon the organisation of the National Coordinator. Those who acted as consultancies themselves (Advansis, iago, i.con, Logotech, Technofi, A.I. Zabala) chose a mixed approach of accessing SMEs directly and through intermediaries and IMCs. Those who were intermediaries themselves (APRE, EEDRI) relied heavily on IMCs and other intermediaries to access SMEs. But in all countries, the personal relationship with the SME was critical to successfully involve them in IMP³rove.

In Finland, the strategy focused mainly on direct contact with the SMEs. The SME’s managing director or, when applicable, R&D director was contacted by email and follow-up phone calls to explain the IMP³rove approach with the goal of scheduling a meeting at which the IMP³rove Assessment questionnaire was completed. This very personal approach was the only way to successfully introduce IMP³rove to Finnish SMEs. This approach also ensured high-quality data right from the beginning. In other Nordic countries, IMCs were trained in the IMP³rove approach and then introduced it to their client base.

In Germany, Austria, France, Benelux, UK, and Ireland, an innovative approach was added to the classical marketing mix by accessing SMEs directly through telemarketing. This proved to have a high success rate, provided the approach was not too aggressive.

The key success factors for recruiting SMEs in Austria, Germany, France, and Benelux are the personal relationships with which the value-added of IMP³rove was explained. For those SMEs that were attracted to the IMP³rove platform by intermediaries, the media, and other channels, continuous follow-up was key in helping them complete the IMP³rove process.

In the UK and Ireland, the key success factor for recruiting SMEs was the provision of European benchmarks; these gave SMEs a clear picture of their current competitive positions and the potential access for financial support.

In Italy, the key success factors for recruiting SMEs were the European benchmarks and free consulting workshops following the IMP³rove Assessment. These tools provided the much-needed insights on the demand for higher Innovation Management performance and staying competitive. Continuous communication with the SME during the process was also effective.

In Eastern European countries such as Romania and Hungary, SMEs were drawn to the opportunities that IMP³rove offers, which include creating further business relationships across Europe and getting involved in future European projects.

SMEs were the primary target group for the IMP³rove project. However, IMCs and intermediaries were also an effective way to gain access to SMEs. The key success factors for attracting IMCs and intermediaries were slightly different among European countries.

In Austria, Germany, France, and Benelux, the financial incentive was important to IMCs, whereas intermediaries were attracted by the Innovation Management seminars and the ready-to-use information packages that required little to no effort.

In the United Kingdom and Ireland, IMCs were swayed by the fact that IMP³rove was an additional tool that could save time and resources in fulfilling existing or
prospective contracts. Being the sole regional provider for IMP³rove also appealed to IMCs. For British and Irish intermediaries, the availability of a benchmarking tool that could be used as a gateway measurement to other services was a selling point.

In Italy, the key selling point was the IMP³rove approach itself: a holistic, European approach. Also of interest was the possibility of joining an EU project and becoming a member of a European online community. For IMCs, access to new clients was an important criterion. Intermediaries appreciated the fact that they could increase their visibility through IMP³rove and increase the awareness of Innovation Management – related issues.

The comprehensive marketing activities executed across Europe generated the necessary awareness for IMP³rove and the interest of the key stakeholder groups. This was necessary to establish the benefits that IMP³rove has to offer to the various stakeholders.
Chapter 4
The impact of IMP³rove and benefits for various stakeholders

Since it was launched in March 2007, IMP³rove has created significant impact for various stakeholder groups. During the IMP³rove Field Test, the IMP³rove approach was evaluated by various means to understand its value and benefits for various stakeholder groups. Direct and indirect feedback was collected to gain insights from the SMEs, IMCs, intermediaries, financial actors, and policy makers on the value of IMP³rove’s key service offerings. The personal consulting workshop was a particularly valuable source of feedback on the IMP³rove approach and perceived benefits. Results of the testing prove that all key stakeholders benefit from IMP³rove in many ways. This chapter points out the key benefits for various stakeholder groups.

4.1 SMEs can drive their future growth with IMP³rove

During the IMP³rove Field Test, almost 2,000 SMEs tested the key features of the holistic IMP³rove approach. These features included online benchmarking, the personal consulting workshop, and the feedback processes. SMEs began a valuable learning experience by assessing their Innovation Management performance with the online IMP³rove Assessment, which highlighted the key success factors in Innovation Management. The benchmarking reports provided SMEs with a clear picture of their current competitive situation. And in an on-site meeting with a trained expert, value-added measures that were targeted at improved Innovation Management performance were developed. A systematic follow-up process enabled SMEs to establish a continuous improvement process. In summary, the IMP³rove Field Test proved that SMEs benefit from the holistic IMP³rove approach in the following ways:

- IMP³rove is an eye-opener, pointing out the key strengths and weaknesses in Innovation Management
- IMP³rove offers personal support from trained Innovation Management experts who define value-enhancing measures
- The online IMP³rove platform successfully integrates online benchmarking with on-site consulting services and drives a continuous improvement process
- IMP³rove generates impact — SMEs take action after completing the process
- IMP³rove supports the establishment of SME networks

4.1.1 IMP³rove is an eye-opener, pointing out the key strengths and weaknesses in Innovation Management

IMP³rove is an eye-opener in all of the following key phases of the process:

- Completing the IMP³rove questionnaires
- Interpreting the IMP³rove benchmarking reports
Analysing the benchmarking results during the IMP³rove consulting workshop

Defining and implementing the measures for improving Innovation Management performance

As the first component in the IMP³rove approach, the IMP³rove Assessment provides the SME with the most relevant questions that need to be considered when developing the company’s Innovation Management. The assessment really makes the SME consider which factors need to be addressed to successfully manage innovation. The learning experience is enhanced by the fact that these questions follow the A.T. Kearney House of Innovation model. It provides SMEs with a well-structured conceptual framework for managing innovation.

The IMP³rove benchmarking reports give the SME a clear picture of the gaps that exist in its Innovation Management. In the management summary, SME managers can quickly identify where they have performance gaps in the following dimensions: innovation strategy, innovation organisation and culture, innovation life cycle processes, enabling factors, and innovation results. To an SME manager, the overview with the spider diagram was a very valuable summary of the SME’s performance. At a glance, managers were able to see where their results differed from the results of the Growth Champions and the average.

The benchmarking reports also show the interrelationships among the different dimensions. The overview and the summary of the performance profile in each dimension were usually the starting point of an internal discussion or one with an outside expert. Complementing this overview, the reports provided detailed benchmarks and analysis for each dimension and each question in the questionnaire. If the SME wanted further information, the results were analysed in more detail. A discussion of very specific issues with a trained expert usually resulted in the identification of preexisting yet unknown issues. Thus, the benchmarking reports not only provided an aggregated overview but also established the basis for a structured and detailed discussion of uncovered areas.

The benchmarking reports offered a structured analysis of the Innovation Management performance in a quantified manner, revealing where SMEs were currently positioned among the competition. The discussion with an IMP³rove expert showed the critical levers for managing innovations.

For example, the interpretation of the IMP³rove benchmarking reports and the personal discussions revealed yet unknown barriers that prevent managers and employees from setting the right innovation targets — targets that align their vision, innovation, and business strategy. In some cases, IMP³rove revealed that SMEs do not fully exploit their creative potential. Based on the analysis of the report and the discussion with an IMP³rove expert, SMEs understood that they have to be more systematic and explicit in idea management. They need to make their implicit know-how more explicit by turning it into new ideas and communicate these ideas within their company in a more structured manner. A more systematic selection of new ideas will enable them to select the best ideas and turn them into Innovation projects successfully. In other cases, the SMEs realized that they need a clearly structured innovation process and revised organisational structures to successfully handle larger innovation projects.

As described by a German SME manager, IMP³rove points SMEs to critical levers in their Innovation Management that were often unknown or not explicit. Particularly when discussing potential measures with an IMP³rove expert, SMEs received a clear picture of which innovation activities would drive profitable growth.

Italian SME manager of the chemical industry:
“One of the most important benefits of IMP³rove is that it helps to start thinking on innovation.”

CEO of a German SME in the chemical industry:
“First of all, we think that IMP³rove is very important because of the integrated benchmarking, which allowed us to compare ourselves with other similar SMEs. Second of all, IMP³rove helped us to get a structured picture of our current Innovation Management performance and identify important gaps and improvement potential. And third of all, to be honest, we saw that there are many things we probably know, but now we are sure that these must be put in an appropriate structure and we must define the right goals for the future.”
4.1.2 IMP³rove offers personal support from trained Innovation Management experts who define value-enhancing measure

IMP³rove goes beyond a stand-alone online questionnaire. It offers SMEs the possibility to gain access to Innovation Management experts. During the IMP³rove Field Test, these experts helped SMEs gain a better understanding in Innovation Management and offered the possibility to jointly develop an initial, high-level roadmap for improving Innovation Management. SMEs benefit from IMP³rove experts during the follow phases:

- Driving the SME’s Innovation Management assessment
- Facilitating the completion of the online questionnaire within a workshop or team exercise
- Obtaining a comprehensive interpretation of their Innovation Management performance
- Developing a customized action plan to strengthen the SME’s competitive position

Experiences from the Field Test showed that expert support during the assessment phase enhances the quality of the IMP³rove benchmarking and also affects the value of the consulting workshop. When an external expert assisted with the assessment either by phone or in person, the results of the reports showed increased validity; also less time was required to validate the results of the benchmarking report in discussions at later stages. IMP³rove experts played a key role either as team discussion moderators or by supporting the SME in completing the questionnaire. The assistance helped SMEs correctly interpret certain innovation management related terms, and ensured a high rate of consistency in all figures. The support of an external expert was considered essential for later discussions about potential measures for improvement.

For the majority of SMEs, the personal discussion with an IMP³rove expert after completing the IMP³rove Assessment was considered a valuable part of the IMP³rove approach. The discussion made the key strengths and weaknesses even more transparent as underlying root causes were discussed.

For example, an Italian SME manager said the consulting workshop really “opened my eyes” on how to better manage the company’s innovation activities, and which performance indicators to track. In the personal discussion with an expert, critical levers for improvement were identified.

A French SME said the personal discussion with an IMP³rove expert helped him refine strategic goals and focus on innovation activities directed at profitable growth.

Feedback from more than 600 SMEs indicates that the IMCs strived to provide customised services. During the personal discussion they were able to take into account the client’s context (industry pressure, ambition of the management team) and develop custom recommendations. On average, they received a score of 6 (on a scale of 1 to 7). This feedback proves the value of the involvement of Innovation Management experts in the improvement process of SMEs (see Figure 24).

Italian SME manager:
“The consulting workshop and the opportunity of meeting an Innovation Management consultant is fundamental, you can understand your weaknesses and understand if your strategies are good.”

French SME manager of the microbiological equipment industry:
“The consultation workshops that followed the audit stage led us to simplify the formulation of our short-term and mid-term objectives and to reduce their number. IMP³rove is an initiative of the greatest value in business management and I highly recommend its use to all managers seeking an effective corporate governance tool and wanting to build a vision for the future and to communicate their strategy.”
4.1.3 IMP³rove drives a continuous improvement process

Experiences during the Field Test prove the value-added of the IMP³rove platform to continuous improvement. Many SME managers expressed a strong interest in reassessing their Innovation Management performance after nine months to monitor how they had improved. They considered regular assessment as valuable, stating that they wanted to evaluate their competitive position on a regular basis and do not see IMP³rove as a one-time exercise. SMEs perceived IMP³rove as an approach that provides long-term support in managing their innovation activities and can ensure that they stay ahead of their peers.

4.1.4 IMP³rove generates impact — SMEs take action after completing the process

Results show that IMP³rove initiates a change in the SMEs Innovation Management activities. A significant number of SMEs stated that they will use the IMP³rove results in internal management meetings to discuss the strategic role of IMP³rove and Innovation Management in general. The results are a way to defend the strategic role of Innovation Management internally, especially when IMP³rove is driven by an employee responsible for innovation activities, such as the innovation manager.

Some SME managers stated that they planned on setting up a project to develop an innovation controlling system to define KPIs and better analyse and monitor the company’s innovation activities. The IMP³rove Assessment provides the basis for defining such indicators.

The number of cases in which a follow-up was planned also demonstrates the value of IMP³rove; more than 20 percent of the SMEs stated that they planned on scheduling a follow-up meeting with an IMP³rove expert to review and implement the actions outlined in the first consulting workshop. In addition, more than 15 percent of the SMEs expressed interest in receiving further support from an IMP³rove expert (see Figure 25).

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Figure 24: Satisfaction ranking of the consulting services

![Survey Question]

To which extend did the consultant customised the service towards your needs?

Source: IMP³rove Core Team, 2008; www.improve-innovation.eu
Likert scale: 1 lowest and 7 highest. Based on the feedback of 612 SME participants
4.1.5 **IMP³rove supports the establishment of SME networks**

SMEs obtain important benefits from being a part of the IMP³rove network. This network includes private IMCs, public IMCs, and intermediaries such as IRCs, chambers of commerce, trade associations, financial advisors, and other organisations. Every stakeholder that belongs to the IMP³rove network and acts as an IMP³rove expert provides valid services. SMEs consider this an added benefit, as all network members collectively cover several key areas that are needed to help SMEs implement the appropriate action plans.

Consultants are able to bring SMEs and other stakeholders together and open the doors to appropriate European programs and organisations that will enable them to reach their goals and strengthen their competitive positions.

Therefore, IMP³rove and the entire network provide valuable services and information with the goal of informing SMEs about regional, national, and international programs that fit each Innovation Management dimension.

4.2 **IMP³rove enables IMCs to deliver customized value-added services**

Consultants across Europe who provide their services to diverse enterprises can use IMP³rove to offer value-added services to SMEs with the goal of analysing, assessing, and consulting in Innovation Management. The IMP³rove approach can be used by private consultants and public service professionals. Both groups reap the benefits of IMP³rove while using it, as it facilitates their work and enhances consulting quality to improve and sustain their clients’ Innovation Management performance. The approach makes it much easier for consultants to

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**Figure 25: Impact of IMP³rove**

**Impact of IMP³rove\(^1\)**

- **Follow-up**
  - For about 20% of the SMEs a follow-up meeting was foreseen
  - More than 15% expressed the interest in further support from an expert

- **Actions are taken**
  - The results – the report on the minutes – are used in key decisions internally
  - SMEs take measures to increase transparency (e.g. set up a project to define KPIs)

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Source: IMP³rove Core Team, 2008, www.improve-innovation.eu
identify strengths and weaknesses of their clients by benchmarking against other European SMEs and preparing customised recommendations for improvement.

Therefore, IMProve is seen as an integrated approach that:

- Instils quality to current Innovation Management consulting
- Offers trainings to consultants in the areas of Innovation Management in general and, more specifically, for the IMProve approach
- Improves effectiveness and efficiency of Innovation Management consulting
- Enables consultants to develop customized recommendations
- Builds up a strong European network of Innovation Management consultants and intermediaries

During the Field Test, the IMProve approach has achieved a good reputation with European IMCs that have joined the IMProve network and tested its offerings. IMProve is also considered a new learning experience for consultants who already are or who are aspiring Innovation Management experts.

4.2.1 The integrated approach instils quality in current Innovation Management consulting

Consultants who become members within the IMProve network have an opportunity to use an approach that covers the dimensions of Innovation Management as defined in the A.T. Kearney House of Innovation, which builds the groundwork for assessing a client. This includes well-structured questions that reflect the success of Innovation Management. The online IMProve Assessment automatically generates a report and shows benchmarking results for each question that addresses each innovation dimension. This facilitates a consultant’s work by quickly identifying significant strengths and weaknesses of an SME and preparing tailor-made recommendations for future improvement.

Consultancies can provide new services by using the online IMProve assessment tool(s) to assess the innovation management capability of an SME. This enhances the quality of their work as it guides both the consultant and the SME along well-structured and holistic questionnaires. IMProve reveals where the most up-to-date benchmarks in a specific industry are, thus allowing the consultant to point the SME to new improvement areas.

With IMProve, IMCs — especially public IMCs — can build new competencies and improve their existing services. IMProve enables consultants to draw upon their experience in a specific dimension on Innovation Management when developing recommendations, and to better position themselves by taking a holistic view on Innovation Management.

After the IMCs had conducted a number of consulting workshops, significant improvements were observed. With IMProve linking Innovation Management to profitable growth, consultants can more effectively support SMEs in their efforts to improve their competitive position. Furthermore, consultants can participate in special training offered by the IMProve consortium, receive support materials to become familiar with the approach, and thus successfully market their Innovation Management-related service offerings.

4.2.2 IMCs receive highly interactive training with a strong focus on learning experience

Consultants across Europe who want to become IMCs within the IMProve network reap the benefit of special training offered by the IMProve consortium. This training is designed to familiarise participants with the IMProve approach and
provide a learning experience on the topic of Innovation Management. The training enables consultants and intermediaries to promote and use this new holistic approach to Innovation Management.

Training materials, initially based on input from several National Coordinators, were continuously updated by the IMP³rove Core Team as the online platform and approach were being developed. The IMP³rove training covers general information on Innovation Management, including the definition of Innovation Management as it applies to IMP³rove, the impact of Innovation Management on profitable growth, and the overall IMP³rove approach and its underlying principles. Training also covers the technical aspects of successfully guiding SMEs through the assessment and consulting processes, how to interpret the benchmarking reports, and how to structure the consulting workshops. Here, the result orientation of IMP³rove is highlighted again by focusing on the roadmap for improving the SME’s Innovation Management performance as a tangible goal by the end of the consulting workshop. The various feedback processes and the toolbox, accessible only to trained consultants, are also an important part of the IMP³rove process.

