IMP³rove: HIGH-IMPACT INNOVATION MANAGEMENT

Consulting services for SMEs

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Europe INNOVA is an initiative of the European Commission’s Directorate General Enterprise and Industry which aspires to become the laboratory for the development and testing of new tools and instruments in support of innovation with the view to help innovative enterprises innovate faster and better. It brings together public and private innovation support providers such as innovation agencies, technology transfer offices, business incubators, financing intermediaries, cluster organisations and others.

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High-Impact
Innovation Management
Consulting Services for SMEs

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1. Preface and Acknowledgements

“Growth champions have better functioning innovation management systems – and better managing innovation saves costs in enterprises.” - the insight from a database on Innovation Management and business performance of more than 3500 SMEs can be condensed to that simple statement.

Despite this Innovation Management consulting for small and medium enterprises (SMEs) is still a rather young discipline. The IMP³rove project, established by the European Commission’s Directorate General (DG) Enterprise and Industry to help SMEs manage innovation with lasting results, collected insights into this sector for more than four years. Starting with the IMP³rove online self-assessment on Innovation Management for SMEs, it became obvious very quickly that SMEs need support. First of all, they need assistance in completing the IMP³rove assessment. After receiving the IMP³rove benchmarking report, they need qualified support providers who can help derive the right conclusions and recommendations from the IMP³rove benchmarking report.

The IMP³rove network includes more than 500 trained support providers across Europe and beyond. This is a solid basis for an overview on the various types of Innovation Management support service providers and how they deliver high-impact support services. These organisations are, to some extent, pioneers and innovators because they adopted the IMP³rove approach as part of their consulting approach. Working with them we were able to learn about the challenges and needs in Innovation Management consulting. This experience helped us to further develop IMP³rove support services for professionals and assist IMP³rove network partners in marketing and delivering their own Innovation Management support services. Thus, IMP³rove developed from an online platform providing an Innovation Management assessment tool to what will be the IMP³rove – European Innovation Management Academy in the future. This organisation will offer a suite of value propositions for Innovation Management. Key customers will be the Innovation Management professionals who are active in consulting, in public agencies, in academia or in the area of innovation financing.

Without the contribution and feedback of various members of the IMP³rove network, the insights into Innovation Management consulting services could not have reached the depth and breadth necessary to show the level of professionalism that has been reached in Innovation Management consult-

The success of IMP³rove is based on the trust that companies, mainly SMEs, have in this approach to Innovation Management. They are willing to allow a glimpse into their operations and into the challenges they are facing when it comes to Innovation Management. We are most grateful for their trust in IMP³rove. Without their contributions, this IMP³rove study would not have been feasible nor could it demonstrate the versatility of the IMP³rove approach. In return, we hope that with the IMP³rove support services for SMEs, we can contribute to their superior Innovation Management performance and competitiveness.

IMP³rove also benefited from many extraordinary organisations that were willing to promote and disseminate Innovation Management services. We would like to thank especially the EU’s Executive Agency for Competitiveness and Innovation (EACI) in Belgium, the European Association of Development Agencies (EURADA) in Belgium, F.A.Z. Institut in Germany, innovationmanagement.se in Sweden (www.innovationmanagement.se) and Innovations-Manager in Germany.

IMP³rove benefited not only from practitioners’ insights, but also, to a large extent, from the continued support of the European Commission’s DG Enterprise and Industry. Reinhard Büscher and especially Sven Schade have strongly supported the development of IMP³rove from a project to the future IMP³rove – European Innovation Management Academy. They took the vision developed for IMP³rove and provided the basis on which to build with creative ideas, constant promotion and unbureaucratic solutions to overcoming constraints and challenges. Lisbeth Bahl Poulsen helped provide the required marketing material to communicate IMP³rove results. IMP³rove was supported by the European Commission across directorates. Jörg Lackenbauer from the European Commission’s DG Regio significantly supported the dissemination of IMP³rove in Hungary to ensure high-value consulting services there in the future.

IMP³rove support services strongly depend on the uninterrupted software platform. Our special thanks go to Dirk Röhrborn, Tino Schmidt and the
support team at Germany’s Communardo, who ensured that the IMP³rove platform was available for better Innovation Management support.

Valuable feedback and recommendations for future support services in Innovation Management also came from the IMP³rove Advisory Board. We would like to especially thank Dr. Peter Noyes at the University of Wales in Newport in the United Kingdom. He always had the right advice when it was most urgently needed to move to the next stage.