Participation in the IMP³rove training is required to become an associated IMP³rove network partner and to be listed on the IMP³rove platform. Apart from being trained in the IMP³rove approach, participating IMCs can also expand their own networks and share the experience of Innovation Management consulting with a peer group. Each participant receives a package that supports SMEs when applying the IMP³rove approach.

IMP³rove training is interactive and focuses on the learning experience. The in-person consulting workshops include role-playing, which gives consultants an understanding of the impact that IMP³rove is aiming at.

The IMP³rove training has been offered by all National Coordinators. To meet the specific needs of consultants across Europe, the Core Team also offered both face-to-face and online training. More than 300 IMCs participated in the IMP³rove training; 100 were trained by the Core Team.

The IMP³rove training program, implemented across Europe, has been highly successful. The IMCs were absolutely satisfied with the range of information and manner in which the material was presented. Participants rated the training with an average score of 4 (out of a possible 5). The same score was given for the benefits that IMP³rove provides for the participants’ own organisation. Nearly two-thirds of all IMCs agreed that the training answered all of their questions concerning IMP³rove. In addition, more than 50 percent of the IMCs indicated that IMP³rove’s best features were its benchmarking tool and online assessment. In their feedback about the training, IMCs stated the following benefits of IMP³rove (see Figure 26):

**Business development support**
- IMP³rove opens doors to SMEs
- Business development opportunities
- IMP³rove is a unique selling proposition that complements their existing service portfolios
- IMP³rove allows access to a European network

**Expansion of IMC’s competencies**
- Access to European benchmarks
- Access to tools and case studies
- Better understanding of the Innovation Management consulting process
- Well-structured approach on all levels for the assessment but also for the entire IMP³rove approach, from benchmarking to consulting

**Well-structured holistic approach**
- Ready-to-use approach

**UK IMC:**
"The process of assessment acted as a checklist for the managers, and they began to notice elements they had not thought of before.”

**Italian IMC:**
The IMC proposed the IMP³rove online assessment tool to clients they already work with or that were recommended by their network partners spread across all Italian regions.

The IMC gave all-around support to the participating SMEs already during the phase of answering the questionnaire—an activity that they consider absolutely fundamental to stimulate companies to finish the IMP³rove process.

During the consultant workshops, precise information about continuous improvement and financing were given, and targets were set quite ambitiously (especially concerning internationalization of business to generate tangible results in a near future). The IMC provided a wide spectrum of tools and inputs on how to reach these results and also offered their assistance during the following phases.

The IMC provided positive feedback on IMP³rove regarding the promotion of Innovation Management and the possibility for SMEs to benchmark and gain a better understanding of their position, supplying them new input on how to increase their competitiveness in the global market. The integration of the online assessment tool with consulting services was perceived as a big strength. The option available on the IMP³rove platform to choose an IMC by clicking their names directly on the web page was easy and useful. The feedback interview was considered as the most valuable part of the IMP³rove process. Thanks to the innovative web portal, which gives access to consultants and users at any time, a permanent brainstorming was possible; this facilitated the exchange of ideas for both consultant and SME and turned out to be a big advantage for the IMC.
- Easy to apply
- Real-time comparison with the leading companies

- Access to European network of consultants
  - Broadening their own network
  - Becoming a member of the IMP³rove associated network

- Impact on SMEs
  - A structured way of helping SMEs with their Innovation Management process
  - Increasing the SMEs’ awareness of Innovation Management
  - Benchmarking reports that provide clear strengths and weaknesses
  - Measuring tool for Innovation Management performance specifically for SMEs

In addition to the training materials, the Core Team developed comprehensive support and marketing materials for participants to actively and consistently promote IMP³rove throughout Europe. Forms, templates, and frequently used handouts that assist SMEs during the online assessments are complemented by the National Coordinators’ practical experiences in their respective countries. These documents are all accessible on the IMP³rove platform for registered IMP³rove associated network partners.

This support material is complemented by numerous tools and case studies that the trained IMCs can use during the acquisition phase and during consulting projects.

Feedback from the training participants confirmed that general training in Innovation Management-related issues would be valuable in increasing the standard of Innovation Management consulting on a European scale. Follow-up workshops were also recommended to build upon and share experiences with other network partners.

Given the positive response about the IMP³rove training, further training is planned on a national and international basis. General training in the IMP³rove approach should be complemented with training on Innovation Management and its impact on profitable growth.

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**Figure 26: Most frequently mentioned benefit of IMP³rove**

- **Acquisition of a multitude of new clients**: 7%
- **Access to a European network of consultants**: 10%
- **Better understanding of the innovation management consult**: 25%
- **Business development and expansion of competences**: 53%

Source: IMP³rove Core Team April 2008; www.improve-innovation.eu
4.2.3 Improves efficiency and effectiveness of Innovation Management consulting

IMCs agreed that the value of the questionnaires is in the analysis of the SMES’ Innovation Management performance. The majority of IMCs stated that they would have needed about a week’s time to collect comparable information. This demonstrates that the IMP³rove approach increases the efficiency of Innovation Management consulting (see Figure 27).

Observations of the consulting workshops showed that benchmarking reports provide an effective way to structure the discussion with the SME manager and any additional company representatives. In most cases, the reports helped consultants achieve key points faster and engage in more in-depth discussions with the SME. The SME manager is often most interested in the management summary and the first chapters of the report, which provide an aggregated picture of the company’s Innovation Management performance. In many cases, managers started digging deeper into the report following discussions with the expert.

IMCs in the United Kingdom and Ireland reported that a major advantage of IMP³rove was the time saved in obtaining an overall assessment of the firm’s strengths and weaknesses in managing innovation. IMCs in Eastern European countries valued IMP³rove’s common language and unique measurement criteria, which are based on a structured online assessment that supports consulting work.

Consultants who participated in IMP³rove were able to save time in analysing and assessing the client; the Innovation Management performance of an SME could be assessed within an average of two hours. This accelerates the process to identify gaps and improvement areas within the client’s business and focus immediately on appropriate actions.

4.2.4 IMP³rove enables consultants to develop customized recommendations

Professional consultants must provide SMES with tailor-made recommendations for improvement. IMP³rove’s structured assessment allows consultants to customize their recommendations based on a client’s industry, country, size, and years in business. The IMP³rove platform allows consultants to select and combine all these different benchmarking classes and generate individual results in a well-structured report. The report also helps consultants prepare recommendations. Then, arranging a consulting workshop with the SME, or discussing the IMP³rove report one-on-one, accelerates the development of an appropriate roadmap with custom actions.

4.2.5 IMP³rove is the platform for building a strong European network of IMCs and intermediaries

Becoming an IMC within the framework of IMP³rove allows professional services providers to enhance the value of their existing services. Those who become associated partners within IMP³rove gain access to a valuable European Innovation Management approach. Joining the IMP³rove network and meeting peers stimulates the exchange of knowledge and experience and introduces thoughtful perspectives on dynamic business challenges.

Even when consultants use their own approaches, IMP³rove is considered useful. IMCs can integrate their own methodologies into the Innovation Management consulting process with an SME client. Furthermore, numerous case studies are regularly being posted on the online platform by IMCs from all over Europe, thus sharing a wide range of experiences gained through the IMP³rove approach (see Scandinavian IMC: “IMP³rove provides a ‘common language’ and supports the creation of a European network.”)
This way, IMCs can compare their own experiences with peers using the same assessment structure.

Information about innovation-oriented public and private programmes can be found by contacting IRCs and other intermediaries or organisations that already belong to the IMP³rove network. SMEs can contact IMCs in their own region or country directly through the online platform. This helps facilitate business development for the IMC and reduces the cost and effort in acquiring new clients.

For consultancies, IMP³rove can be a major source of gaining access to SMEs, additional marketing channels, complementary partnerships, Innovation Management training, and, of course, the IMP³rove online platform, which offers the latest European benchmarks for providing high-quality consulting services to SMEs (see Figure 29).

IMCs consider IMP³rove a valuable approach for continuous improvement that provides long-term support for their Innovation Management activities. In the future, consultancies would like to include the IMP³rove assessment as an integral part of their consulting process. From an IMC perspective, IMP³rove provides high-quality data, a common language and creates a European network. IMP³rove should also leverage existing national networks and be linked to national and European support programmes and financing options.

4.3 Intermediaries gain a strong position within their network with IMP³rove

IMP³rove not only generates benefits for the IMCs but also for intermediaries. Intermediaries are a highly diverse group of public and private organisations, consisting of development agencies, chambers of commerce, trade associations,
innovation agencies, national and regional authorities, clusters, and technology development centres. They have a shared goal of supporting SMEs in their further development, rendering an array of services from providing information to establishing networks in which SMEs can interact with complementary partners. Three very different examples of intermediaries and their respective benefits, document the value-added that the IMP³rove approach can generate.

Figure 28: Example of a case study from the IMP³rove platform

Case XYZ

Client Situation
- The company has high growth champion level scores in all dimensions except strategy.
- Their biggest problem is marketing. They have very good technical skills, but have a problem breaking into more major companies.

Approaches/Tools
- They conceived themselves as a service company, whose job is to “speak clients backhead”, i.e. to be on call and deliver solutions straight away.
- In terms of providing the service, they face the dilemma of how to scope something adequately and to keep it simple.
- Examination of the innovation life cycle on the product range showed that the company had a unique selling position that it did not promote.
- It could combine sales of components with greater security and lower service charges. These had been seen an separate items. It also showed that there was a large niche market, which could be quantified.

Results
- A new marketing approach is being developed to combine the environmental, cost saving and security messages. The first targets are likely to be environmentally sensitive organisations of middle size.

Source: [Consultancy name...]

Figure 29: IMP³rove as door opener

SME = Small and Medium sized enterprises; IM = Innovation Management; IMC = Innovation Management Consultants

Source: IMP³rove Core Team, 2007; www.improve-innovation.eu
4.3.1 Strengthening the Innovation Management network on a national scale

The IMP³rove consortium APRE (Agenzia per la Promozione della Ricerca Europea) is the best example of an intermediary leveraging IMP³rove to build a strong Innovation Management network and link to different stakeholders. APRE involves more than 30 organisations and covers the entire Italian territory, from private consulting firms to business innovation centres, regional development agencies, regional innovation agencies, technology development centres, and academia. About half of these organisations were already part of APRE’s network (for example, regional APRE help desk or member organisation), and about half were organisations with which APRE had not previously collaborated.

Greater collaboration between innovation players in Italy was also a result of involvement with IMP³rove. The Italian entrepreneurial system is comprised of a high percentage of small enterprises that are often family-owned. IMP³rove encouraged these companies to become more aware of innovation issues and to adopt a more structured innovation strategy and approach.

APRE created awareness of IMP³rove through a continuous flow of information (e-mail alerts, presentations, press releases), and organised a dozen events in different locations to train the leaders within various network partners to successfully support SMEs when using the IMP³rove approach. APRE, as the Agency for Promotion of European Research in Italy, increased the visibility of the participating partners and provided them with an innovative approach that they could directly offer to their network of SMEs. The IMP³rove approach training enabled network partners to gain additional competencies in Innovation Management and to offer more valuable services to their clients. A significant benefit to the intermediaries was the chance to offer a European-wide benchmark to their clients. Many of the Italian intermediaries were also motivated to adopt a more holistic approach to innovation, according to the IMP³rove principles.

IMP³rove strongly supports intermediaries in creating awareness for Innovation Management as a key driver of profitable growth of SMEs and the subsequent wealth of Europe. Intermediaries can demonstrate the impact of Innovation Management by referring to the case studies accessible on the IMP³rove platform, and use the IMP³rove Assessment to improve the performance of their SME clientele. They have access to assessment criteria for selecting the most promising SMEs for public funding. With the IMP³rove network, they can interact directly with other partners on a national or European basis, and direct SMEs to the most suitable service provider when it comes to Innovation Management-related services. With the IMP³rove Assessment defined as a European standard, intermediaries can confidently offer state-of-the-art services.

4.3.2 Leveraging IMP³rove within a technology park

Regional players such as knowledge transfer centres, which promote innovation of SMEs in their region, have already been leveraging IMP³rove to complement their existing services. In Switzerland, the Innovation Transfer Centre of Central Switzerland (ITZ) successfully introduced IMP³rove into its regional support activities. ITZ acts as a broker between SMEs, IMCs, and academia. It is linked with the University of Applied Science and Arts in Lucerne in Central Switzerland and acts as a hub between research and business. Its vision is to foster economic growth in Central Switzerland by offering services to SMEs in the region and supporting them in improving their performance. In addition, it facilitates the knowledge transfer from research to business and vice versa. ITZ is experienced in offering support services in Innovation Management. Innovation coaches at ITZ offer basic support in the areas of business planning, IPR, and knowledge transfer with...
academia. During the IMP³rove Field Test, ITZ joined the IMP³rove network of associated partners as a coordinator for the region of Central Switzerland. IMP³rove has been successfully established as a value-added approach both for IMCs and SMEs in Central Switzerland, with ITZ acting as a broker. With the support of the European Coordination Team, a number of IMCs were trained in how to use the IMP³rove approach to conduct consulting workshops. ITZ recruited SMEs within the region, especially the innovative ones such as the former Innovationskulturführer, and supported them in completing the assessment. The first consulting workshops were conducted by innovation coaches or trained consultants.

Experiences from the Field Test revealed the benefits ITZ accrued from IMP³rove. For example, IMP³rove can enhance existing client relationships, as it provides the regional intermediary with significant information on the key strengths and weaknesses of the SME. In turn, ITZ can execute its broker and coaching role in a more value-added way. IMP³rove creates a win-win situation: On the one hand, regional intermediaries can offer value-added services to SMEs and IMCs, strengthening their competencies. On the other hand, they can strengthen their own competencies by learning more about Innovation Management. European benchmarks complement regional information on the innovation performance of SMEs. Finally, IMP³rove offers ITZ the possibility to further improve its Innovation Management performance by linking with other regional support programmes — from joining with the Regional Innovation Strategy of Central Switzerland, to engaging in research activities (i.e., projects that study the innovation capability of regional SMEs) and executive education programs. For example, IMP³rove could be a tool for Innovation Management in the Master of Advanced Studies in Business Excellence and in the Master of Advanced Studies in Business Administration.

### 4.3.3 IMP³rove as part of the education for innovation managers

IMP³rove has already been introduced into academia. Campus 02 — Fachhochschule der Wirtschaft GmbH in Graz, Austria (University of Applied Sciences) — is offering part-time bachelor’s and master’s degree programs in Innovation Management with the goal of qualifying its students as successful and competent innovation managers. This program is designed to groom candidates for leading positions within their company and develop new products, services, business segments, and organisational structures to secure the company’s long-term success. In this programme, students learn, for example, how to identify innovation and business opportunities as part of the innovation strategy. Students will learn to lead innovation projects as project managers; therefore, the program covers strategic Innovation Management and innovation marketing, as well as product or process development on the operational side.

An integral part of the curriculum is the application of the IMP³rove approach at the company for which the students are currently working. This includes the IMP³rove Assessment, benchmarking, interpretation of the benchmarking report with the support of a trained IMP³rove expert, and development and implementation of measures that will close the gaps identified. The experiences gained in this practical application of IMP³rove can later become part of a student’s thesis.

In the course of this program, 17 companies took part in the IMP³rove Field Test. Plans are in place to integrate IMP³rove into the curriculum on a regular basis. This ensures that SMEs will be reminded annually to review their innovation performance and continually develop their Innovation Management. By benchmarking their companies against other companies in the current benchmarking database, they can be better positioned in the national and European business environment.
4.4 IMP³rove helps financial investors identify the “real” golden nuggets

Investing in SMEs is a tremendous opportunity, especially in those with high growth potential. In recent years, as the role of private equity investments has increased, financial investors (including venture capitalists, private equity funds, and M&A companies) are constantly looking for the “golden nuggets,” or SMEs with a high growth potential. However, identifying such nuggets is a real challenge. Sophisticated criteria and technical due diligence are used to assess the growth potential of a target, usually with a focus on past performance. However, what really matters to financial investors is the ability of the company to grow quickly and sustainably in the future. To assess this ability, financial investors often must rely on intuition.

During the Field Test, IMP³rove was applied in the context of investment and financing decisions to gain insights into a company’s ability to grow through future innovation (see Figure 30).

The IMP³rove benchmarking approach offers the possibility to gain insight into not only the current innovation results, but also performance in key dimensions of Innovation Management. It clearly shows whether or not the SME leverages Innovation Management and is geared to manage innovation successfully.

4.4.1 IMP³rove increases the effectiveness of portfolio management

During the Field Test, IMP³rove proved valuable for continuously assessing the performance of an investment portfolio and implementing value-enhancing measures. For example, a German M&A company applied IMP³rove to support the management of its current mutual investment fund and decide upon value-enhancing measures.

The IMP³rove Assessment, with the support of a trained expert in Innovation Management, confirmed some suspected strengths and weaknesses, and uncovered some new and unexpected issues. For example, the assessment revealed that any sustainable profitable growth of the SME during the past few years was mostly due to efficiency in current operations and a well-utilized workforce. In the future, however, the SME lacked the capability to innovate and would need a steady...
stream of innovation from internal and external resources. The IMP³rove benchmarking revealed that creating value would depend on leveraging the capabilities of strategic partners for innovative “value propositions”. At this time, the SME did not have a thoroughly developed innovation strategy that built on strategic partnerships, and cultural issues would hinder the implementation of an innovation strategy.

The assessment was delivered in a team meeting, which included the financial investor, a member of the management board, and managers of the SME. During the meeting, the participants discussed the key issues and determined first actions. In the follow-up meeting, the team defined further actions which support the German M&A company in further developing the SME, and to take measures that would enhance the value of the SME.

In summary, IMP³rove benchmarking can increase the effectiveness of portfolio management in the following ways:

- IMP³rove provides innovation due diligence that delivers insight into the company’s future capabilities. It raises awareness of the key strengths and weaknesses of the company’s Innovation Management activities.
- IMP³rove helps make the most of interventions; it provides the possibility to focus on issues of most importance and therefore increases the efficiency and the effectiveness of portfolio management.
- IMP³rove supports decisions on value-enhancing measures that increase the overall value of the portfolio.

4.4.2 IMP³rove reduces the risk of investment decisions

During the Field Test, IMP³rove was used to assess a potential target for investments. Results showed that IMP³rove is a complementary tool for assessing a new target. Due to its systematic approach that generates more valuable information, it serves as an additional criterion in investment decisions and reduces risk (see Figure 31).

Figure 31: Lessons learned from the Field Test - IMP³rove supports investment decisions

<table>
<thead>
<tr>
<th>Situation</th>
<th>Results of the Assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Company details: 5 years in business; biotechnology sector, 22 employees</td>
<td>• Innovation Strategy: - 50 %</td>
</tr>
<tr>
<td>• Motivation of SME: Seeking additional funding</td>
<td>• Innovation Organization &amp; Culture: + 50 %</td>
</tr>
<tr>
<td>• Situation: Current investors are not satisfied with the current performance of the SME</td>
<td>• Innovation Lifecycle Management: + 50 %</td>
</tr>
<tr>
<td></td>
<td>• Enabling factors: + 50 %</td>
</tr>
<tr>
<td></td>
<td>• Innovation results: + 50 %</td>
</tr>
</tbody>
</table>

**Investor’s perspective**

- *Increased efficiency & effectiveness of analysis*
  - The discussion of the IMP³rove Assessment showed, that the business model is based on only one scenario and is rigid and risky
  - Key lessons learned: There is a need to change the business model and cater for the required flexibility of customers

**SME’s perspective**

- “Eye opener”: IMP³rove broadens the view of the technological oriented SME manager what innovation is about – more than just technology
- Increased transparency on what levers in innovation management are
Figure 31 illustrates an SME in the biotechnology sector approaching a private investor. Following the IMP³rove benchmarking, the potential investor decided not to invest in this SME. Initially, the target seemed to have high growth potential, as this technology was seen as very promising, and the management team seemed to be very experienced. However, after completing the IMP³rove Assessment, the scenario changed. The investor decided that the business model needed significant changes before any further investments could be made.

4.5 IMP³rove shows policy makers how to help SMEs catch up

Innovation is the basis for wealth. With more than 20 million SMEs, Europe’s wealth hinges upon the growth of these enterprises. As results of the IMP³rove Field Test show, Growth Champions — those companies that grow faster in terms of income, number of employees, and net profit — base their success on superior management of their innovation activities (see chapter 5.1). Improving European SMEs’ performance in Innovation Management is crucial to ensuring Europe’s future wealth.

During the IMP³rove Field Test, policy makers were exposed to the IMP³rove approach at regional, national, and European levels. For example, regional ministries and development agencies were involved in implementing IMP³rove in their regional development activities. Policy makers discovered that IMP³rove offers the following advantages:

- Promotes high-quality services to SMEs (from IMP³rove’s network of professional services providers) in their efforts to establish superior Innovation Management
- Provides insights into the key strengths and weaknesses of SMEs within a specific region or industry
- Generates supporting information for the allocation of public funds, such as structural funds programmes
- Evaluates the impact of support for growth in income, profit, and number of employees

4.5.1 IMP³rove supports the implementation of regional, national, and European support programmes

Europe offers a wide range of programmes to promote the performance of SMEs. Very often these support programmes focus on technology-oriented issues such as R&D grants. There are also initiatives aimed at overcoming failures caused by sector- or region-related issues. Yet, designing public support programmes and defining criteria for selecting the right candidates can be complex.

During the Field Test, IMP³rove proved its value in the development and implementation of policies for developing the growth potential of European SMEs. For example, in France, two public institutions decided to use IMP³rove to allocate public funds on a European scale using a sectoral approach (see Case Example: French Policy Makers).

In addition, IMP³rove was successfully linked with regional support programmes. For example, structural funds are a significant source of European funding for economic development at regional and national levels. Because the goal is to boost economic growth and improve productivity while reducing economic and social
disparities, IMP³rove provides an effective means for allocating funds to potential candidates. It can compare the performance of SMEs within a region — understanding their strengths and weaknesses in Innovation Management — and perform an audit. IMP³rove enables policy makers to promote economic growth in a more targeted way, especially when allocation is based on clearly defined criteria (for example, minimum or maximum differences from the scores of other enterprises in a region).

Poland’s National Coordinator believes there is significant value in linking IMP³rove with EU structural funds (see Case example: Poland).

**4.5.2 IMP³rove demonstrates the impact of public grants**

While policy makers have reams of macro-economic data, they often lack information on how public funding affects the performance of SMEs. With IMP³rove, policy makers can gain insights into the impact public grants have on Innovation Management performance of SMEs. A recent analysis of the IMP³rove database on public funding-related issues provides preliminary insights on this issue.
These results are based on validated data as of March 2008. As Figure 32 shows, R&D-intensive industries rely more heavily on public grants than industries such as textile.

SMEs that receive public grants are able to invest in the future. Data show that public grants enable them to set aside a larger percentage of their budget for long-term innovation projects (see Figure 33).

Access to public grants also enhances the value of the innovation pipeline. SMEs that receive public grants exploit this pipeline more successfully and generate a higher income from new product and service innovations (see Figure 34).

Public funding also has a positive impact on the growth rate of employees and income. However, a positive impact on profits relative to total income has not yet been identified (see Figure 35).

Therefore, public grants alone will not help SMEs improve their Innovation Management. Policy makers need to understand the mechanisms of superior

---

**Figure 32: Percentage of companies that received public grants in the last year**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Textile</td>
<td>22.9%</td>
</tr>
<tr>
<td>Automotive/Space</td>
<td>23.7%</td>
</tr>
<tr>
<td>Machinery/Equipment/Plant</td>
<td>28.5%</td>
</tr>
<tr>
<td>Food/Beverages</td>
<td>29.7%</td>
</tr>
<tr>
<td>Knowledge intensive services</td>
<td>33.7%</td>
</tr>
<tr>
<td>Biotech/Pharmaceuticals/Chemicals</td>
<td>37.7%</td>
</tr>
<tr>
<td>ICT/Electrical/Optical</td>
<td>41.2%</td>
</tr>
</tbody>
</table>

Source: IMP3rove, March 2008, results from Field-test; N = 1465; www.improve-innovation.eu

**Figure 33: Impact of public grants on investments in long-term projects**

<table>
<thead>
<tr>
<th>Industry</th>
<th>Budget set aside (median, as share of innovation budget as %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Automotive/Space</td>
<td>20</td>
</tr>
<tr>
<td>Machinery/Equipment</td>
<td>16</td>
</tr>
<tr>
<td>Knowledge intensive services</td>
<td>10</td>
</tr>
<tr>
<td>ICT/Electrical/Optical</td>
<td>30</td>
</tr>
<tr>
<td>Biotech/Pharmaceuticals/Chemicals</td>
<td>30</td>
</tr>
</tbody>
</table>

Source: IMP3rove, March 2008, results from Field-test; N = 1330; www.improve-innovation.eu
Innovation Management and ensure that grants are invested wisely and translate into value quickly.

Further analysis of the relationship between public funding and the performance of SMEs will generate more valuable information on how to successfully exploit this area of financial support. These results will help policy makers refine their selection criteria and develop more customised programmes that clearly focus on issues related to managing innovation rather than financing. This information could be particularly valuable if conducted at a regional level.

**Figure 34: Impact of public grants on the value of the innovation pipeline and innovation results**

<table>
<thead>
<tr>
<th>Number of product and service innovation projects started over the last 4 years for different size classes (median values)</th>
<th>Average income from new product and services over the last 4 years for different size classes (median values, as share of total income)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 100 employees</td>
<td>Over 100 employees</td>
</tr>
<tr>
<td>11.0</td>
<td>11.3</td>
</tr>
<tr>
<td>7.2</td>
<td>6.6</td>
</tr>
<tr>
<td>6.0</td>
<td>6.0</td>
</tr>
</tbody>
</table>

**Figure 35: Impact of public grants on growth rate on number of employees and income**

<table>
<thead>
<tr>
<th>Average growth rate in number of employees over the last 4 years, in % (median values)</th>
<th>Average growth rate in income over the last 4 years, in % (median values)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>Overall</td>
</tr>
<tr>
<td>Automotive/ Machinery/Space</td>
<td>Automotive/ Machinery/Space</td>
</tr>
<tr>
<td>Knowledge intensive services</td>
<td>Knowledge intensive services</td>
</tr>
<tr>
<td>ICT/Electrical/ Optical</td>
<td>ICT/Electrical/ Optical</td>
</tr>
<tr>
<td>Biotech/Pharma/ceuticals/Chemicals</td>
<td>Biotech/Pharma/ceuticals/Chemicals</td>
</tr>
</tbody>
</table>

Source: IMP³rove March, 2008, results from Field-test; N = 1330; www.improve-innovation.eu

Source: IMP³rove March, 2008, results from Field-test; N = 1455; www.improve-innovation.eu
Chapter 5
Insights on Innovation Management performance of key stakeholders — Europe needs to innovate faster and with more impact

The IMProve Field Test provided insights into the performance and experience levels of European IMProve stakeholders. Results indicate that Innovation Management is not yet leveraged sufficiently for growth and profit in Europe. This chapter will point out the key findings related to Europe’s performance and experience in Innovation Management for all stakeholder groups.

5.1 SMEs do not fully exploit the potential to grow through Innovation Management

SMEs do not fully exploit the growth potential of Innovation Management and lack a systematic approach. However, as the IMProve Field Test reveals, a systematic approach to Innovation Management leads to profitable growth. Growth Champions — those companies that grow faster and more profitably than others — demonstrate the key success factors in Innovation Management, giving others the opportunity to learn how to better exploit the potential to grow.

The following sections are based on an initial data analysis of SMEs that completed the IMProve Assessment. The data were reviewed and invalid information was excluded from the analysis to ensure high-quality results. The preliminary results are based on the validated data of 1,486 European SMEs (out of almost 2,000 SMEs that completed the IMProve Assessment by March 2008). Results from the Field Test are also based on the participation of the IMProve Core Team in almost 100 IMProve consulting workshops in various European countries, and more than 1,500 consulting workshops conducted by the National Coordinators or associated network partners.

5.1.1 Growth Champions demonstrate success factors in Innovation Management

IMProve follows a key principle — growth through Innovation Management. Growth Champions are companies with the highest and most sustainable growth in operational margin, income from sales, and number of employees. They also provide the highest contribution of internal, organic growth. (Only companies that have been in business for seven years or longer were included in the sample of the Growth Champions, as results show that younger companies have a different growth mechanism). The data do not indicate that Growth Champions are from any one industry, but are evenly distributed among industry groups. Because the majority of companies that completed the IMProve Assessment are from knowledge industries, ICT/electrical/optical, and machinery/equipment/plant construction, SMEs from these sectors comprise most of the Growth Champions (see Figure 36).

Most of the Growth Champions are from countries with the largest share of our sample — the United Kingdom, followed by France, Germany, and Finland. Though there are fewer Finnish companies in the sample than German and French, Finnish SMEs appear to grow more sustainably and therefore produce relatively more Growth Champions (see Figure 37).

When evaluating companies by years in business, Growth Champions are relatively young. Although companies in business for 6 to 10 years represent the smallest
sample size, a relatively large percentage of them represent the fastest-growing companies (SMEs in business less than five years were not included in the selection of the Growth Champions). In regards to number of employees, Growth Champions reflect businesses of various sizes. Of particular interest are the SMEs with more than 250 employees, which represent a proportionately small number of Growth Champions (see Figure 38).

5.1.2 The gap between the Growth Champions’ growth dynamic resulting from innovation and that of the other SMEs is significant

Growth Champions averaged an annual income growth rate of 25 percent — an exceptional rate compared to other SMEs, which achieved 7 percent annual growth.
growth on average. An industry-specific comparison shows that Growth Champions performed significantly higher than other SMEs across all industry groups. (The textile and food and beverages industries were not analyzed separately due to their small sample sizes.) (See Figure 39.)

Growth Champions not only outperform other SMEs in revenue growth but also in profit. Over the four-year period prior to completing the IMP³rove Assessment, Growth Champions reached an average growth of 5 percent in profits while other SMEs did not achieve any growth in profits (see Figure 40).

Similar results appear in annual employment growth. The average annual employment growth rate among Growth Champions was 19 percent, compared to other SMEs, for which employment growth capped at 8 percent. If the latter could be improved, the overall employment rate in Europe would improve.

Figure 38: Distribution of SMEs and Growth Champions across size and age classes

<table>
<thead>
<tr>
<th>Distribution of SMEs across size classes</th>
<th>Distribution of SMEs across age classes</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over 250</td>
<td>Over 25</td>
</tr>
<tr>
<td>101 to 250</td>
<td>11 to 25</td>
</tr>
<tr>
<td>21 to 100</td>
<td>6 to 10</td>
</tr>
<tr>
<td>5 to 20</td>
<td></td>
</tr>
<tr>
<td>Growth Champions</td>
<td>Other</td>
</tr>
<tr>
<td>58</td>
<td>14</td>
</tr>
<tr>
<td>181</td>
<td>13</td>
</tr>
<tr>
<td>402</td>
<td>46</td>
</tr>
<tr>
<td>551</td>
<td>60</td>
</tr>
<tr>
<td>408</td>
<td>26</td>
</tr>
<tr>
<td>348</td>
<td>51</td>
</tr>
<tr>
<td>157</td>
<td>56</td>
</tr>
</tbody>
</table>

Source: IMP³rove, March 2008, results from Field-test; N = 1324; www.improve-innovation.eu

Figure 39: Median annual growth rate of income from sales over the last four years

<table>
<thead>
<tr>
<th>Annual growth rate of income from sales over the last 4 years (median)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
</tr>
<tr>
<td>Space &amp; Aeronautics / Automotive</td>
</tr>
<tr>
<td>Machinery / Equipment (Plant Construction)</td>
</tr>
<tr>
<td>Knowledge Intensive Services</td>
</tr>
<tr>
<td>ICT / Electrical / Optical</td>
</tr>
<tr>
<td>Biotechnology / Pharmaceuticals / Chemicals</td>
</tr>
<tr>
<td>Growth Champions</td>
</tr>
<tr>
<td>25.0%</td>
</tr>
<tr>
<td>7.0%</td>
</tr>
<tr>
<td>4.0%</td>
</tr>
<tr>
<td>7.0%</td>
</tr>
<tr>
<td>26.0%</td>
</tr>
<tr>
<td>17.0%</td>
</tr>
<tr>
<td>4.0%</td>
</tr>
<tr>
<td>7.0%</td>
</tr>
<tr>
<td>11.0%</td>
</tr>
<tr>
<td>26.0%</td>
</tr>
<tr>
<td>7.0%</td>
</tr>
<tr>
<td>22.0%</td>
</tr>
<tr>
<td>6.0%</td>
</tr>
</tbody>
</table>

Source: IMP³rove, March, 2008, results from Field-test; N = 1324; www.improve-innovation.eu
Overall, knowledge industries seem to enjoy the highest rate of growth while SMEs from the aerospace, aeronautics and automotive industries lag behind (see Figure 41).

Growth Champions realize a higher financial impact from their innovation activities, with their significantly higher operational margins mostly a result of innovation (see Figure 42).

Indeed, the Growth Champions achieve a higher income from products and services developed within the past three years. Though a considerable part of the fastest growing SMEs still launch more incremental than radical product or service innovations, they appear to be searching more intensively for radical solutions than the average SME (see Figure 43).

**Figure 40: Median annual growth of profit relative to income from sales of the last four years**

Annual growth rate of profit, relative to income from sales over the last 4 years (median)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Growth Champions</th>
<th>Other SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space &amp; Aeronautics / Automotive</td>
<td>5.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Machinery / Equipment (Plant Construction)</td>
<td>4.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Knowledge Intensive Services</td>
<td>5.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>ICT / Electrical / Optical</td>
<td>4.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Biotechnology / Pharmaceuticals / Chemicals</td>
<td>4.0%</td>
<td>0.0%</td>
</tr>
</tbody>
</table>

Source: IMP³rove, March, 2008, results from Field-test; N = 1324; www.improve-innovation.eu

**Figure 41: Median annual growth of employment over the last four years**

Annual growth rate of employment over the last 4 years (median)

<table>
<thead>
<tr>
<th>Industry</th>
<th>Growth Champions</th>
<th>Other SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Space &amp; Aeronautics / Automotive</td>
<td>19.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>Machinery / Equipment (Plant Construction)</td>
<td>22.0%</td>
<td>0.0%</td>
</tr>
<tr>
<td>Knowledge Intensive Services</td>
<td>20.0%</td>
<td>3.0%</td>
</tr>
<tr>
<td>ICT / Electrical / Optical</td>
<td>17.0%</td>
<td>8.0%</td>
</tr>
<tr>
<td>Biotechnology / Pharmaceuticals / Chemicals</td>
<td>17.0%</td>
<td>2.0%</td>
</tr>
</tbody>
</table>

Source: IMP³rove, March, 2008, results from Field-test; N = 1324; www.improve-innovation.eu
5.1.3 Growth Champions share commonalities in Innovation Management, providing a model for others

Analysis of the database reveals what Growth Champions do differently in all key dimensions of Innovation Management to achieve higher performance levels.