We are also grateful to our colleagues at A.T. Kearney, Fraunhofer IAO and the Agency for the Promotion of European Research (APRE), who supported IMP³rove in many ways. At A.T. Kearney, our special thanks go to Olivia Nowak, who never lost her can-do spirit, even when the workload seemed unmanageable; to Branko Zibret, Robert Kremlicka, Tomislav Corak, Jochen Graff, Luca Olivari and Bernd Schmidt, who ensured that IMP³rove gained visibility across Europe; to Patricia Sibo and her team, who ensured that the IMP³rove publications met high professional standards; and to Benjamin Schultejohann and Deborah Kanthack for supporting the various work streams of the project. Such a project’s success depends highly on the background support. Therefore, we would like to thank Jörg Weinmann and Tanja Maly, who ensured that the financials met the requirements of the European Commission’s Finance Department; to Frank Schröder, who helped market IMP³rove insights; to Stefan Berruti, who paved the way for IMP³rove from a legal perspective; to Petra Werner, Anja Mainzer and Heidi Wagner, who were most flexible in providing the meeting facilities and hosting the participants of the various IMP³rove events; and to Andreas Thomé, Frank Moczala and Andreas Lindner, who always went the extra mile when trainings and IMP³rove events had to be prepared. At Fraunhofer IAO, special thanks go to Hans-Jörg Bullinger, Joachim Warschat, Yvonne Siwczyk, Cindy Rojas, Larissa Scheifele, Claus Pecha and René Schneider. At APRE, special thanks go to Diassina DiMaggio, who was and still is a strong promoter of IMP³rove and of Innovation Management, and to Christin Pfeiffer, Martina DeSole and Rocío Escolano.

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2. Management Summary

Innovation in times of economic challenges means taking risk in a risky environment. With systematic Innovation Management and true entrepreneurial skills these risks can be prudently managed for value creation. If Innovation Management is geared to tangible business impact it helps companies to grow faster than their competitors that do not innovate at all or do not manage their innovation projects effectively. This is proven by the IMP³rove database, the various IMP³rove research results and other (academic) research. IMP³rove has developed service offerings to develop the Innovation Management capabilities on a European scale. These services will be provided in the future by the IMP³rove – European Innovation Management Academy in response to the demand for better Innovation Management support and to the need for professionalization of these services.

2.1 IMP³rove as Basis for a European Model for Developing Innovation Management Capabilities

IMP³rove has created the basis for a European model to develop the Innovation Management capabilities in Europe. The IMP³rove Approach provides a comprehensive suite of Innovation Management support services for the different actors in the innovation eco-system. It combines Innovation Management assessment and benchmarking for SMEs with Innovation Management consulting services, with training and certification in Innovation Management and in Innovation Management consulting. Many of these services are provided in different European languages to facilitate access to these services for SMEs in the various European countries. Meanwhile more than 3000 SMEs across Europe and beyond have benefited from the IMP³rove Approach. They have benchmarked their Innovation Management performance and gained valuable insights on the strengths and weaknesses that are presented in the detailed IMP³rove benchmarking reports. Here the SMEs see the gap between the Growth Champions that set the benchmark, the average and their own Innovation Management performance. These SMEs gained additional insights in current best practices when striving for innovation and competitiveness.

The IMP³rove Approach offers a holistic view on Innovation Management. It includes all dimensions of Innovation Management and addresses all kinds of innovation not just product innovation. The IMP³rove Approach is applicable for all industry sectors and all types of enterprises, although it has a strong focus on SMEs. The comprehensive approach as well as the high quality of the IMP³rove tools and their versatility resulted in the up-take of the IMP³rove services by policymakers, Enterprise Europe Network partners, financial actors, academia and of course private consultancies in various European countries and beyond. The IMP³rove Approach is perceived as the “gold standard” in Innovation Management support.

The IMP³rove Approach has become part of the first European pre-standard on Innovation Management assessment. It is also congruent with the CEN Technical Specification that is currently developed on Innovation Management System. Thus IMP³rove has contributed to the development of a common European approach to Innovation Management support and a common market for Innovation Management support services.

2.2 Further Developing the Market for High Quality Innovation Management Support Services

The market for Innovation Management support services for SMEs in Europe is still rather fragmented. Many consulting companies – often small with only one or two employees – are rendering their services to SMEs. Each is using their own approach. Therefore, it is not surprising that this market is rather in-transparent. A consistent European approach to Innovation Management consulting as well as clear quality criteria will increase transparency for SMEs, policymakers, financial actors and for consultants themselves. It will also contribute to the professionalization of these services.

1 Marco Annunziata, Macroeconomic Perspectives, Global Trends in Innovation, 2012
2 For IMP³rove research results see list of publications in Chapter 7.2; Gavin Cameron, Innovation and Growth: A survey of the empirical evidence, Nuffield College, Oxford, OX1 1NF, UK, 1998; GE Global Innovation Barometer 2012 confirms that innovation and growth are “inextricably linked.”
Consultants that have experienced the benefits of the IMP³rove online assessment are now asking for a European approach to Innovation Management consulting. Almost 500 consultants have been trained in the IMP³rove Approach and are accredited as IMP³rove Guides. They have the certificate to support SMEs in completing the IMP³rove Assessments. Some of them have acquired sufficient practical experience with the IMP³rove Approach and proved their Innovation Management consulting skills. They are already on their way to obtain their certificate as IMP³rove Expert level 1.

This will give them the accreditation for conducting the consulting workshops under the IMP³rove brand. They will be eligible to render Innovation Management consulting services to SMEs within publicly funded programmes that require proven Innovation Management consulting expertise. These first movers see the benefits of continuous development of their own Innovation Management consulting skills and in differentiating themselves in the market.

Demand for high-quality Innovation Management consulting services comes mainly from intrinsic motivated SMEs and from policymakers and intermediaries. The number of intrinsic motivated SMEs that request Innovation Management consulting support – and are willing to pay for it – is still rather small. However, once they learn about the difference in quality they will ask for better Innovation Management support services - and acknowledge the value that they received. Stronger promotion of these high value-adding services to all stakeholders will contribute in further developing the market for Innovation Management consulting.

Demand for professional Innovation Management consulting services for SMEs is still very much stimulated by publicly funded programmes. The quality of these programmes can be enhanced. Not the number of SMEs reached should be the performance criterion but the impact that the Innovation Management support generated. High impact support modules such as Innovation Management benchmarking, consulting, training, coaching and mentoring for continuous improvement of the Innovation Management capabilities have to be integrated in the public programmes and disseminated on a European scale.

Proven tools, training and certification with European reach are the pre-requisite for the necessary value creation of the public programmes and for competitiveness of SMEs in Europe. They are also essential for developing the European market for high quality Innovation Management support services. These can be exported to regions outside Europe – creating jobs in an emerging service sector in Europe. IMP³rove will respond to this demand and take the risk of innovation itself. The innovation will be the IMP³rove – European Innovation Management Academy.

2.3 Establishing the IMP³rove – European Innovation Management Academy

The increasing demand for better Innovation Management support services comes from consultants themselves, from policymakers, financial actors, and last but not least from SMEs. Having experienced the benefits of a common European approach to Innovation Management assessment and support services as provided by IMP³rove the request for more such services on a European scale increases.

The IMP³rove – European Innovation Management Academy will build on the achievements generated during the IMP³rove project. It will further develop the Innovation Management support modules and products by branding them as truly European, high quality and value-adding IMP³rove offerings thus contributing to the professionalization of the Innovation Management consulting services and the European Innovation Management support market.

The transition from IMP³rove as a successful project to the IMP³rove – European Innovation Management Academy as a sustainable business is an innovation. The success of this innovation will be based on the willingness of SMEs, policymakers, consultants, intermediaries, financial actors and academia to adopt the IMP³rove offerings and contribute to their further and continued development. The past success of IMP³rove as a project is encouraging to take the next step towards the vision of leading Innovation Management support services.
3. Introduction

IMP³rove – the initiative of the European Commission, DG Enterprise and Industry – aimed at improving the Innovation Management capabilities and performance in Europe as a pre-requisite for the competitiveness of Europe. This includes the improvement of the Innovation Management of enterprises, especially small and medium sized enterprises (SMEs) as well as the further development of professional support services in Innovation Management for these enterprises.

In 2006 the IMP³rove project was launched with the objective to provide an online self-assessment for benchmarking Innovation Management performance. Very quickly it became obvious that a thorough and value-adding assessment tool would require professional support for SMEs in improving their Innovation Management performance. Therefore, IMP³rove support services now also include the consulting and coaching of SMEs for better Innovation Management. To address the need for consistent support in Innovation Management, IMP³rove initiated trainings in the IMP³rove Approach in 2007 and in Innovation Management in general in 2008. This was the starting point of the concept of the IMP³rove – European Innovation Management Academy. In 2010 the curriculum and certification scheme of the IMP³rove – European Innovation Management Academy was developed and implemented. This curriculum covers both Innovation Management and Innovation Management consulting topics.

Figure 1: Short History of IMP³rove

SHORT HISTORY OF IMP³ROVE

- 2011 more than 3,000 SMEs have benefited from the IMP³rove Assessments and related services
- 2011 almost 500 IMP³rove Consultants are trained in the IMP³rove Approach
- 2010 IMP³rove has been adopted on all continents
- 2009 the European Commission launched IMP³rove II with the aim to establish the IMP³rove – European Innovation Management Academy and to develop a sustainability concept for IMP³rove
- 2008 IMP³rove Assessment is a European pre-standard documented in the CEN Workshop Agreement CWA 15899
- 2008 IMP³rove receives the Europe INNOVA Award “Best Innovation Tool”
- 2008 more than 1,500 SMEs have successfully completed the IMP³rove Assessment and benefited from the IMP³rove consulting workshops
- 2007 the IMP³rove Assessment is available in 5 European languages
- 2006 going live of the IMP³rove online platform
- 2006 Initiated by the European Commission, DG Enterprise and Industry

Lessons learned and insights from the development and implementation of the various IMP³rove services were published on a regular basis (see also Appendix 7). All these publications are available for download at: https://www.improve-innovation.eu/sme/valuable-links/publications/.

During the past years IMP³rove has developed a comprehensive suite of Innovation Management support services for the development of highly effective IMP³rove powered Innovation Management ecosystems.
With the IMP³rove – European Innovation Management Academy the services developed within the IMP³rove project will be offered on a sustainable basis. Thus the IMP³rove - European Innovation Management Academy will contribute to better quality of Innovation Management consulting services across Europe and beyond on a continued basis. It will increase the transparency of the quality of Innovation Management support services for SMEs. It also aims at further developing the market for Innovation Management consulting, coaching and mentoring. Experience during the last years clearly show that enterprises do gain competitiveness if they can achieve better Innovation Management results either with professional support from outside or with better qualified internal resources. Hence the demand for high-quality Innovation Management consulting services is emerging both from enterprises as well as from the public sector.
4. Emerging Demand in Innovation Management Consulting Services for SMEs