To achieve superior growth from Innovation Management, it is imperative to have a well-developed innovation strategy. Growth Champions have more elaborated and long-term oriented innovation strategies, which are a prerequisite for systematic Innovation Management. It is worth noting that Growth Champions tend to derive their innovation strategies from systematic analysis of potential future business areas and also focus on developing their future innovation capabilities (see Figure 44).

Figure 42: Operating margins and profits from innovation

Preliminary results from Field Test

Growth Champions
Other SMEs

Operational margin, average over the last 4 years (median)
Overall 10.0%
Space/Aeronautics 8.3%
Machinery/Equipment (+ plant construction) 10.0%
Knowledge Intensive Services 10.8%
ICT/Electrical/Optical 8.5%
Biotech/Pharmaceuticals/Chemicals 13.3%

Operational margin from innovation (median, as share of total operational margin; average over the last 4 years)
Overall 25.0%
Space/Aeronautics 9.3%
Machinery/Equipment (+ plant construction) 25.0%
Knowledge Intensive Services 26.3%
ICT/Electrical/Optical 28.0%
Biotech/Pharmaceuticals/Chemicals 26.7%

Source: IMP3rove, March, 2008, results from Field-test; www.improve-innovation.eu

Figure 43: Income from sales of new products younger than three years as share of the total income from sales

Preliminary results from Field Test

Growth Champions
Other SMEs

Income from sales of radical product/service innovations, average over the last 4 years (median, as share of income from sales)
Overall 7.0%
Space/Aeronautics 16.0%
Machinery/Equipment (+ plant construction) 11.0%
Knowledge Intensive Services 22.0%
ICT/Electrical/Optical 11.0%
Biotech/Chemical/Pharmaceuticals 11.0%

Income from sales of incremental product/service innovations, average over the last 4 years (median, as share of income from sales)
Overall 11.0%
Space/Aeronautics 8.0%
Machinery/Equipment (+ plant construction) 6.0%
Knowledge Intensive Services 10.0%
ICT/Electrical/Optical 20.0%
Biotech/Chemical/Pharmaceuticals 18.0%

Source: IMP3rove, March, 2008, results from Field-test; N = 1327; www.improve-innovation.eu
Growth Champions, across all industry groups, tend to build their innovation activities more on long-term planning. On average, Growth Champions set aside a larger percentage of their budget for long-term innovation projects: 10 percent, compared to 5 percent by other SMEs (see Figure 45).

Across all industries, Growth Champions invest more overall in innovation activities than other SMEs. This is especially true in R&D-intensive industries such as ICT, electrical, optical and biotechnology, pharmaceutical, and chemicals where Growth Champions invest a significantly higher percentage of their income from sales than other SMEs (see Figure 46).

Growth Champions instill innovation into their organisation’s culture, and involve both external and internal networks to generate and implement innovation. Results show that Growth Champions are better at exploiting external innovation capabilities to improve their own innovation capabilities. They rely on a broader range of sources for generating ideas than the average SME. For example, network partners are significantly more important to Growth Champions than to other SMEs when developing new ideas.

Involving end users is the highest priority for Growth Champions. Customer intelligence and an understanding of customers’ needs are crucial factors to...
success, so Growth Champions regularly incorporate key customer feedback throughout each phase of the innovation life cycle, from idea generation to product launch to continuous improvement. Consistent analysis of customer data and feedback ensure that the Growth Champions learn to not only speak the customers’ language but also identify new opportunities for improving existing products or creating completely new ones (see Figure 47).

Growth Champions use specific measures to integrate their innovation life cycle. They ensure that throughout the innovation life cycle decisions are made by interdisciplinary teams — not only in the early phases but also in the later stages such as product launch and market analysis. Furthermore, they base their decisions on transparent criteria derived from, and in line with, their innovation strategy.

It is particularly important in the idea generation and selection phases to base decisions on criteria derived from the innovation strategy to increase the effectiveness of Innovation Management. Growth Champions successfully exploit this
lever. Thus they can actively manage their project portfolio and the value or their project pipeline over time (see Figure 48).

Growth Champions also know how to focus their employees’ efforts toward more effective innovation fostering employees’ motivation and providing financial and other incentives to fully exploit each individual’s potential to contribute to innovative ideas (see Figure 49).

Finally, Growth Champions are more systematic in managing their innovation projects. They regularly define key performance indicators to measure the success of their innovation projects and seek to increase the transparency of their innovation activities at any point (see Figure 50).

In summary, Growth Champions provide a model for other SMEs to learn how to exploit Innovation Management for profitable growth. They have a well-developed innovation strategy derived from a systematic analysis of resources and focus on building capabilities for the future. Growth Champions also systematically plan long-term innovation activities to meet the growth targets. They engage their organisations by integrating external sources into innovation processes and exploit

![Figure 48: Systematic assessment of new ideas and innovation projects](image)

![Figure 49: Incentives and awards (percentage of companies)](image)
the capability of external players — especially customers. They systematically integrate the innovation life cycle and base decisions on transparent criteria that align with their innovation strategy. In turn, Growth Champions know how to effectively manage their project portfolio. Finally, they fully understand how to use employee incentives to drive innovation internally and measure the success of their innovation activities to ensure sufficient transparency.

5.1.4 Average European SMEs lack a systematic approach to Innovation Management

Data analysis reveals that a high percentage of SMEs do not measure Innovation Management performance, and do not define clear performance indicators to measure the success of their innovation projects. For example, less than 40 percent of the SMEs in the database systematically measure key performance indicators (KPIs) such as time-to-market or time-to-profit. An even smaller number of SMEs has a clear understanding of their performance in idea management, such as the time between idea creation and idea selection (see Figure 51).

Figure 50: Average percentage of projects where the key performance indicators were defined

Average percentage of projects where the following process parameters are defined

<table>
<thead>
<tr>
<th>Process Parameter</th>
<th>Growth Champions</th>
<th>Other SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Development costs</td>
<td>46%</td>
<td>36%</td>
</tr>
<tr>
<td>Time-to-profit</td>
<td>37%</td>
<td>32%</td>
</tr>
<tr>
<td>Time-to-market</td>
<td>39%</td>
<td>34%</td>
</tr>
</tbody>
</table>

Source: IMP3rove, March, 2008, results from Field-test; N = 1324; www.improve-innovation.eu

Figure 51: Percentage of SMEs that define innovation specific KPIs

Percentage of projects in the last 3 years where innovation specific process indicators have been defined (median)

<table>
<thead>
<tr>
<th>Process Parameter</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Time-to-market</td>
<td>34.9%</td>
</tr>
<tr>
<td>Time-to-profit</td>
<td>32.8%</td>
</tr>
<tr>
<td>Development costs</td>
<td>37.7%</td>
</tr>
<tr>
<td>Lead times between idea presented by employee to idea selected</td>
<td>16.8%</td>
</tr>
<tr>
<td>Lead times between turn-in of an idea by customer to idea realization</td>
<td>18.4%</td>
</tr>
<tr>
<td>Innovation process parameters are not measured at all</td>
<td>44.3%</td>
</tr>
</tbody>
</table>

SME = Small and medium sized enterprise
Source: IMP3rove Core Team, March, 2008, Results from Field Test; N = 1487; www.improve-innovation.eu
In addition, SMEs lack a systematic approach toward Innovation Management. More than 50 percent of the SMEs participating in the IMP³rove Field Test do not have a thoroughly developed innovation strategy, a systematic approach toward idea management, or a formal process for developing innovations (see Figure 52).

Smaller businesses are most likely to follow an intuitive approach toward Innovation Management. For these companies, Innovation Management is not formally implemented in the organisation and is usually driven by just one person — the CEO (see Figure 53).

Experiences from consulting workshops in France support the results of the database analysis. In France, the CEOs of small businesses with 10 to 50 employees are usually the innovation managers. Decisions are usually made intuitively rather than based on a systematic approach. These companies lack a formal process for measuring the financial impact of their innovation.

Preliminary results from the Field Test also indicate that SMEs lack a long-term approach to innovation; they do not see innovation as an investment in the future. Less than 30 percent of all SMEs focus their efforts on developing innovation capabilities to secure their company’s future. Strategy was the most hotly debated topic during the consulting workshop; more than 40 percent of all discussions with a trained IMP³rove expert focused on strategic issues (see Figure 54).

5.2 Innovation Management consulting currently lacks a framework geared toward impact for clients

Innovation Management consulting that addresses SMEs is a rather young industry. Most of these consultants provide relatively narrow service offerings in the area of Innovation Management. Results from the IMP³rove Field Test, in which more than 300 of these consultants were trained, show that this industry does not share a common framework toward Innovation Management (that provides the basis for talking a common language) and does not offer services rigorously focused on affecting the client’s business. All of these factors, however, are prerequisites for the following:

- A European minimum standard for rendering Innovation Management services to SMEs
- Increasing Europe’s competitiveness in a globalised economy
- The acceptance of Innovation Management consulting by SMEs

Figure 52: Percentage of SMEs lacking a systematic approach towards Innovation Management

<table>
<thead>
<tr>
<th>Percentage of SMEs with no systematic innovation management</th>
<th>Preliminary results</th>
</tr>
</thead>
<tbody>
<tr>
<td>An innovation strategy is not thoroughly developed</td>
<td>54.0%</td>
</tr>
<tr>
<td>No systematic idea management in place</td>
<td>43.1%</td>
</tr>
<tr>
<td>Formal development process is not systematically implemented</td>
<td>56.1%</td>
</tr>
</tbody>
</table>

SME= Small and medium sized enterprise
Source: IMP³rove Core Team, March, 2008, Results from Field Test; N = 1327; www.improve-innovation.eu
5.2.1 Innovation Management consulting for SMEs—rather fragmented service offerings at very different quality levels

Currently, the majority of Innovation Management consultants do not base their services on a holistic Innovation Management framework. This has three implications: The mechanics between Innovation Management and profitable growth cannot be fully addressed; the suggested measures will be prioritized more according to the service offering of the consultant and less to the business requirements of the SME; and finally, the SME must hire different consultants for different services. This in turn discourages SMEs from using consulting services in the first place (see Figure 55).

The good news is that collectively, Innovation Management consultants do cover the key areas of Innovation Management. More than 150 of the consultants registered on the IMP³rove platform cover innovation strategy, and approximately

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Figure 53: Percentage of SMEs that have no systematic idea management and innovation process (distributed across size classes)

<table>
<thead>
<tr>
<th>% of companies that have NO formal development process in place</th>
<th>% of companies that have NO formal system of idea generation and recording in place</th>
</tr>
</thead>
<tbody>
<tr>
<td>Overall</td>
<td>66.1%</td>
</tr>
<tr>
<td>5 to 20 employees</td>
<td>62.2%</td>
</tr>
<tr>
<td>21 to 100 employees</td>
<td>66.6%</td>
</tr>
<tr>
<td>100 to 250 employees</td>
<td>43.0%</td>
</tr>
<tr>
<td>Over 250 employees</td>
<td>32.0%</td>
</tr>
<tr>
<td>Overall</td>
<td>36.7%</td>
</tr>
<tr>
<td>5 to 20 employees</td>
<td>48.1%</td>
</tr>
<tr>
<td>21 to 100 employees</td>
<td>36.4%</td>
</tr>
<tr>
<td>100 to 250 employees</td>
<td>27.7%</td>
</tr>
<tr>
<td>Over 250 employees</td>
<td>26.0%</td>
</tr>
</tbody>
</table>

Source: IMP³rove, March, 2008, results from field-test; N = 1487; www.improve-innovation.eu

Figure 54: Distribution of areas addressed during the consulting workshop

Source: IMP³rove, Core Team, 2008; 1) Based on a sample of 1,607 SME Consulting workshops; www.improve-innovation.eu
130 provide strategic and business planning services. Less attention is given to organisational and cultural issues. Innovation life cycle management and innovation enabling factors are covered by almost half of the registered Innovation Management consultants.

The rather young age of the private IMCs and their relatively small size explain why these firms lack the time and resources to develop a broader service portfolio. As Figure 56 shows, the average time that IMCs registered on the IMP³rove platform have been in business is less than five years. IMP³rove can play an important role in establishing partnerships among consultants. This has already happened in a few cases during the Field Test.

Many IMCs involved in IMP³rove stated that one reason for joining IMP³rove was to gain access to a holistic and clearly structured approach that offers a framework with which they can provide their services.

Today, public IMCs focus more on the enabling factors (see Figure 57). Topics such as innovation financing, IPR, human resource management, and program and project management were most intensively discussed by public IMCs during the IMP³rove consulting workshop. Those that offered brokerage and networking services discussed organisational issues such as R&D partnerships and other networking activities.

During the consulting workshop, some of the public IMCs only browsed through the IMP³rove benchmarking report, looking for opportunities to propose one of their support programs. This approach is also driven by the KPIs applied at public service providers such as IRCs. Integrating the services of a private consultant will help close this gap.

Private IMCs think more about financial impact than do public IMCs, both when rendering services to their clients and in their own businesses. During the IMP³rove consulting workshop, a larger percentage of private IMCs aimed to identify the key levers for effectively improving the financial impact of Innovation Management for their clients.

The quality of the consulting services rendered to the SMEs varied significantly during the Field Test. Private IMCs were able to derive meaningful recommendations from the IMP³rove benchmarking reports, which revealed the links between the different dimensions. For these IMCs, it was easy to identify the weakest link in the

**Figure 55: Offered services of registered IMP³rove experts**

Source: IMP³rove Core Team, 2008; www.improve-innovation.eu

Based on 314 IMCs registered on the IMP³rove platform
innovation value chain that was hindering the SME from successfully leveraging innovation for profitable growth.

IMCs demonstrating good practices were well prepared and had done their homework. They did not just rattle off the benchmarking results to the client, but presented a clear overview of the client’s key strengths and weaknesses. In the discussion, they took into account the relation between the different dimensions and addressed potential root causes. In turn, they had the opportunity to start with discussing potential improvement measures. This type of practice should be more widely spread among IMCs.

Overall, experiences from the Field Test support the results from the Innovation Management landscape. Most public IMCs do not fully understand the relationship between Innovation Management and profitable growth. Private IMCs are forced to be generalists to initiate business with SMEs, which requires a service portfolio that is not usually aligned with their competencies. Further education is required to both increase the public services providers’ orientation on business impact and to train the private IMCs on Innovation Management and a clear framework applicable to SMEs.

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**Figure 56: Age of the registered IMC’s company**

**Age of company of registered IMProve experts**

![Age of company of registered IMProve experts](image)

*Source: IMProve Core Team, 2008; www.improve-innovation.eu*

**Figure 57: Difference between public and private IMCs**

![Difference between public and private IMCs](image)

*Source: IMProve Core Team, 2008; www.improve-innovation.eu*
5.2.2 The value-added of Innovation Management consulting can be increased

The Field Test showed that some IMCs do not currently pursue a rigorous, impact-oriented approach when rendering Innovation Management-related services to their SME clients.

During the IMP³rove consulting workshops, some IMCs could not identify the inherent weaknesses of the SMEs. In some cases, this was due to an insufficiently prepared consulting workshop. In other cases, it was due to a lack of experience, for example, when a young colleague was sent to provide the feedback to the SME.

Other IMCs were able to develop an initial, sophisticated roadmap during the consulting workshop with the SME. This supports the idea that benchmarking reports provide a profound analysis of the SME’s strengths and weaknesses in Innovation Management. Of the SMEs, 21 percent received a roadmap with clear actions for improving their Innovation Management performance. This rate must be increased. More experience with the IMP³rove approach and more training are key prerequisites. Competition among the IMCs will also stimulate better service quality.

Currently, many IMCs — especially in countries with less developed markets — have to rely on their own home-made approaches.

Experience from Romania

Since there is no Innovation Management manual/process that has proven to be efficient and successful all over the world, the IMC is trying to help companies based on previous experience, knowledge, and some common sense. The consultant can only improve his skills on a learning-by-doing approach. He has to be inventive and grounded at the same time. The IMC must fully understand the market and its financial mechanisms, but he must also have expertise on the organisation itself and its operating systems.

The consultant’s level of experience increases with the number of clients he serves. However, since no one can serve every type of SME and address every type of issue, consultants must be specialised in different fields of activity.

5.2.3 IMP³rove helps IMCs improve their services

Many consultants wanted to participate in IMP³rove during the Field Test. Consultants from the public sector have used IMP³rove as a new means for providing better support to SMEs and thus strengthen their region’s or country’s economy. On the other hand, private consultants used IMP³rove to expand their consulting services.

Nearly all participants have used the IMP³rove consulting process — part of the IMP³rove approach — to support an SME. The general premise of the consulting workshop offered IMCs the possibility to better structure their services and enhance the focus on tangible results for both the SME and the IMC. This structure guided the IMCs to first identify significant strengths and weaknesses based on the benchmarking report. Using this information, consultants usually started the discussion with the overall performance results presented as a spider on the report, followed by a more in-depth discussion of an interesting dimension of Innovation Management or with individual questions.

The second part of the consulting workshop focused on the development of customized recommendations. This occurred either during the time in which recommendations were given or after the results were fully discussed. Here, well-prepared IMCs with good time-management skills completed the workshop with a structured summary of the recommendations and next steps. Others got lost in
the discussion with the SME, and could not finish the workshop with clearly defined actions.

As shown in Figure 58, overall, SMEs were highly satisfied with the performance of the IMCs. SMEs’ satisfaction levels with the consulting services were above 5.5 on average (on a Likert scale of 1 to 7; based on the feedback of a sample of 612 SMEs. It is worth mentioning that in about 19 percent of the cases, a prior client relationship was already established, based on the feedback of 817 IMCs).

5.2.4 Responding to the SMEs’ receptiveness for Innovation Management consulting

To ensure a successful outcome of their consulting services, IMCs need to be prepared for different reactions from the SME. The client’s openness to change and attitude toward consultants may vary to a great extent (see Figure 59).

**Figure 58: SMEs satisfaction ranking of the consulting service**

- Did the innovation management consultant provide the service according to the scheduling, within the estimated time frame? 6
- Was the innovation management consultant able to appropriately address the issues mentioned in the IMProve report? 5.5
- How do you rate the Innovation Management consultant’s competency? 6

**Figure 59: Variety of IMC consulting strategies according to client’s culture**

- **Client’s openness to change**
  - Low
  - High
- **Client’s attitude towards consultants**
  - Positive
  - Negative

- **Unilateral “teaching approach”**
- **Unilateral “ambassador”**
- **Bilateral “listening approach”**
- **Co-operative “interactive approach”**

Source: IMProve Core Team, 2008; www.improve-innovation.eu
Listening approach. Some clients are not very open to change and have negative attitudes toward consultants. This may mean that the client perceives his own knowledge about the company and environment as sufficient, and that getting change advice from an external consultant is not seen as valuable. Furthermore, consultants frequently have a poor reputation with certain clients. This may be a result of previous negative experiences, or a national perception that consulting services are rarely provided to SMEs. In these cases, IMCs can achieve their objectives by using a listening approach stepping back and letting the client lead the conversation. The IMC can begin referring to topics the SME has raised and thus open a dialog that includes specific questions that will introduce the most important results from the assessment and let the client think about these new issues.

Cooperative approach. If the client is open to change but still has a negative attitude about consultants, the IMC can use a more cooperative approach. This involves initiating a conversation of alternately listening and speaking and aimed at convincing the client — if the consultant acknowledges that a change is necessary. In this case, the client is open to change and new ideas are appreciated.

Ambassador approach. If the SME has a positive attitude toward consultants but is not very open to change, IMCs may take the leading role during the conversation as an ambassador for the insights and recommendations derived from the benchmarking. It depends on the skills of the IMC and how well the suggested recommendations for improvement meet the client’s needs.

Teaching approach. If the client’s attitude toward consultants is positive and he is open to change, the IMC should take a teaching approach in which the client steps back and takes on the role of student.

The approaches described here are based on experiences during the Field Test. For example, French consultants chose a listening approach; mainly letting clients talk and finally leading them to discover strengths and weaknesses on their own. This approach is based on the attitude and culture of French SME managers, who feel they have a broad knowledge of their organisations and prefer to speak more than listen. This approach is always adapted to the SME manager’s attitude.

Italian consultants mostly relied on a teaching approach by first asking the SME numerous questions during the workshop before offering high-level recommendations. This is based on the fact that most Italian SME managers respect consultants and expect them to have higher levels of education and knowledge. For that reason, they prefer playing the student role. In addition, workshops in Italy were quite short compared to the northern European countries; however, this depends on the Italian consulting approach and on the implied consent of both parties.

Most German, British, and Scandinavian consultants run the consulting workshop using a cooperative approach by initiating the SME manager in interactive dialogue for improvement. In this case, both parties listen and speak alternately. Among these, Scandinavian and British SME managers showed more reserve — even if they seemed to disagree on some topics — while German managers immediately gave their opinion when they saw contradictions in the discussion.

5.2.5 IMCs rely on a small number of tools to improve Innovation Management performance

Results from the Field Test show that IMCs rely on a small number of tools to improve Innovation Management performance in SMEs (see Figure 60). Often they use “home-made” tools they are comfortable using in a client set-up.
5.3 Most European intermediaries are still at the beginning of providing Innovation Management services

The original approach to testing IMP³rove had a strong focus on intermediaries with a large network of SMEs, such as cluster management, public organisations whose defined objective is to support the SMEs for sustainable growth. On a European scale, organisations such as the IRCs and the European Innovation Centers (EIC) come to mind. On a national scale, innovation agencies, chambers of commerce, and trade associations were potential candidates to leverage IMP³rove for providing innovative services to the SMEs in their network.

5.3.1 Intermediaries have excellent access to SMEs—mostly only for dissemination of information

The National Coordinators as well as the IMP³rove Core Team approached the organisations mentioned above at various stages of the IMP³rove project to introduce them to the benefits that IMP³rove had to offer. However, the readiness of these organisations to actively introduce IMP³rove to their SME network was lower than expected. And the number of SMEs that could be recruited by these intermediaries was extremely low, considering the number of SMEs to which they had access.

The reasons for this limited support from European intermediaries were many. Innovation Management was not on top of the intermediaries’ agendas. Technology transfer was considered more important. Innovation Management was not understood as mandatory for SMEs to succeed in the long-term. Often, the lead times were extremely long to integrate new services in the existing service portfolio of intermediaries. In other cases, concerns were raised that their own approaches to Innovation Management were jeopardized by IMP³rove as a truly European and holistic approach to increase the SMEs’ Innovation Management performance with sustainable impact. In cases in which the

Figure 60: Most recommended tools by IMCs

Source: IMP³rove CoreTeam, 2008; www.improve-innovation.eu  A.T. Kearney House of Innovation
intermediaries committed themselves to distribute the IMP³rove marketing material, the SMEs’ response rate was very low. SMEs need personal support when it comes to innovative services in the area of management.

Some intermediaries supported IMP³rove within their structures and possibilities. In France, OSEO (the national innovation agency) gave some support to involve French SMEs in the IMP³rove Field Test. In Finland, Tekes, the foremost national organisation, supported the National Coordinator to gain access to SMEs. In Germany, the chamber of commerce in Neuss integrated a seminar on Innovation Management that introduced IMP³rove in their regular program for SMEs. These are some of the very few examples of intermediaries who leveraged IMP³rove for their SME network. It is important to understand the overall experience of individual intermediaries with Innovation Management and the intermediary’s objectives when Innovation Management is added to his portfolio.

5.3.2 The different perspectives of Innovation Management

As shown in Figure 61, there are several different perspectives that contribute to the types of Innovation Management services an intermediary does (or does not) provide. Using this same figure, the best match between offering and demand is a scenario in which the intermediary concentrates on providing Innovation Management information to the SME. However, these intermediaries — and those who provide information but no additional services — can leverage IMP³rove to better serve their SME networks.

5.3.3 Innovation Management as chance — IMP³rove provides necessary credibility in Innovation Management for intermediaries

For those intermediaries who would like to better inform their SME network on Innovation Management issues, IMP³rove offers a full set of informative materials for SMEs. These are available online as well as in hard copy. The online information is easily accessible by a link. The hard copy brochures can be distributed during events addressing issues on Innovation Management.

Intermediaries who want to offer services to their SME network directly can apply the IMP³rove approach and support their SME clients in completing the IMP³rove Assessment, then interpret the benchmarking results and establish a continuous improvement process at the SME to achieve a higher Innovation Management performance. The challenge for these intermediaries is being accepted as valued service providers, when the SME’s perception is that intermediaries are merely information providers. The branding and strategic repositioning of these intermediaries has to take place along with the strategic shift from an information provider to a service provider. IMP³rove can also contribute to this strategic repositioning by recognizing the intermediary as a trained IMP³rove associated network partner on the IMP³rove platform.

For SMEs to succeed in the future, intermediaries need to be educated in Innovation Management and its impact on the SMEs’ profitable growth. IMP³rove can be leveraged by all intermediaries to more effectively support their client SMEs in improving their Innovation Management capabilities. Linking public funding to rendering services in Innovation Management might accelerate the intermediaries’ interest in this area.
Clusterland Oberösterreich – A case example

Profile
Clusterland Oberösterreich is a non-profit public-private partnership organisation. It operates clusters in five different industry sectors: automotive; plastics; furniture & timber; health technology; mechatronics. The services provided by Clusterland Oberösterreich are focused on:

- Information supply and communication platforms including newsletters and journals, detailed databases with company directories, interactive websites, contact to research facilities etc.
- Events for knowledge transfer and qualification including workshops, company tours, study trips and other regular specialized events
- Support to cooperation projects including establishment of contacts between potential project partners, round table meetings, and grants
- Promotional support at exhibitions as well as advertising and PR campaigns
- Support for internationalisation strategies including international contacts and participation in EU-projects

IMPprove participation
Clusterland Oberösterreich participated in the IMPprove Field Test with four clusters – Automotive, Mechatronics, Plastics and Health – involving altogether over 2000 SMEs. The objective for Clusterland to participate in IMPprove was to establish Clusterland also as a service provider for Innovation Management support, based on the IMPprove methodology.

After a first presentation and discussion of the IMPprove opportunities with Clusterland team members, a Clusterland representative participated in the first IMPprove training workshop for IMCs. In order to further support Clusterland in achieving their ambitious target, the IMPprove Country Coordinator provided an in house training for all Clusterland team members involved, with subsequent continuing advice. Then, as an introduction to the Clusterland member firms a workshop with SMEs had been organised by Clusterland supported by the Country Coordinator to explain the IMPprove methodology and to help the SMEs in performing the self-assessment.

For the implementation of an innovation management consultancy service of Clusterland, an additional training on the job for the first real-life feedback interviews was also offered by the Country Coordinator. In depth innovation management consultancy after the first feedback on the IMPprove Assessment was then to be established with local specialist IMCs who had also been trained on IMPprove.

This overall approach was highly convincing to Clusterland, and had been implemented with great enthusiasm. But, changing the perception of clients concerning the competence profile of a service provider obviously needs more time than was foreseen for the IMPprove Field Test: only few SMEs could be motivated by Clusterland to actually participate in IMPprove during the Field Test despite extensive promotional activities. Continuing promotion and additional support activities will be required to finally establish Clusterland as an IMPprove service provider.
5.4 Financial investors and advisors seek insights in the SME’s innovation potential

Nowadays, financial advisors and investors no longer rely on a past-performance analysis of their potential targets. Neither do they want to rely on instinct. In times of global competition and volatile markets, financial advisors seek more and more insights into an SME’s innovation potential. Experiences from the Field Test prove this trend.

Currently, there is an information gap (see Figure 62). Tools and criteria available to financial professionals do not usually provide sufficient insight into a company’s innovation potential, or the potential to generate and grow through innovation. As a result, investors seek to complement their existing tools with approaches that will better reveal a company’s potential. IMProve offers a valid means to complement due diligence activities and assess a company’s future potential to grow through innovation.

The same applies to portfolio and fund managers. These professionals strive for value-enhancing measures to build up a portfolio’s growth potential. Preliminary results show that IMProve offers a valid means to assess the portfolio’s key strengths and weaknesses in Innovation Management and to derive value-added measures.

5.5 Policy makers in search of a better understanding of the needs of SMEs

Policy makers do not currently have a very clear view on SME’s needs in regards to Innovation Management. IMProve can help provide some initial insights on barriers and catalysts for policy makers, and more information can be derived from the IMProve database as it is further analysed and expanded.

IMPprove clearly revealed that the service providers rendering services to SMEs across Europe in the area of Innovation Management are a constraint, as their average level of proficiency in Innovation Management is still rather low to convince SMEs that superior Innovation Management leads to profitable growth. Policy makers can address this by developing policies to quickly enhance the

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**Figure 61: Mismatch of intermediaries’ offerings and SMEs’ demand**

<table>
<thead>
<tr>
<th>SMEs’ level of demand for Innovation Management</th>
<th>Intermediaries’ level of maturity in providing Innovation Management services</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Lack of awareness for demand in Innovation Management services</td>
<td>1. Lack of awareness of Innovation Management being relevant for SMEs</td>
</tr>
<tr>
<td>2. Lack of knowledge who could provide Innovation Management services</td>
<td>2. Innovation Management not part of the intermediary’s portfolio</td>
</tr>
<tr>
<td>3. Lack of confidence that intermediary could provide services related to Innovation Management</td>
<td>3. Lack of information on Innovation Management</td>
</tr>
<tr>
<td></td>
<td>4. Information on Innovation Management is provided but no additional services</td>
</tr>
<tr>
<td></td>
<td>5. High value services on Innovation Management offered but not used by SMEs</td>
</tr>
</tbody>
</table>

Source: IMProve Core Team, 2008; www.improve-innovation.eu
intermediaries’ and consultants’ proficiencies in Innovation Management in a sustainable manner.

IMP³rove also demonstrated that the intermediaries’ and consultants’ focus on tangible results could be strengthened across Europe. Here, policy makers can link public support programs to clearly defined and measurable results that impact the SMEs’ Innovation Management performance for profitable growth.

IMP³rove showed that public intermediaries that want to render services to SMEs in the area of innovation have difficulties in integrating these types of services into their service portfolio. The KPIs against which they are measured are restricting these organisations. Policy makers need to understand the mechanisms of these KPIs and how they can be further developed to motivate intermediaries to expand their service portfolio for the benefit of the SMEs.

IMP³rove showed that personal access to SMEs is a key prerequisite to trigger the required change within the SME. For cost reasons, however, this personal interaction is very limited at most of the public and private service providers who render services to SMEs. Policy makers might link support programmes to truly personal interaction between the service provider and the SME to generate the performance improvements that the support programme is targeting.

In the past, policy makers concentrated on innovation either through technology transfer or the development of high-tech strategies. The focus was mainly on the manufacturing industries. However, with the service sector being one of Europe’s growth areas, the policy makers’ attention has recently shifted. Innovation Management is still a fairly unknown domain for many policy makers. In some cases, it is used synonymously with knowledge management or for “a learning organisation.” Both are simply part of Innovation Management.

This limited knowledge of Innovation Management might explain why this key driver for sustainable growth is not as important on the policy makers’ agenda as it should be, given the competitive pressure that Europe’s enterprises currently have to face.

IMP³rove can help policy makers on a European as well as national or regional basis to further understand Innovation Management, and how they can impact the Innovation Management performance of SMEs with the appropriate policies.

Figure 62: Information gap among the financial community

<table>
<thead>
<tr>
<th>What financial actors get to know ...</th>
<th>What financial actors would like to know ...</th>
</tr>
</thead>
<tbody>
<tr>
<td>Growth in the past</td>
<td>The companies innovation strategy and how it will be implemented</td>
</tr>
<tr>
<td>Market position</td>
<td>Track record in successful innovations</td>
</tr>
<tr>
<td>Competitive pressure</td>
<td>Capabilities to leverage innovation potential internally and from external partners</td>
</tr>
<tr>
<td>Core competencies/assets</td>
<td>Ability to anticipate “disruptions” well on time</td>
</tr>
<tr>
<td>Products</td>
<td>...</td>
</tr>
</tbody>
</table>

Source: IMP³rove CoreTeam; www.improve-innovation.eu
IMP³rove is based on a holistic approach to Innovation Management. Therefore, if policy makers view IMP³rove as baseline, they can be assured that they will cover all aspects of Innovation Management.

IMP³rove demonstrates how Innovation Management performance can be linked to profitable growth. This should give policy makers confidence that they are using an approach designed for SMEs’ growth and therefore has impact on the wealth of the region, the nation, or Europe as a whole. Furthermore, IMP³rove demonstrates how Innovation Management performance can be benchmarked successfully.

Finally, IMP³rove gives policy makers the security that they are basing their policies on an approach that has already proved its impact on the SMEs’ business performance during the project phase.

Policy makers who design their policies in a way that promotes IMP³rove in the private as well as public sectors will leverage the European Commission’s major investments made in setting the baseline for a higher level of proficiency in Innovation Management for SMEs, IMCs, intermediaries, financial advisors, and policy makers.
Chapter 6
Recommendations to further enhance and successfully disseminate IMP³rove

IMP³rove aims for continuous improvement of its fully integrated approach. Lessons learned from the Field Test will help to further refine the IMP³rove approach and its positioning.

6.1 Recommendations for improving the IMP³rove platform to establish it as “the European platform” for the long term

To ensure that the IMP³rove platform will continue to receive high traffic in the future, it needs to be maintained and enhanced. During the IMP³rove Field Test, valuable lessons were learned on how to ensure that IMP³rove remains “the European platform in Innovation Management.” Results presented in the previous chapters show that IMP³rove offers value-added services to all key user groups, but there is also room for improvement. Technical functions need to support the long-term value for key stakeholders in an even more customised way, taking into account the constantly changing IT technologies and the growing demand for user-friendliness.

The Field Test results gave initial recommendations on how technical functions can be customised for the respective user groups to meet their needs even better. The recommendations in this chapter are only initial ideas that need to be evaluated in the context of budgetary constraints and the future direction of IMP³rove. The further development of the IMP³rove platform is closely linked to the further development of the business model. Thus, improvements should first focus on aspects with high impact on proven service offerings of the IMP³rove platform and take into account the future role of specific stakeholders such as intermediaries (i.e., the Enterprise Europe Network or other agencies and organisations as disseminators).