Innovation Management consulting services are crucial to increase the proficiency of Innovation Management in SMEs. In addition, innovation in SMEs has become more complex and requires a variety of managerial capabilities. As discussed in the following chapters, there is an emerging and increasing need for high-impact consulting services for Innovation Management in SMEs. The following chapter describes how this demand emerges at the interplay of the variety of actors involved in the innovation ecosystem. First, it highlights the fact that SMEs need a systematic approach to Innovation Management. Many SMEs do not yet fully understand the importance of Innovation Management as a driver of long-term competitiveness; therefore, the average SME needs Innovation Management support. Second, we will describe different mechanisms that create the demand for Innovation Management consulting services in the innovation ecosystem, such as active promotion of free services via innovation policies. Third, we will provide detailed insight into the variety of services and approaches offered by private and public consultants to address the needs of SMEs for higher proficiency in Innovation Management and to increase demand for Innovation Management consulting services. Existing trends in the Innovation Management consulting market also put pressure on private actors in the Innovation Management consulting market. To conclude, this chapter presents success factors for meeting the emerging demand in Innovation Management consulting services.

4.1 Innovation Management Consulting Services for SMEs: Still Strongly Needed

IMP³rove has provided the evidence\(^3\) that higher proficiency in Innovation Management helps SMEs outperform their peers in terms of profitable growth. However, neither the impact of Innovation Management nor the role of Innovation Management consultants in improving Innovation Management in SMEs is well understood in many SMEs in Europe. For this reason, the intrinsic demand for Innovation Management consulting services is not yet self-sustainable. Nowadays, the demand is often created by other actors in the innovation ecosystem, mostly by public support. High-quality Innovation Management support services are therefore needed to effectively help enterprises improve their position and stay competitive. A high proficiency on Innovation Management and its support is therefore critical.

4.1.1 THE PERFORMANCE GAP IN MATURE SMEs IN EUROPE

SMEs are the backbone of the European economy in terms of job creation and economic growth. Europe’s SMEs are exposed to a range of competitive challenges, such as globalization, increased research and development (R&D) costs and continuously shortening development life cycles, just to name a few. SMEs in Europe do not just encompass young SMEs; many European SMEs are family owned and have been established for more than a decade.

A closer look into the IMP³rove database highlights that mature SMEs are less agile than young SMEs. They grow at a slower pace in terms of both income and the number of employees, and they achieve a lower profit margin than their younger peers.

While young SMEs from the age group of two to 15 years achieve an average income growth rate of 27.4%, mature SMEs that have been established for more than 15 years grow with an average yearly growth rate of 8.6%. In addition, they show lower activity in innovation (see Figure 3).

One might assume that these older SMEs have achieved a level of size where, by nature, their growth rate has slowed down. However, a closer look reveals that a large share of older SMEs have stayed small.

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\(^3\) Insights in Innovation Management, Europe/INNOVA paper 10, 2008; IMP³rove II Innovation Management in High-Growth SMEs from the Knowledge-intensive Services (KIS): Setting the Pace for Growth in Europe, 2010; IMP³rovew II Study: Gaining Competitiveness with Innovations beyond Technology and Products: Insights from IMP³rove, 2011
Figure 3: Average Yearly Firm Performance (Young versus Old SMEs in the Sample)

Figure 4: Number of Firms per Size Class (Comparison of Young and Old SMEs in the Sample)
As shown in Figure 4, more than 50% of SMEs that have been established for more than 15 years have fewer than 100 employees. More than 20% of these older SMEs employ between five and 20 people.

Mature SMEs grow much more slowly. When comparing the income growth of different sizes and age classes, IMP³rove highlights that mature and small SMEs with an age older than 15 years and with fewer than 100 employees show a much slower growth rate than their young peers with an age of two to 15 years of the same size classes.

Figure 5 highlights the growth gap between old and young SMEs in the size class of five to 20 and 21 to 100 employees. SMEs with an age of 15 years or younger in the smallest size class (five to 20 employees) grow with an average yearly income growth rate of 30.6%. In contrast, the older peers of the same size class being older than 15 years grow with a yearly growth rate of only 8.3%. The same situation is prevalent for size class 21 to 100 employees. Young SMEs in this size class grow at a rate of 24.1% while older SMEs that have been established more than 15 years ago grow only 8.1% in income per year.

One might assume that the growth gap results from little innovation activity in mature SMEs. IMP³rove reveals that mature SMEs do innovate and manage to generate income from innovation launched no longer than three years ago. However, their innovation activity is lower than that of young SMEs. This suggests that mature SMEs are struggling to link innovation to value growth and capture the value from innovation activities (see Figure 6).

Comparing SMEs with five to 20 employees highlights that young SMEs—with an age between two to 15 years—show a much higher innovation activity than older SMEs that have been established for more than 15 years. Young SMEs achieve a yearly share of income from innovation of about 42%. On average, older SMEs generate a share of innovation income of only 27%. Indeed, old SMEs cannot keep up with the innovation agility of really young and small SMEs, which by nature generate most of their income from innovations. Overall, IMP³rove data indicates that older SMEs are less active in innovation and achieve a lower income share from innovation across all size classes. Further, they have difficulties in linking their innovation to income growth and profit growth.

Indeed, profit growth is a key issue for older SMEs that have been established for more than 15 years. In particular, older SMEs that have stayed small and employ between five and 20 people achieve little
growth in profits. Although they have managed to survive and have become profitable, their growth rate is rather low, so they have little financial buffer to reinvest and organically grow.

As shown in Figure 7, young and small SMEs—the typical start-up business—are struggling to survive. On average, small SMEs with five to 20 employees and an age of less than 15 years show a negative profit growth. In contrast, larger SMEs with an age between two and 15 years have achieved stability and show a yearly profit growth rate of 4.7%. In contrast, older SMEs of the same size category—21 to 100 employees—grow at a rate of only 1.2%.

To conclude, there is a significant performance gap in mature SMEs, especially in those ones that have stayed small over time and are from the two smallest size categories: five to 20 and 20 to 100 employees. They are not in a competitive position. One of the reasons is that they lack the capability to turn their innovation activities into profitable growth. As shown in the following chapters, they lack the capability to manage innovation and are flying blind.

4.1.2 LACK OF SYSTEMATIC INNOVATION MANAGEMENT IN SMES

Innovation studies performed by the IMP³rove Global Coordination Team since 2006 revealed that proficiency in Innovation Management allows SMEs to achieve sustainable performance. Growth champions—those SMEs that show a higher growth rate in terms of income, profit and number of employees—rely on systematic Innovation Management at strategic, operational and cultural levels. To survive in today’s highly volatile innovation landscape, SMEs need to create a continuous flow of new ideas and require managerial capabilities to turn these ideas into profitable growth. The IMP³rove publication in 2011 highlighted that innovation in SMEs is not just about high-tech products and new technologies; innovations in services and new business models are just as important. There is empirical evidence of the interrelation of a systematic and holistic approach towards Innovation Management and profitable growth. To turn innovation expenditures into profitable growth, SMEs need to address all dimensions of Innovation Management at strategic, operational

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4 IMP³rove II Innovation Management in High-Growth SMEs from the Knowledge-intensive Services (KIS): Setting the Pace for Growth in Europe, 2010; IMP³rove II Study: Gaining Competitiveness with Innovations beyond Technology and Products: Insights from IMP³rove, 2011

5 IMP³rove II Study: Gaining Competitiveness with Innovations beyond Technology and Products: Insights from IMP³rove, 2011
and cultural level including the innovation enabling factors. One of the key prerequisites for a systematic Innovation Management is an innovation strategy to guide a firm’s innovation activities.

However, many of the laggards among European SMEs—those that have stayed small although they have been established several years ago—are not strategically managing their innovations. Only a small percentage of older SMEs have developed and documented innovation strategies that detail their roadmap for future growth through innovation. However, those SMEs that grow faster among the laggards and achieve a higher income from innovation are more diligent in their innovation planning. Older SMEs that have been established for more than 15 years and have an innovation strategy in place generally grow at a yearly pace of 9.5% in income growth. In contrast, those that are in the “blind flight” and do not have an innovation strategy grow only 5.8% on average.

IMP³rove database analyses provide further evidence that a high percentage of SMEs really are flying blind. They have no transparency about the impact of their Innovation Management activities and do not systematically engage in managing their innovation activities. Many SMEs do not define specific performance indicators for individual innovation projects and do not measure the impact of their Innovation Management activities throughout the innovation value chain. Fewer than 40% of the SMEs in the IMP³rove database define project-specific parameters, such as time to market or time to profit. An even smaller number of SMEs have a clear understanding of their performance regarding idea management or formal processes for developing innovations. The lack of a systematic approach for managing innovation is even more prevalent for innovations related to new business models or organisational innovations. In 2011, fewer than 10% of the SMEs had a formal process for developing process, organisational and business model innovations. IMP³rove also highlights that SMEs regularly struggle with systematically managing the front end of the innovation life cycle covering the generation and selection of new ideas. New ideas are usually generated in an unstructured manner and are not guided by an overall innovation strategy. About 70% of SMEs have not developed and documented an innovation strategy (see Figure 8).