6.1.1 Toward a more sophisticated user management and online assessment procedure — enhancing user-friendliness

Users — especially SMEs — request features that are user-friendly. To increase traffic on the IMP³rove platform and ensure high user satisfaction, user friendliness and flexibility are crucial. The registration and navigation during the assessment process need to be particularly easy to use to ensure a high completion rate of the assessment and maintain the motivation of the SME.

Based on the lessons learned, the following improvements should be considered as the platform is further developed with regards to user management, the registration procedure, and the assessment setting.

Maintaining the client relationship via the platform. IMP³rove is often used in the context of an established client relationship. Experiences from the Field Test showed that it is crucial to maintain this relationship. This can also be supported during the registration process. For example, if the SME has the possibility to select the respective IMC during the registration process or even vice versa, then
this client relationship should be acknowledged to reduce the possibility of other IMCs interfering in the further IMProve process.

Provide more detailed classification in the registration form. Currently, the SME user is classified based on the NACE code. Experiences show that some SMEs, especially those in the service industry, have difficulties in selecting the right industry class. The registration form should be revised to ensure that SMEs can easily select the right industry.

Offer additional user accounts, especially to key stakeholders such as financial investors. Experiences during the Field Test showed that IMProve is frequently used in team settings. In most settings, employees (other than manager) also attended the meeting in which the questionnaire was completed. To meet the needs of this team setting approach, separate user accounts for different team members within the same organisation would enhance the value to the company, especially if it wants to compare the performance of different business units or members of a holding. In addition, experience showed that financial investors are highly interested in using IMProve to manage their portfolio. Currently, investors are not fully represented in the IMProve platform as a distinct user group. Given the fact that there is growing demand among this stakeholder group, financial investors will play an even more important role in the future. Further improvements should give these stakeholders access to their clients and help manage them with the IMProve platform. In this context, confidentiality is crucial.

In addition to user management, the following recommendations are provided with regards to the online assessment and its diagnostic design.

Tutorials — what is innovation. Experience from the Field Test showed that less than one-third of the SMEs are familiar with basic Innovation Management terms. In addition, it became clear that SMEs struggle with defining innovation in the context of their business. IMProve offers an extensive glossary of Innovation Management terms; however, it is hardly used by SMEs. Therefore, a more specific definition and classification of innovation at the beginning of the process is crucial. A tutorial that will help the SMEs clearly define their innovations will help ensure that information is completed correctly. As IMProve aims to measure Innovation Management performance in a detailed way, taking into account different innovation types, a thorough understanding of the manager of different innovation types will enhance the usability of the online assessment.

Additional online help with interactive features and graphic design. During the Field Test it also became obvious that SMEs do not have the proper measurement system in place to provide quantitative data such as time-to-market. An interactive online help feature would help demonstrate how the respective figures are collected and improve motivation during the assessment process.

Intelligent questionnaire design to increase usability: There are differences in the Innovation Management of smaller SMEs and larger SMEs in Europe. The organisational structures of smaller SMEs, in particular, are less complex and have fewer established organisational functions. In this case, SMEs often have to indicate “0” for a range of answering options, as the respective options are not applicable to them. In this case the software should automatically adapt the questionnaire based on specific answers provided. For example, if a user indicates that specific organisational units do not exist (when the SME is too small), further questions should take this into account. Besides differences between size classes, there are other factors that should be taken into account in an intelligent and customized questionnaire design.

In addition, KPIs of the IMProve Assessment are interdependent, such as time-to-market and time-to-profit or income, profits, and expenditures. Currently, basic validation features are included in the IMProve Assessment. To ensure that the
assessments is even easier to use, an intelligent validation and questionnaire design should be considered. This would increase the questionnaire’s user friendliness.

**Condensed version of IMP³rove.** As many SMEs are reluctant to invest several hours in completing the IMP³rove Assessment before they have experienced the full benefit of the European benchmarking and the integrated consulting process, the concept of a condensed version of IMP³rove was mentioned several times during the first phase of the IMP³rove project. This shorter version would give the SMEs a glance at how they perform in comparison to the Growth Champions. This condensed version should not compromise on the depth of the analysis, the breadth of the IMP³rove approach, or the data quality that IMP³rove has maintained. The goal of this shorter version would be to facilitate the SMEs’ access to the unknown topic of Innovation Management. It might be based on a limited number of KPIs that give first insights into the areas for improving Innovation Management, and then guide the SME to the IMP³rove Assessment and the Root/Cause Analysis, with the IMP³rove benchmarking reports as the basis for further consulting.

**Increased usability of the IMP³rove Assessment.** There is already a function that supports the use of IMP³rove as a continuous improvement process. After nine months, users are asked to complete all the data again to compare previous performance with current performance in Innovation Management. The IMP³rove questionnaire asks for data that do not change over time. A feature that automatically populates the questionnaire with this data is recommended to increase the usability of the IMP³rove Assessment.

### 6.1.2 Delivering more detailed benchmarking reports — catering to the needs of SMEs and IMCs

The structured benchmarking report, based on a dynamic European database, is a key unique selling proposition of IMP³rove. In less than 30 minutes, the SME can download a report that provides up-to-date benchmarks showing the SME’s current competitive position. During the Field Test, input from various stakeholders provided additional insights on how the benchmarking and the reports — a key element of the IMP³rove approach — could be further enhanced. Given the fact that the IMP³rove database is constantly growing and more and more stakeholders are actively involved in using IMP³rove, the following recommendations should be taken into account for further improvement.

**Options for regional and cross-industry benchmarking.** Currently, IMP³rove allows SMEs the possibility to generate benchmarking reports based on four selection criteria: industry groups, size classes, years in business, and country. SMEs can select their own class or select “all” to ensure that their benchmarking reports are based on a sufficiently large set of data. Due to the fact that the IMP³rove database is constantly growing, even more specific options for benchmarking might be feasible; for example, the option of benchmarking against companies from specific NACE code classes could be offered.

During the Field Test, SMEs clearly expressed interest in having even more customized benchmarking options, such as showing very narrow comparisons within a specific sector (NACE code) or cross-industry benchmarking. In addition, experiences with intermediaries and policy makers revealed that regional ministries, business development agencies, or cluster manager have a strong interest in promoting region-specific benchmarks to their client base. Financial advisors would also see a high value-added if specific benchmarking options were available.

**More customized evaluation reports.** IMP³rove delivers detailed evaluation reports. The IMP³rove Assessment report contains different sections with different levels of aggregation. The SME is compared with the Growth Champions and the average of their benchmarking class. The Field Test indicated that additional
statistics in the report would be valuable. For example, statistics on low performers would provide additional insights as to the SME’s current position among its peers. Both SMEs and IMCs expressed interest in additional statistics in the benchmarking report.

The IMP³rove evaluation reports build on a results-oriented scoring logic. The scoring of specific questions is based on detailed KPIs. Currently, SMEs lack transparency of their innovation activities. As a result, they do not adequately measure their innovation activities or define KPIs. Given the fact that the experience level of SMEs in Innovation Management is rather low, the scoring logic should address this issue in the presentation of the results. For example, the scoring should differentiate between a performance measurement being in place and actual performance. IMCs suggested that this would point out the key problem — the lack of transparency or poor performance — more quickly.

6.1.3 The IMP³rove process — ensure high-quality data and improve the interaction between SMEs and experts in Innovation Management

A need for high-quality data was identified during the IMP³rove Field Test. It became clear that the quality of the benchmarking was extremely important to successfully position IMP³rove as “the European benchmarking database in Innovation Management.” Results of the Field Test also showed that SMEs often lack a thorough understanding of key levers in Innovation Management. Therefore, the support of an IMP³rove expert was necessary in a high percentage of the cases to ensure that high-quality data are provided.

Assistance with the IMP³rove process ensures the internal and external validity of the benchmarking. As IMP³rove builds upon a dynamic benchmarking approach that delivers up-to-date benchmarks, an assisted approach adds value to the IMP³rove approach in many ways. It offers the possibility of establishing a personal relationship with an IMP³rove expert right from the beginning. It would also ensure that SMEs that complete the IMP³rove benchmarking share the same definition of Innovation Management, as they are supported by a trained expert. On the other hand, a purely assisted approach would restrict those SMEs who access the platform directly on the Internet. In these cases, they would not be able to start the IMP³rove Assessment without having contacted an expert to support them in completing the IMP³rove questionnaire.

To balance the advantages and disadvantages of an assisted process, a combined solution should be considered. This would help improve the functionalities of the IMP³rove platform.

Before starting the IMP³rove benchmarking, the SME is in contact with an IMP³rove associated network partner — an IMC or someone who is certified in applying the IMP³rove approach for benchmarking purposes. During the assessment phase the SME is supported by the expert either in person or by phone to ensure that data is completed consistently. After the IMP³rove Assessment is submitted, the benchmarking report is generated and the expert conducts a final check of the data’s validity, ideally during a personal feedback session. After validation, the IMC then submits the information to the IMP³rove database and the SME’s data are then flagged as valid in the IMP³rove database. Only those data that are flagged as valid will then be taken into account when generating the IMP³rove bench-marking reports.

In a nonassisted setting the SME starts the IMP³rove Assessment through the IMP³rove platform without any support of a third party. If the SME encounters difficulties during the assessment phase, support can be requested through the IMP³rove platform (i.e., the list of consultants). After the SME completes the
questionnaire, reports can be generated. Before the submission, basic automatic validation functionalities will ensure the validity of the data.

After the report is generated, the data are automatically flagged as not verified in the database and therefore not used for generating the benchmarks of the Growth Champions and the Average in the benchmarking report. However, the SME can also contact an IMP³rove expert to discuss the results. During this feedback session the IMP³rove expert will also check the quality of the data. In case the discussion reveals that the data is valid, the expert can change the data from not verified to valid.

A combined approach will ensure that the data are valid and that IMP³rove remains an open platform that can be accessed by any SME. To ensure a successful implementation of such a process, all experts who validate the data need to adhere to clearly defined quality measures.

Besides changes to the validation process, further lessons were learned regarding the overall IMP³rove process. Experience clearly shows that IMCs offer their services not only locally but also outside their country. The IMP³rove platform should reflect this and provide further options to SMEs for selecting IMCs. This will help build a European network of Innovation Management professionals.

### 6.1.4 Complementing the IMP³rove platform with additional value-added technical features

Experiences from the Field Test clearly showed that Innovation Management professionals are highly interested in sharing experiences with each other. SMEs clearly stated that they also see great value in building complementary partnerships via the IMP³rove approach. Thus, further technical improvements should focus on supporting community building and knowledge sharing. The following are examples of additional value-added features:

- **Direct exchange between IMCs and SMEs via online communities.** SMEs and IMCs share a strong interest in exchanging ideas with peers and discussing trends in Innovation Management. Technical features such as “innovation clubs” could help build this community. Different sections and topics could provide users the option of discussing topics of interest in real time or browsing through themes discussed previously.

- **Mass mailing and newsletter features.** Mass mailings support the involvement of all IMP³rove stakeholders. For example, targeted newsletters could ensure that registered users from a specific region or with a specific interest are informed about upcoming events of IMP³rove.

### 6.2 Recommendations on how to successfully position and disseminate IMP³rove in the future — potential future value propositions, marketing channels, and selling arguments

It is in the interest of all stakeholders to maintain and further develop IMP³rove in the future. The European Commission as well as the members of the IMP³rove Consortium have invested significantly in the set-up and development of IMP³rove. SMEs, IMCs, intermediaries, financial investors, and policy makers should increasingly benefit from IMP³rove. Therefore, the additional needs of these stakeholders have been identified, and new value propositions derived from these needs and channels having the most potential to deliver those value propositions were identified. Sales strategies and initial ideas on pricing have been generated for further dissemination.
Recommendations for successful positioning and dissemination of IMP³rove were driven by two divergent approaches. The first approach strongly favoured the positioning and dissemination of IMP³rove in the private sector while the other approach clearly stressed the importance of public organisations as key for dissemination. The arguments for the private sector focus originated mostly from countries in which the market for Innovation Management services was already developed. In areas where Innovation Management awareness had not yet been established, a strong recommendation for the dissemination driven by public organisations was given. The argument against this stated that once IMP³rove has been branded as driven by public organisations, the private sector will no longer be interested. Market distortion may then result, and SMEs might expect subsidised prices and become unwilling to pay market prices for consulting services. The following recommendations reflect the national differences and should not be considered as a final strategy recommendation. Such a strategy needs to be based on thorough analysis of the markets, the stakeholder needs, and their price sensitivity. This analysis could not be done during Phase 1 of the IMP³rove project and is not part of the envisaged Phase 2.

6.2.1 New value propositions

Apart from the value propositions developed during Phase 1 of the IMP³rove project, there are a number of future value propositions that might strengthen the positioning of IMP³rove. The following ideas on new value propositions are not ready to be implemented immediately. Most of them still need further refinement and testing before they can be implemented. However, they demonstrate that IMP³rove itself has potential to innovate and grow in the future.

Creating an Innovation Management community. As IMP³rove has demonstrated during Phase 1, it is critical to success that SMEs make personal contact with not only consultants and intermediaries but also with financial investors and policy makers who need to understand the impact of Innovation Management on the economic climate in their region. Therefore, the concept of creating an Innovation Management community is a value proposition from which all key stakeholders benefit, especially in less developed markets. The foundation of this Innovation Management community is roundtables in which SMEs, regional trade associations, development agencies, and clusters learn about Innovation Management and its growth potential. Complementing these roundtables are separate roundtables for SMEs; this will give the SMEs detailed insights into the IMP³rove approach, specifically the IMP³rove Assessment. The Assessment Reports can already be generated at the roundtables and initial interactions about actions can then take place. These roundtables need to be moderated by an experienced IMP³rove partner to show the SMEs the full benefit of the IMP³rove Assessment and the steps that need to be followed for improvement of the Innovation Management performance.

These roundtables can also be organized for SMEs in areas that have already experienced the IMP³rove approach. SMEs will share their experience when developing and implementing the measures for improvement. The exchange of lessons learned is a clear asset for the SMEs. Each SME can host a roundtable and involve an IMP³rove expert as needed. The IMP³rove expert can share results from the data analysis and show the differences between the Growth Champion and low performers.

These roundtables can also become an integral part of a cluster’s or a trade association’s annual programme.

New IMP³rove platform features such as chat rooms or password-protected areas for SMEs could be developed and implemented to strengthen the community building.
Assessment of the SME’s future business potential. It is of outmost importance, especially for financial investors, to invest in companies that have a promising future. Therefore, Logotech recommended applying IMP³rove during the analysis of a financial investor’s portfolio as well as during the due diligence process. Both investors as well as SMEs will benefit from the Innovation Management Assessment and the continuous improvement based on the IMP³rove benchmarking report and consulting approach. SMEs will receive additional arguments in their discussions with potential investors while investors will have more focused criteria for innovation financing across Europe. This might be a first step toward European standards in Innovation Management and innovation financing.

Investors are interested in IMP³rove. Some experience it initially when it has been applied in due diligence processes or in a portfolio of companies that are financed by private equity companies, which demonstrate that IMP³rove provides value. It gives a common assessment across Europe and thus enhances the analysis of potential target companies and their innovation potential.

This concept of assessing an SME’s business potential might also be a value proposition for the SME’s larger customers who are looking to become more or remain innovative themselves by insourcing the SMEs’ innovative solutions.

In-depth training for IMCs. The IMP³rove approach training executed by the IMP³rove Consortium always generated the demand for in-depth training in Innovation Management. The participating IMCs were usually very experienced in certain areas of Innovation Management; however, they wanted to broaden their expertise and service portfolio. Although there are several offerings on the market for Innovation Management, many of them focus only on certain aspects of Innovation Management such as knowledge management or idea generation. Or, they take a broader view but then concentrate on the needs of larger corporations. With the knowledge generated in the IMP³rove approach, highly customized training on all aspects of Innovation Management for SMEs will remove the bottleneck resulting from insufficient numbers of available services providers who have the expertise to render services in Innovation Management for SMEs. This in-depth training will cover all dimensions of the A. T. Kearney House of Innovation and also introduce state-of-the-art tools for superior Innovation Management at SMEs. Knowing how to apply these tools will facilitate their use within SMEs. By creating a European standard toolbox, the development of Innovation Management within SMEs can be moved continuously to a higher level across Europe. This is required for European SMEs to remain competitive in globalizing markets that will also affect SMEs striving for market leadership.

IMP³rove as an integral part of higher education curricula. The SME managers of the future are the students of today. Therefore, collaboration between academia and IMP³rove will generate a curriculum in which Innovation Management and IMP³rove will become an integral part of the curriculum for the future innovation managers at SMEs. In Austria, a pilot program has already proved the feasibility of this concept. Part-time students who are employed at SMEs participate in a programme to become innovation managers. Based on the holistic approach of the A. T. Kearney House of Innovation, they are trained in all aspects of Innovation Management. At the same time, they will apply the theory within the SME for which they are working by taking the IMP³rove Assessment, generating the IMP³rove benchmarking reports, analysing the reports, and developing and implementing the roadmap for improving the company’s Innovation Management performance under the guidance of an IMP³rove expert. This is an excellent example of theory and practical experience combining to qualify students for real-world experience. These students can qualify for future jobs as innovation managers, and SMEs can learn how to hire people in the most effective manner. The position of innovation manager at SMEs has the potential to create new jobs — one of European Commission’s goals when initiating the IMP³rove project.
Implementation of this curriculum in other academic organisations requires a close link between the academic institution and the SMEs in the region. If there is an additional sponsoring organisation such as the local branch of a trade association or the chamber of commerce, the promotion of this concept can be broadened.