4.1.3 SHOWING SMES THE BENEFIT OF SYSTEMATIC INNOVATION MANAGEMENT AND INNOVATION MANAGEMENT CONSULTING SERVICES

IMP³rove provides empirical evidence of SMEs’ lack of a systematic approach towards Innovation Management...
Management. In addition, discussions with associated IMP³rove consultants underscore the lack of awareness towards the importance of Innovation Management in SMEs. SMEs regularly believe that innovation is about the success of one individual innovation project. The "mental model" of innovation that is dominant among SMEs is that innovation is about one successful idea that has been sold to one customer. SMEs do not pay attention to the importance of other dimensions of Innovation Management and the impact on a sustainable business performance. Associated IMP³rove consultants regularly report that convincing SMEs about the importance of a systematic approach towards Innovation Management is not an easy task. IMP³rove consultants report that currently only very few SMEs are preparing action plans that allocate efforts towards the development of managerial capabilities for innovation in the areas of innovation strategy, organisation and culture, innovation life-cycle processes and innovation-enabling factors. However, this lack of awareness is not the result of insufficient information about the importance of innovation at SMEs. Discussions with IMP³rove partners showed that SMEs increasingly receive information about innovation from a variety of sources, such as media and conferences. This is only slowly causing a change in SMEs. It still needs to increase the understanding of the importance of Innovation Management and Innovation Management consulting services for competitiveness. The importance of a systematic and holistic Innovation Management for SMEs’ competitiveness has to be highlighted. Discussions with IMP³rove partners suggest that governmental innovation programmes are needed to sufficiently convey the relevance of Innovation Management and Innovation Management consulting. They need to address the specific needs of SMEs. For example, the need for Innovation Management consulting in young entrepreneurial firms differs significantly from that of established and family-owned organisations. The number of SMEs has to increase that have a deep understanding about the importance of Innovation Management. They need to experience the benefit of external consulting support for SMEs that want to build their internal capabilities for managing innovations with sustainable impact.

The impact of external support service providers unfolds after the SME has gone through a structured process covering the analysis of the SME’s Innovation Management and after it has received the first consulting services. IMP³rove discovered evidence for this need for Innovation Management consulting while investigating the impact of the implementation of the IMP³rove consulting workshops in the so-called IMP³rove field test in 2008 and 2009. First, SMEs completed the online IMP³rove assessment with the support of a trained IMP³rove consultant and received the IMP³rove benchmark-
In a follow-up workshop, the IMP³rove consultant discussed strengths and weaknesses with the SME manager and developed a high-level roadmap to improve the SME’s Innovation Management performance. Indeed, many SMEs didn’t see the full value of the external consultant when they started the journey towards a higher proficiency in Innovation Management. However, short-term feedback after the first consulting workshop uncovered the benefit of external support for Innovation Management. Nearly all 829 SMEs that provided short-term feedback stated that the consultant had customized the services to their needs.

In addition, only 10% indicated that they would not continue to work with the consultants. In other words, more than 800 SMEs saw the potential for continuing the collaboration with an external advisor. Some SMEs also participated in a long-term evaluation of the impact of the consulting services after 12 months. Out of 94 SMEs that assessed their Innovation Management performance via IMP³rove and were supported by an IMP³rove consultant, 74% showed a highly positive response towards the impact of Innovation Management consulting services. One year after the completion of the IMP³rove consulting workshop, they stated that the recommendations of the IMP³rove consultant had a significant impact on their company’s business (see Figure 9).

These results underscore the value of high-quality Innovation Management consulting services for SMEs. These consulting services can significantly shape an SME’s business performance. The need for Innovation Management support regularly unfolds after the SMEs have first gained experience with consultants who take a holistic and systematic perspective toward Innovation Management—thus creating value for the SME.

Interviews of consultants associated with IMP³rove support the need of SMEs for professional support in Innovation Management. A survey of IMP³rove consultants associated with IMP³rove performed in 2011 indicates that more than 80% of consultants who participated in the survey consider Innovation Management a very valuable service for SMEs. However, these consultants also reported that SMEs are rarely willing to make a financial investment in Innovation Management consulting services. Even if SMEs invest in support services, they tend to use only a little of their own money (service fees equalling the workforce costs of less than four working days).

**4.1.4 EXTRINSIC DEMAND FOR INNOVATION MANAGEMENT SUPPORT IN SMES**

The need for Innovation Management support services is indisputable; however, there is only very

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*IMP³rove online survey in 2011 based on 35 consultant feedbacks, performed by the IMP³rove Global Coordination Team*
little intrinsic demand for Innovation Management consulting. Public actors and public agencies try to stimulate demand for Innovation Management consulting because they are aware of the need for professional Innovation Management in SMEs. Indeed, publicly supported activities and public programmes in the area of SME innovation play an increasing role in stimulating demand for Innovation Management consulting.

Discussions with IMP³rove partners highlighted that many privately owned consultants see public grants as an important trigger for winning assignments with SMEs. Publicly supported Innovation Management consulting services offer SMEs the opportunity to benefit from these services—usually limited to a small number of consulting days—without investing the SMEs’ own money. Thus, consulting services on Innovation Management that are publicly supported are more regularly requested. The IMP³rove project revealed that there is a range of regional and national programmes that offer free or subsidized Innovation Management consulting services. Public actors offer these subsidized Innovation Management consulting services for at least two reasons: First, SMEs may become aware of the importance of Innovation Management and take action in the area of Innovation Management. Second, these free consulting services may also present an opportunity for SMEs to request follow-up consulting services. For example, a free-of-charge assessment and a first follow-up consulting workshop have triggered SMEs to invest time and, depending on the design of the support policy, also money for follow-up Innovation Management consulting services.

Some public agencies go one step further and include Innovation Management support services in programmes and public grants for research and development activities or other project-specific support services that are of high value for SMEs. Many SMEs regularly seek access to financial support for individual innovation projects. Policymakers combine these support programmes designed for individual innovation projects with measures to increase the proficiency in Innovation Management of those SMEs applying for project-focused innovation support. This ensures that public money spent in the area of research and development is actually turned into value. Thus, in some new public programmes in countries such as France, Hungary or Ireland, SMEs are required to provide evidence of their proficiency in Innovation Management before they receive funding for their R&D projects. Here, the demand for Innovation Management support services is triggered externally. For example, services such as an Innovation Management assessment to analyse the Innovation Management capabilities of SMEs are a mandatory element in the application process. In France, two public institutions use the IMP³rove services in the decision processes for allocating grants for innovation projects to knowledge intensive SMEs in the energy sector.