**IMP³rove intelligence:** As the IMP³rove database is growing continuously, data analysis can become more detailed and sophisticated, providing different stakeholders insights into the key issues of Innovation Management development at SMEs. The exploitation of these data can become a most valuable source for policy makers and foreign investors. For example, if the IMP³rove data reveal that highly innovative SMEs with well-educated workforces in a particular region are well positioned as suppliers, foreign investors can take this into account. Thus, the “IMP³rove intelligence” can support regions to attract investment, provide policy makers with insights, highlight why certain industry sectors are lagging behind in their region, or determine the best mix of SMEs needed to develop a region.

### 6.2.2 Further selling arguments for IMP³rove

A number of convincing statements have been developed to address the key stakeholders involved during the first phase of IMP³rove: SMEs, IMCs, intermediaries, financial investors, and policy makers. As the IMP³rove approach was disseminated across Europe, additional compelling statements were developed for the respective stakeholder group. A few examples are presented below.

**For SMEs**
- The IMP³rove approach provides the ability to stay focused on the future innovation needs of their customers
- The innovation process is not random; it can be managed most successfully
- IMP³rove can reduce the cost to access qualified service providers in Innovation Management
- IMP³rove provides an efficient means to improve Innovation Management performance

**For IMCs and intermediaries**
- IMP³rove helps gain insights into complex themes of Innovation Management
- IMP³rove provides benefits from the networking possibilities with Innovation Management experts
- IMP³rove provides insights into the dependencies within Innovation Management activities
- IMP³rove facilitates the development of a highly focused roadmap for improving the SME’s Innovation Management capabilities

**For financial investors**
- IMP³rove’s European benchmarks allow for a European comparison of investment targets
- Growth Champions give an indication of the growth potential of a target company or a portfolio company

**For policy makers**
- IMP³rove reveals where the service providers are causing bottlenecks to improve the Innovation Management capabilities of SMEs
- Traditional intermediaries might have a large SME network, but are mainly accepted by the SMEs as information providers and not as service providers
The most compelling argument that can be used for IMP³rove is that it represents the largest and most up-to-date European benchmarking database on Innovation Management at SMEs, and that the largest benchmarking database in Europe should be utilized. With other continents currently joining IMP³rove, the geographic focus scope is broadened – serving a globalising economy even better.

6.2.3 Creating sustainability for IMP³rove

IMP³rove as a truly European project has been disseminated in markets with very different levels of experience in Innovation Management. This diversity has already been described in the European Innovation Management Landscape in Europe INNOVA paper No. 2, in which recommendations were made to ensure IMP³rove’s sustainability. Besides the different experience levels of the European countries, a variety of channels and activities has to be considered. The diversity in experience of markets, however, had no influence on the reasons why IMP³rove should aim for sustainability (see Figure 63).

Each stakeholder group has a valid use for IMP³rove’s sustainability. SMEs are interested in seeing the progress they make in Innovation Management improvements. IMCs and intermediaries are seeking a reasonable return on the investment of promoting IMP³rove during the Field Test. The policy makers gain valuable insights from the comparison over time and the proof of concept for IMP³rove. For financial investors, the data must be up-to-date to be of value when assessing an SME’s Innovation Management performance during due diligence. Also, the IMP³rove expert panel sees the need for sustainability, as the value of the database is growing in size; however, the quality of the data still needs to remain high.

The channels that can be leveraged for IMP³rove’s sustainability are very diversified and show a very different penetration level of the SME population in terms of depth and breadth (see Figure 64). Channels such as private equity firms and IMCs achieve a high level of penetration of SMEs when it comes to establishing successful Innovation Management. However, the reach of these organisations into the SME population is rather limited. The other extreme is

Figure 63: Reasons for sustainability of IMP³rove

<table>
<thead>
<tr>
<th>View of intermediaries and Innovation Management consultancies (IMCs)</th>
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<tbody>
<tr>
<td>- Investment in IMP³rove has to pay off</td>
</tr>
<tr>
<td>- Motivating SMEs for the field-test requires a long-term perspective</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>View of SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Benchmarking across Europe is value-adding, however, it has to be designed for the longer-term</td>
</tr>
<tr>
<td>- Progress in Innovation Management can be measured only over time</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>View of IMP³rove expert panel</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Business impact can only be achieved with a sustainable platform</td>
</tr>
<tr>
<td>- The growing size of the data base is the differentiating factor</td>
</tr>
<tr>
<td>- High quality is mandatory to be accepted as European standard</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>View of policy makers</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Data on Europe’s innovation performance has to be available in the future</td>
</tr>
<tr>
<td>- Comparison over time will show the progress stimulated by IMP³rove</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>View of financial actors</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Integrating additional criteria for loans does only make sense when the data on the SMEs’ innovativeness will be available in the long-term</td>
</tr>
<tr>
<td>- Data have to be up-to-date</td>
</tr>
</tbody>
</table>

SME = Small and medium sized enterprise
Source: IMP³rove Core Team 2008; www.improve-innovation.eu
national agencies that reach a large population of SMEs but are able to penetrate individual SMEs to establish successful Innovation Management in a rather limited fashion. While private equity firms, IMCs, and, to some extent, equipment manufacturers are IMP³rove users, national and regional agencies take over the role of disseminators for IMP³rove. Organisations that achieve a high level of penetration in depth and breadth can be leveraged as promoters for IMP³rove. Usually these are institutions that provide funds to SMEs for improving their Innovation Management performance with support of a strong network of highly experienced service providers in the area of Innovation Management.

Trade associations and chambers of commerce have a solid network of SMEs. However, their penetration regarding Innovation Management within the SMEs is rather limited. SMEs do not yet see these organisations as consulting service providers. Therefore, the current role of these organisations is to organise events at which IMP³rove is promoted. Organisations that provide SMEs with information about IMP³rove, whether regional, national, or innovation agencies, can be leveraged as disseminators to secure IMP³rove’s sustainability.

IMP³rove promoters are organisations that have a large SME network and access to individual SMEs to support them in further developing their Innovation Management performance. These are usually development agencies that link public funding to Innovation Management performance.

Depending on the level of commitment to IMP³rove and the services offered to the SMEs, the role of individual organisations may shift from pure disseminator to promoter or from disseminator to user.

When defining the most effective and efficient activities, these different roles must be taken into account to secure the sustainability of IMP³rove.

Results from the IMP³rove database and consulting should be made available to users on a regular basis in addition to general, updated information about IMP³rove.

Disseminators should regularly receive promotional materials that they can distribute to their SME clientele. To be specific, recent insights from IMP³rove can be presented during events such as workshops and trade shows.

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**Figure 64: Channels to secure sustainability of IMP³rove**

Source: IMP³rove Core Team 2008; www.improve-innovation.eu
Promoters should receive the highest level of support so that they can actively implement the IMP³rove approach within the SMEs. They should receive updated results from the IMP³rove database and, based on the feedback from the IMCs and the SMEs who actively use IMP³rove, be able to understand the major needs of SMEs in order to improve their Innovation Management performance.

These more general activities on a European scale should be complemented by more specific actions on a national and regional basis. Some examples are listed below.

In Finland, a comparatively mature market, the key channel is the Finnish Funding Agency for Technology and Innovation (TEKES). A comprehensive marketing effort to support IMP³rove consultants is a key success factor. This includes regular marketing activities for IMP³rove and a constant reminder on the TEKES website. Thus all SMEs applying for TEKES funding automatically know that the IMP³rove approach exists and that it can help the SMEs to develop their internal processes and ways of operating their Innovation Management. For example, it will help them understand the importance of developing an innovation strategy as a key part of the overall business strategy. With the promotion by TEKES, complementary marketing by IMP³rove consultants will reach far into the SME community.

In France, suggestions have been made to leverage the ranking of IMCs who are very active in IMP³rove to differentiate themselves in the market and who are motivated to continue introducing IMP³rove to their clients.

In Germany and Austria, detailed evaluation of the results from IMP³rove should be made available to registered, active IMCs. They can then build on the insights gained so far, adapt their service offerings, and continuously improve their consulting approach. Furthermore, the IMP³rove approach should be embedded into advanced vocational training. This will bring new IMP³rove users, generate additional data for the IMP³rove database, and extend the IMP³rove network. This has proven to be a good channel in Austria. Telemarketing has been an effective approach for recruiting SMEs. However, the telemarketing company must have the appropriate skills and knowledge. Training on the IMP³rove approach would be very advantageous in this case.

For Greece and Turkey, the recommended key activities concentrate on maintaining the interest of SMEs that have already participated in the project. An SME forum hosted on the IMP³rove platform could offer the possibility of a continuous exchange with these SMEs.

In Italy, there seem to be two possible routes of positioning and disseminating IMP³rove. The first would be to leverage public or semipublic organisations, such as the Enterprise Europe Network and Industrial Associations. The second refers to medium- to large-sized consulting firms in the private sector. The first route is seen as more promising by virtue of the dimension of companies in Italy. Small to very small companies cannot easily pay for a consultancy with a long-term strategic objective, which is expected with a private consultant. A public or semipublic organisation, on the other hand, would be investing public funds to carry out its mandate of promoting innovation and competitiveness of all companies within its geographic area.

In Poland, a highly committed and motivated network of national or regional public innovation agencies (incubators, technology development centres, clusters, chambers of commerce, business federations) should be promoting IMP³rove. These agencies need to be trusted by the SMEs. These agencies must actively promote IMP³rove on their websites to receive public funding for innovation-related activities of the SMEs. This will ensure that IMP³rove will become sustainable in Poland.

For Spain and Portugal, the National Coordinator recommended that public innovation agencies primarily handle the promotional efforts. Training these
agencies in IMProve should enable them to become future trainers of their local network of IMCs. These agencies should promote IMProve on their websites.

For Slovenia, regular information on IMProve should be distributed to Tovarna Podjem, which has access to a national network of different partners operating in Innovation Management.

The National Coordinator recommended a twofold approach for the United Kingdom. IMProve should be promoted to regional development agencies as a gateway tool on specific projects run by IMCs with public support. This means forging alliances with IMCs and collaborating on projects. It then becomes part of the package offered by IMCs. The second part of the approach is to leverage the extensive reach of the private equity network ABC. ABC has a national network of partners operating in the young, high-tech sector of SMEs. The aim of the network is to attract the most innovative SMEs.

General activities combined with national and regional activities create the basis for IMProve’s sustainability and future business model.
Chapter 7
Business model and Innovation Management standards built upon IMP³rove

Creating sustainability for IMP³rove will inevitably lead to the question: What should the most suitable business model look like? Discussions about this started before the Field Test, when national agencies sought clarity about their “investments” in the Field Test. At this point in time, the only rather sobering response was that all partners were committed to developing more than just a platform that would last only as long as the IMP³rove project was active. In the meantime, the project results clearly show that IMP³rove has the potential to become a sustainable business model. The perceptions of how this business model should look are covering varieties from being purely publicly driven to purely privately driven.

This chapter offers preliminary thoughts on this issue, which require more detailed analysis, especially when considering that the goal is to create a business plan that meets professional requirements. Such a business model must investigate the business potential of the various service offerings in different countries across Europe.

7.1 Development of a business model for IMP³rove

Developing a business model for such a comprehensive approach as IMP³rove has often been underestimated. The strategy must define whether the focus should be more on the private or public sector, and, based on this strategy, the business model has to be conceptualized and finally implemented, which includes the ramp-up phase and operating mode.

The diversity across Europe must be taken into consideration in each of the steps taken during the development and implementation of the IMP³rove business model (see Figure 65).

The potential markets are defined based on a thorough analysis of the various product and market segments and their respective barriers to entry. The needs of potential users, customers, and stakeholders are analysed to determine the market potential and pricing strategy (see Figure 66).

This analysis will lead to different scenarios for the IMP³rove business model and define some pros and cons. When the preferred scenario is selected, the business plan can be developed that will not only include the cost and revenue structure but also the financing strategy, governance model, and IPR strategy (see Figure 67). Risk and contingency planning as well as launch and ramp-up phase planning will complement the business plan.

7.2 Options for future business models

Different options for future business models were discussed during the valorisation workshop organized by the European Commission in March 2008 to design a future exit strategy for IMP³rove. The business model strategy was aimed at a public-private partnership and highly sustainable services. An effective
Developing a sustainable business model has to reflect the diversity in Europe. Needs per potential customers/stakeholder:

- SMEs in chemicals
- SMEs in ICT
- Intermediaries
- IMCs without tools
- IMC with own tools
- Private equity companies
- Banks
- National policy makers
- Local policy makers

High-level concept for product/service offerings:

- Assessment
- Tools
- Consulting
- Literature
- …
- Training/certification
- Benchmarks
- Best practices
- …
- Performance indicators
- Benchmarks
- Innovation ratings
- Trends
- …
- Statistics
- Benchmarks
- Success factors
- Level of penetration
- …

Quantification of market potential per PMS:

<table>
<thead>
<tr>
<th>European country</th>
<th>Operating processes &amp; governance</th>
<th>Marketing strategy</th>
<th>Training offerings</th>
<th>Certification scheme</th>
<th>Statistics</th>
<th>Fee structure</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td></td>
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<td>Baltic States</td>
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<td>Belgium</td>
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<td>Czech Republic</td>
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<td>Finland</td>
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<td>France</td>
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<td>Germany</td>
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<td>Greece</td>
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<td>Hungary</td>
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<td>Ireland</td>
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<td>Norway</td>
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<td>Poland</td>
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<td>Portugal</td>
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<td>Romania</td>
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<td>Slovakia</td>
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<td>Spain</td>
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<td>Sweden</td>
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</table>

A solid business model is based on the information for each country and master the complexity.

Source: IMP³rove Core Team 2008; www.improve-innovation.eu
European network of partners is also essential to establish a common European standard in Innovation Management for the relevant target groups and communities. This requires the following features:

- Comprehensive scope with
  - European coverage
  - Wide access to all key stakeholders
  - Coverage of all sectors

- Expertise of the partners demonstrating
  - Proven track records in Innovation Management
  - Strong development potential in Innovation Management
  - Solid and proven business performance

- Service/quality of the partners evident in
  - High value-added for all key stakeholders
  - Proven business impact
  - Excellent reputation on a national and international scale

- Collaboration and alignment based on
  - Consistent, high-quality levels within future IMP³rove organisations
  - Consistent strategic objectives
  - Clear understanding of roles and responsibilities

The discussion concentrated on five different options with very different focuses on private and public “ownership,” reaching from transfer to the IMP³rove Consortium to transferring it to national agencies, or to the relaunched European Enterprise Network. Other alternatives were establishing a new consortium initiated by the European Commission or combining elements of these options into a “best of” solution. For this final option, initial ideas have been developed regarding roles and responsibilities (see Figure 68). However, this option needs to be fleshed out in further detail.

---

**Figure 67: Business plan development for IMP³rove**

Service offerings per product-/market segment

Marketing strategy

IPR strategy global

IPR strategy Europe
  - Trademarks
  - Certificates
  - Tools, methodologies
  - ...

Governance model

Cost-revenue structure

1st year 2nd year 3rd year 4th year 5th year

Financing concept

Sources

<table>
<thead>
<tr>
<th>Volume</th>
<th>1st year</th>
<th>2nd year</th>
<th>3rd year</th>
<th>4th year</th>
<th>5th year</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMCs</td>
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<tr>
<td>SMEs</td>
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<tr>
<td>Loans</td>
<td></td>
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<td></td>
<td></td>
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<tr>
<td>Others</td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Launch planning

Risk and contingency planning

Source: IMP³rove Core Team 2008; www.improve-innovation.eu
The business model must be based on more solid data; therefore, the discussion was not finalized during the valorisation process. This discussion will be continued during Phase 2 of IM²rove. The fact that IM²rove has generated an impressive array of valuable service offerings to the various stakeholders makes this discussion very important.

### 7.3 Standardisation for Sustainability

IM²rove’s service offerings and European reach will contribute significantly to a more consistent approach to Innovation Management for SMEs. This consistency should result in a common European standard. This standard does not necessarily have to be coded in an official European standard or approved by the European Committee for Standardisation (CEN) or other standardisation authorities, as long as the service offerings and their delivery methods set the standard. Nevertheless, during Phase 1 of IM²rove, it was initiated that the IM²rove Assessment will become part of a CEN workshop agreement (CWA 35:2007). This is envisioned to define a prestandard in Innovation Management assessment (see Figure 69). It may set the groundwork for other IM²rove service offerings to become subject to a standardisation process.

The IM²rove consulting process might be a basis for a common European standard in Innovation Management consulting as well as the certification of IMCs, SMEs, and training organisations that provide training in Innovation Management in general and for IM²rove specifically. These standardisation processes require significant resources. However, they support the sustainability of IM²rove based on the consistency of delivery across Europe.