Because of the importance of public support in the area of Innovation Management consulting in SMEs, some of the IMP³rove-associated consultants take an active part in the discussion in policymaking in the area of regional, science and technology or enterprise policy. Consultants from various countries suggest an integration of Innovation Management support in public support programmes, such as via innovation vouchers. Such policy measures can address the need for Innovation Management support in SMEs.

### 4.2 Addressing the SME Needs: Offerings of Innovation Management Service Providers

IMP³rove highlights a variety of consulting services in the area of Innovation Management that address SMEs’ need for Innovation Management consulting. These services are offered by both private and public organisations. Recent trends in the area of Innovation Management consulting services show that publicly supported organisations become more active and move from awareness-building toward impact-oriented Innovation Management consulting services—a trend that puts privately owned consultancies under pressure to move further to high-value consulting services.

#### 4.2.1 THE VARIETY OF SERVICE OFFERINGS OF INNOVATION MANAGEMENT CONSULTANTS

Organisations that provide Innovation Management support services to SMEs are very diverse and offer a vast array of services. They vary in terms of size, age and areas of expertise and in the tools and methods they use. The IMP³rove network shows that trade associations, chambers of commerce, regional business development agencies, research institutes, business schools and others are also active in Innovation Management support services.
About 600 innovation support service providers are associated with IMP³rove. Services offered by these organisations can be classified as follows:

- **Innovation Management consulting services**, consisting of special and targeted innovation support services, such as consulting for improving the SME’s innovation strategy, innovation organisation and culture and innovation life cycle management processes
- **Innovation enablers**, which include offerings regarding expertise on specific topics that enable innovation targets to be reached: project management related to innovation projects, financing, human resources, and risk management, intellectual property rights, knowledge management
- **General management consulting services**, focusing on business planning, strategic planning, controlling, organisational and cultural issues

In addition, associated IMP³rove partners present additional fields of activity in their service profile that complement these three groups of services and classify as other special services in Innovation Management. Examples of these special services, which were mentioned more than once in the service profile of associated IMP³rove partners, are business modelling and business development, training and coaching, market research, Innovation Management software development and information management, technology management and quality management. These lists underscore the diversity of service offerings included in Innovation Management consulting.

Figure 10 provides an overview of services offered by consultants that are registered on the IMP³rove platform based on their individual profiles. “Innovation strategy” is the most dominating service offering among the IMP³rove consultants. Out of 568 consultants, about 70% state that they offer innovation strategy consulting services in their service portfolio. This suggests that consultants consider innovation strategy an important area in which they have built expertise over time and where they see a great need and opportunity for future demand (or demand creation) in Innovation Management in SMEs. Given the results from the IMP³rove database
showing less than 30% of SMEs having an Innovation Strategy, there certainly is a need. In contrast, only 20% of the IMP³rove consultants show expertise in the area of intellectual property rights.

In addition, associated IMP³rove partners present additional activities in their service profile that complement the above mentioned three groups of services and classify as other special services in Innovation Management.

Figure 11 provides an overview of other services offered by Innovation Management service providers. They range from areas such as change management to corporate finance and business modelling. At the same time, it highlights the fragmentation of Innovation Management consulting services and of the terminologies used to describe different service offerings.

4.2.2 PRIVATELY OWNED INNOVATION MANAGEMENT CONSULTANTS UNDER PRESSURE

The landscape of Innovation Management support covers both privately owned and public service providers. IMP³rove shows that there are also hybrid forms among Innovation Management support organisations, such as public-private partnerships and non-profit organisations. In addition, intermediary organisations have become active in the area of Innovation Management support and consulting services. A closer look into the IMP³rove-associated network partners reveals that private consultants are under pressure. Publicly supported consultants and intermediary organisations are changing their services portfolio and actively entering the Innovation Management consulting business.

Figure 11: Other Fields of Activities of Associated IMP³rove Consultants (Based on 568 consultants; IMP³rove Global Coordination Team; Status as of September 2011)
As shown in Figure 12, 84% of associated IMP³rove consultants classify themselves as privately owned consulting companies. The remaining 16% represent a mix of public organisations and non-profit support service providers, such as research organisations, trade associations, chambers of commerce, technology transfer centres and universities.

A closer look reveals that the line between private and public is blurry. When looking into the service offerings of 568 associated IMP³rove consultants, data reveals a high similarity among both groups. This highlights that private and public support consultants compete with similar service portfolios. Assuming that many publicly supported organisations offer their services at a lower price (or even for free), private consultants can hardly compete on price and need to focus even more on value-creating services to win clients (see Figure 13).

In addition, intermediaries active in the area of technology and innovation—such as chambers of commerce, technology transfer centres, cluster organisations, industry associations, innovation and regional development agencies and many more—have moved from information services and awareness-creating activities toward innovation support and consulting services for SMEs. However, these intermediaries are regularly publicly supported and usually do not perceive themselves as consultancies.