The acceptance, dissemination, and branding of IM²rove will increase significantly when official certificates can be issued. SMEs and IMCs can differentiate themselves

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**Figure 68: First ideas on “best of all” business model**

- European Innovation Management view
  - Political
  - Sectoral
  - Geography
- In-depth knowledge of IM²rove
- Strong sectoral, national presence
- Strong sectoral, national presence

**Advisory board**

**IM²rove European Center of Competence**

**EEN⁽¹⁾ Agency**

**EEN⁽¹⁾ Partners**

**Strategic partners**

**Members, e.g. Private Equity Companies**

**Members, e.g. Innovation Mgmt. Consultants**

**Contracts**

**First ideas**

⁽¹⁾ Enterprise Europe Network

Source: IM²rove Core Team; www.improve-innovation.eu
within their competition when they can prove that they have adhered to the IMProve standard. During Phase 1 many SMEs requested a formal document that stated they had successfully completed the IMProve approach. IMCs also asked for a certificate of attendance for the IMProve trainings.

Although Phase 1 of the IMProve project was just completed and Phase 2 is still to come, the European Commission, as the initiator of the project, can start making decisions and policies on IMProve. The original goals have been surpassed in many ways, providing a very solid basis for these decisions and policies. IMProve has a truly European, validated database on Innovation Management in place that could not have been expected from the prototype. Several hundred IMCs have been trained in the IMProve approach, and more than 300 across Europe are now registered on the IMProve platform. IMProve’s strong European brand has been established with a high level of recognition that can be further leveraged, where originally just a marketing strategy was requested.

Part of the strength of IMProve’s brand is in its business impact. IMProve strives for impact on the SMEs’ profitable growth, which has impact on the creation of new jobs in Europe. This strong orientation on impact ensures the longevity of IMProve, as it carries high rewards for all of its key stakeholders.

Figure 69: Areas for standardisation

**Current CWA**

1. **Evaluation of the Innovation Management capability by the company itself**
   - General procedure how SMEs can self-evaluate based on 2 levels of maturity (awareness creation, improvement for growth)
   - Example for indicators and aggregation, suitable for benchmarks
   - Result evaluation (e.g. description of levels of innovation capability, easy to interpret by SME itself)

2. **Improvement of the Innovation Management capability with the support of an experienced and qualified consultant**

3. **Certification of the Innovation Management consultant by an independent institution**
   - Certification criteria for selection of Innovation Management consultant (quality criteria, etc.)
   - Certification process for Innovation Management consultancies
   - Quality assurance (service implementation and of controlling of success)
   - Business model and independent partners for certification

Source: IMProve Core Team, 2008; www.improve-innovation.eu
Chapter 8
Appendices

8.1 Objectives of the Field Test

The Field Test’s goal was to establish best practices for creating Innovation Management with sustainable impact at SMEs across Europe. The testing included all aspects of IMP³rove: the benchmarking with the IMP³rove Assessment and the Root/Cause Analyses, the benchmarking reports, the consulting process that offered all SMEs a consulting workshop that resulted in an initial high-level roadmap for improving the SME’s Innovation Management performance, and the follow-up process for continuous improvement.

The goal of the Field Test was to cover as many European countries as possible and at least 1,500 SMEs from different industry sectors, sizes, and age classes.

In preparation of the Field Test, specific criteria defined the distribution of the 1,500 SMEs (see Figure 70).

The planning of the distribution of SMEs originally included start-ups; however, it became clear that this group of companies has different requirements than older companies that need to fill their pipeline with innovative products, services, processes, or organisational and business models. During the Field Test, companies in business more than two years were excluded.

8.2 Modular testing of IMP³rove

Modular testing was selected for an approach as complex as IMP³rove (see Figure 71).

In the first step, the questionnaire was tested with a selected number of SMEs to check whether it would suit the needs of SMEs and still be manageable by SMEs. Their feedback was integrated in the set-up and overall design of the IMP³rove questionnaire.

In November 2006, the refined questionnaire was integrated into the IMP³rove online platform for the pretest. The objective of the pretest was to assure that all...

Figure 70: Criteria for the distribution of the SMEs

GDP = Gross Domestic Product
Source: IMP³rove Core Team, 2006; www.improve-innovation.eu
elements of the IMP³rove platform — registration, online questionnaire, scoring logic, generation of reports, and online support for the consulting and feedback process — worked in the desired manner and within an acceptable timeframe. In the pretest, 85 SMEs from Finland, France, Germany, and Romania participated, although the original plan included only 60 participants from Germany and France. One of the key lessons was that the assessment process was too complex for the average SME. Therefore, the online questionnaire was divided into the IMP³rove Assessment and the Root/Cause Analysis, which still gave SMEs the option to obtain an in-depth benchmarking report from the IMP³rove Assessment that focused on Innovation Management performance. The second part of the questionnaire, the Root/Cause Analysis, then concentrated on the reasons why the performance still had room for improvement.

Along with these changes, the online assessment tool was translated from English to French, German, Italian, Polish, and Spanish, and was ready to be tested by all European countries.

8.3 The Field Test approach

The Field Test was launched in March 2007 in all 25 EU member states plus Switzerland. Careful planning regarding the geographic scope, industry focus, and size of the SMEs involved preceded the Field Test.

8.3.1 Geographic scope — covering all 25 European member states and the industry focus of the IMP³rove Field Test

To fill the IMP³rove database with data representing all industries and countries, a segmentation structure was developed. The National Coordinators had to

Figure 71: Modular approach to testing the IMP³rove approach

<table>
<thead>
<tr>
<th>Objective</th>
<th>Acceptance test of questionnaires</th>
<th>Testing the IMP³rove integrated approach</th>
<th>Establishing the IMP³rove approach as best practice</th>
</tr>
</thead>
<tbody>
<tr>
<td>Over-riding question</td>
<td>Are questionnaires suitable for SMEs?</td>
<td>Do all elements of the IMP³rove approach generate the desired results?</td>
<td>Does IMP³rove stand the test in Europe with all stakeholder?</td>
</tr>
<tr>
<td>Sample</td>
<td>5 SMEs</td>
<td>85 SMEs</td>
<td>1,500 SMEs</td>
</tr>
<tr>
<td>Geogr. scope</td>
<td>Germany</td>
<td>Finland, France, Germany, Romania</td>
<td>25 countries</td>
</tr>
<tr>
<td>Involved partners</td>
<td>Consortium Few SMEs</td>
<td>Consortium Several SMEs</td>
<td>Consortium Numerous SMEs, Numerous IMC and intermediaries</td>
</tr>
</tbody>
</table>

Source: IMP³rove Core Team 2008; www.improve-innovation.eu
acquire a number of SMEs in proportion to their respective GDP. For example France, Italy, Germany, and UK had to acquire the largest number of SMEs due to the size and potential of their national economies. On the contrary, countries in Eastern Europe that suffer from the difficulties of a post-communist transformation economy were expected to contribute far less SMEs to the IMP³rove platform (see Figure 72).

### 8.3.2 Focusing on innovative industry sectors

A second distinction was made in the industrial sector. Eight industry sectors with high innovation potential were defined. These sectors were weighted in relation to their relevance to the European GDP. The number of SMEs required in each sector differs. Mechanical engineering leads the ranking with 275 SMEs, nearly one-fifth of the 1,500 SMEs required by the Field Test (see Figure 73).

As the IMP³rove database grows, the SMEs will have the possibility of benchmarking themselves within their NACE code.

### 8.3.3 Capturing the smaller SMEs of Europe

Small enterprises are the main focus of IMP³rove. In addition to country and industry, size was also considered when determining SMEs that should participate in the Field Test. The smaller SMEs were preferred to larger ones. Here, national characteristics were taken into account. For example, the economy in Italy is characterized by very small enterprises, so more SMEs from the smaller sample

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**Figure 72: Planned geographic distribution of SMEs**

<table>
<thead>
<tr>
<th>Total</th>
<th>&gt; 1,500 SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Austria</td>
<td>50</td>
</tr>
<tr>
<td>Germany</td>
<td>250</td>
</tr>
<tr>
<td>Belgium, Netherlands</td>
<td>100</td>
</tr>
<tr>
<td>France</td>
<td>250</td>
</tr>
<tr>
<td>Italy</td>
<td>150</td>
</tr>
<tr>
<td>Spain, Portugal</td>
<td>150</td>
</tr>
<tr>
<td>UK, Ireland</td>
<td>250</td>
</tr>
<tr>
<td>Denmark, Sweden, Finland, Norway, Baltic States</td>
<td>150</td>
</tr>
<tr>
<td>Czech, Republic, Hungary, Romania, Slovakia, Slovenia</td>
<td>80</td>
</tr>
<tr>
<td>Poland</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: IMP³rove Core Team, 2008; www.improve-innovation.eu
were targeted. In Germany, larger SMEs with more than 250 employees were targeted (see Figure 74).

In summary, there was a clear picture of the distribution of SMEs targeted for recruitment before the Field Test started. This distribution should serve as a basis for the National Coordinators to define their marketing and recruiting activities.

As a key lesson learned from the preparation for the Field Test, the planning for the Field Test was important, but identifying individual SMEs was at least as important to secure a timely delivery (see Figure 75).

**Figure 73: Planned distribution of SMEs by industry sector**

<table>
<thead>
<tr>
<th>Number of interviews</th>
<th>&gt;195</th>
<th>&gt;250</th>
<th>&gt;275</th>
<th>&gt;160</th>
<th>&gt;180</th>
<th>&gt;195</th>
<th>&gt;90</th>
<th>&gt;155</th>
</tr>
</thead>
<tbody>
<tr>
<td>Industry sector</td>
<td>Chemical/Pharmaceutical</td>
<td>Communication &amp; HighTech</td>
<td>Mechanical engineering plant construction</td>
<td>Road, rail, air, sea transportation</td>
<td>Service</td>
<td>Financial and business services</td>
<td>Textile and textile products</td>
<td>Food products, beverages and tobacco</td>
</tr>
</tbody>
</table>

Source: IMP³rove Core Team, 2008; www.improve-innovation.eu

**Figure 74: Planned distribution of SMEs by size and country**

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<tr>
<th></th>
<th>Start-up</th>
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<tr>
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<tr>
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<td>10</td>
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<td>Romania</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Slovenia</td>
<td>50%</td>
<td>25</td>
<td>10</td>
<td>10</td>
<td>5</td>
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<tr>
<td>Czech. Republic</td>
<td>50%</td>
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<td>Slovakia</td>
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<tr>
<td>Poland</td>
<td>50%</td>
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Source: IMP³rove Core Team, 2008; www.improve-innovation.eu
Figure 75: Planned distribution of SMEs by industry sector, size and country

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<tr>
<th>Sectors</th>
<th>Interviews according to company size</th>
<th>Interviews according to GDP</th>
<th>Interviews in Regions (contract)</th>
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<tr>
<td>Bio-technology (pharma, chemical)</td>
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<td></td>
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<tr>
<td>ICT/Electrical/Optical</td>
<td></td>
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<tr>
<td>Machinery/equipment (plant construction)</td>
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<tr>
<td>Knowledge-intensive services</td>
<td></td>
<td></td>
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<tr>
<td>Textile</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Food/Beverages</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Automotive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Aerospace &amp; Automotive</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ICT/Electrical/Optical</td>
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<tr>
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<td>Food/Beverages</td>
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<tr>
<td>Aerospace &amp; Automotive</td>
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Source: IMP³rove Core Team, 2008; www.improve-innovation.eu
8.3.4 Monitoring the progress

To provide a regular update on the progress during the Field Test, weekly status reports were disseminated by the National Coordinators (see Figure 76). These reports contained a forecast for the additional time needed to achieve individual targets if SME recruitment continued at the same pace of the previous four weeks. This provided a clear picture of any delays and identified which sectors needed to be addressed more intensively.

Figure 76: Example of weekly status report

Source: IMPprove Core Team, 2008; www.improve-innovation.eu
## 9. Appendix

### Abbreviations

<table>
<thead>
<tr>
<th>Abbreviation</th>
<th>Description</th>
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<td>CAD</td>
<td>Computer aided design</td>
</tr>
<tr>
<td>CEO</td>
<td>Chief executive officer</td>
</tr>
<tr>
<td>EU</td>
<td>European Union</td>
</tr>
<tr>
<td>GPRS</td>
<td>General Packet Radio Service</td>
</tr>
<tr>
<td>HR</td>
<td>Human resources</td>
</tr>
<tr>
<td>IA</td>
<td>IMP³rove Assessment</td>
</tr>
<tr>
<td>ICT</td>
<td>Information and communication technology</td>
</tr>
<tr>
<td>IM</td>
<td>Innovation Management</td>
</tr>
<tr>
<td>IMC</td>
<td>Innovation Management consultant</td>
</tr>
<tr>
<td>IPR</td>
<td>Intellectual property rights</td>
</tr>
<tr>
<td>IRC</td>
<td>Innovation Relay Center</td>
</tr>
<tr>
<td>IT</td>
<td>Information technology</td>
</tr>
<tr>
<td>KIS</td>
<td>Knowledge intensive services</td>
</tr>
<tr>
<td>KPI</td>
<td>Key performance indicator</td>
</tr>
<tr>
<td>R&amp;D</td>
<td>Research and development</td>
</tr>
<tr>
<td>ROI</td>
<td>Return on investment</td>
</tr>
<tr>
<td>SAT</td>
<td>Self-assessment tool</td>
</tr>
<tr>
<td>SME</td>
<td>Small- and medium-sized enterprise</td>
</tr>
<tr>
<td>SWOT</td>
<td>Strengths, weaknesses, opportunities, threats</td>
</tr>
<tr>
<td>TRIZ</td>
<td>Teoria reshenija izobretatjelskich zadacz (Theory of solving inventive problems)</td>
</tr>
<tr>
<td>USP</td>
<td>Unique selling proposition</td>
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10. Appendix 3: List of contributors

A range of actors contributed to the success of the Field Test. In the following all contributors including associated network partners, expert panel members, financial actors, intermediaries and national coordinators are listed in an alphabetic order.

National Coordinators

The National Coordinators played a key role in introducing IMP³rove across Europe, in successfully test this new approach, and sharing their insights within the IMP³rove consortium.

- Abis, d.o.o, Ljubliana, Slovenia
- Advansis Oy, Helsinki, Finland, www.advansis.fi
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- EEDRI - Academy of Management, Lodz, Poland, www.eedri.pl
- IAGO European Consultants Ltd, Pudsey Leeds, United Kingdom, www.iago.eu.com
- InnovationsTransfer Zentralschweiz ITZ, Horw, Switzerland, www.itz.ch
- Logotech SA, Athens, Greece, www.logotech.gr
- Malta Federation of Industry, Floriana, Malta, www.foi.org.mt
- Pro Fill CS, s.r.o., Prague, Czech Republic
- SC tr@net servicii SRL, Bucharest, Romania, www.topengineering.ro

Associated Network Partners

The Associated Network Partners that are listed below have significantly contributed to the success of the IMP³rove Field Test during March 2007 and March 2008. This support is highly appreciated by the IMP³rove Consortium.

Austria

- biz-improver Unternehmerberater, Leobersdorf, Austria, www.biz-improver.at
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- Clusterland Oberösterreich GmbH, Linz, Austria, www.clusterland.at
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- gro3, Lier, Belgium
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• B&G Usługi Ekonomiczno-Konsultingowe sp. z o.o., Radom, Poland, www.bc.radom.com.pl
• BIO - EKO Cezary Koczorski, Rybnik, Poland, www.bio-eko.pl
• Collect Consulting Sp. Z.o.o, Katowice, Poland, www.collect.pl
• Eproco- kancelaria doradztwa gospodarczego, Ostrów Wielkopolski, Poland, www.eoproco.pl
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• HSW Lucerne School of Business and IBR Institut of Management and Regional Economics, Luzern, Switzerland, www.hasw.fhz.ch/ibr

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• Food Technology Centre, Middlesbrough, www.foodtechnologycentre.com
• Innovation Associates, Manchester, United Kingdom
• International Innovation Services Ltd., Sheffield, United Kingdom, www.life-ic.com
• Kingston Innovation Centre Ltd, London, United Kingdom, www.kingstoninnovation.org
• London Innovation Centre, Croydon, United Kingdom, www.linnoc.net
• RTC North Ltd, Sunderland, United Kingdom, www rtcnorth.co.uk
Software provider

A critical success factor of the IMP³rove project was the development, hosting and maintenance of the software and the IMP³rove platform. With Dirk Röhrborn and his team from Communardo Software GmbH, Human Network Competence, Dresden, Germany we had an excellent partner.

Expert Panel

The development of the IMP³rove project has been actively supported by an international group of experts.

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- Misuri, Alessio, Dintec, Rome, Italy
- Nippa, Michael, Technische Universität Bergakademie Freiberg, Freiberg, Germany
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- Tooth, Jenny, GLE Growth Capital New City Court, London, United Kingdom

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- Investitionsbank Berlin Unternehmenskommunikation, Berlin, Germany, www.investitionsbank.de

Intermediaries

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- EOS (EurOffice Services), CICOM Organisation, Valbonne Sophia Antipolis, France
- IHK Mittlerer Niederrhein, Neuss, Germany (www.mittler-niederrhein.ihk.de)
- Inna - Innovation Network Austria Dienstleistungs GmbH, Vienna, Austria, www.inna.at
- Innovasjon Norge, Oslo, Norway, www.innovasjonnorge.no
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<td>Relevant value propositions for key stakeholder groups</td>
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<td>Complementary information on Innovation Management for IMP³rove experts</td>
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<td>IMP³rove as learning platform</td>
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<td>Status of the IMP³rove database as of March 17, 2008</td>
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<td>Distribution of IMP³rove Assessments by country</td>
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<td>Scenarios of drop-out rates</td>
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