Out of 81 organisations that are registered as intermediaries on the IMP³rove platform, 47% represent public organisations; 39% are privately owned organisations, such as private associations, private business schools and knowledge institutions; 14% are privately owned but receive public funding from governmental sources. Thus, 60% of IMP³rove intermediaries are publicly supported organisations (see Figure 14).

Intermediaries associated with IMP³rove offer various support services for Innovation Management and in related topics, such as technology transfer and networking.
Figure 13: Service Profile – Comparison of Private versus Public Organisations\(^9\) (IMP\(^3\)rove Global Coordination Team, Status as of September 2011)

Figure 14: Classification of IMP\(^3\)rove Intermediaries by Type of Organisation (Status as of September 2011)

\(^9\) IMP\(^3\)rove Core Team 2011; Based on 568 consultants registered in the IMP\(^3\)rove platform
Figure 15, 75% of the registered IMP³rove inter-
mediaries consider Innovation Management sup-
port services as their main field of activity. In this
field, they report a strong expertise in innovation
assessments, trainings and workshops in Innova-
tion Management, as well as innovation financ-
ing. The second most important field of activity of
these intermediaries is technology transfer. Here,
67% of intermediaries report a strong expertise
in transferring technological knowledge, methods
of manufacturing or skill transferring to different
types of organisations such as SMEs, universities
and governmental entities with the goal of ensuring
further scientific and technological developments.
To support them in the start-up phase of their new
venture, 57% of intermediaries offer services to
knowledge-intensive or technology-oriented start-
ups such as workshops and trainings.

Figure 15: Services Offered by Intermediaries based on the IMP³rove Platform
(Status as of September 2011)

Figure 16: Services Offered by Intermediaries by Type of Organisation based on
the IMP³rove Platform (Status as of September 2011)
As shown in Figure 16, 87% of public organisations among the IMP³rove intermediaries offer Innovation Management support services. Interestingly, only 63% of intermediaries that are privately owned state that they are offering support services in the area of Innovation Management. Publicly supported intermediaries show a higher activity in services for entrepreneurs and start-ups: 74% of publicly supported intermediaries associated with IMP³rove offer trainings and workshops for entrepreneurs, while only 41% of private intermediaries offer start-up support.

These results underscore that intermediaries have realized that Innovation Management consulting services are crucial for SMEs in Europe. Thus, they have moved away from concentrating on traditional intermediary services, such as information days and networking in the area of technology transfer, and take a more active position in Innovation Management support. In particular, publicly funded intermediaries have the opportunity to address the need for Innovation Management consulting via free-of-charge services offerings.

IMP³rove covers intermediaries from various countries. One might assume that, in some countries, intermediaries might have more actively shifted towards Innovation Management support services when compared to other European countries. A large proportion of IMP³rove intermediaries can be found in France, Spain, Finland, Germany, Italy and the United Kingdom. Data from the IMP³rove database indicate that intermediaries in Finland, Italy and Germany are very active in Innovation Management support services. In these countries, the pressure on private consultants is high. Here, intermediaries can offer subsidized services in the area of Innovation Management consulting, and thus, they can stimulate and impose the demand for Innovation Management consulting. In addition, intermediaries can leverage their existing relationships with their SMEs and offer customized Innovation Management consulting services.

In all countries, Innovation Management support services score very high. In Finland, the focus on Innovation Management workshops is very high; in Italy, the network services play a major role. There, however, Innovation Management workshops are less frequently offered by intermediaries. In the United Kingdom, the intermediaries put strong emphasis on Innovation Management support, innovation assessments and technology transfer. Germany has a more equal spread across the various services. In all countries, innovation financing offered by intermediaries ranks rather low. Spain shows the highest percentage with 11%.

Surprisingly, workshops and trainings seem to play a rather limited role in most countries, except for Finland, which scores highest in workshops and trainings for knowledge-intensive service companies and for Innovation Management workshops. These workshops and trainings are powerful means of creating awareness and educating SME managers to understand how Innovation Management is influencing their business performance (see Figures 17, 18 & 19).

Analysing this overview of services offered by intermediaries is often driven by public programmes as well as by the strategic objectives that these organisations have. Competition among various Innovation Management support service providers should yield higher service quality and therefore higher impact on the innovation performance and competitiveness of the SMEs as the beneficiaries and customers for these services. It is expected that high value-adding will increase SMEs’ demand for these innovation support services.

4.3 Creating Demand for Innovation Management Consulting Services

IMP³rove provides insights that indicate key players in the innovation ecosystem can increase the demand for Innovation Management support. There are very different sources: investors and customers of the SMEs, competitors or innovative policies for Innovation Management support. Role models of an industry and frontrunners in the SME’s business can also create the demand for Innovation Management consulting in order to catch up with the leaders.

4.3.1 FINANCIAL ACTORS CREATING DEMAND TO STRENGTHEN THEIR PORTFOLIO

Financial actors strive to increase the value of their investments. Innovation Management is a key driver for achieving this value growth. In the past, financial actors relied on traditional measures such as cost cutting and financial engineering to achieve value growth. In recent years, IMP³rove has shown that financial actors begin to understand the value of Innovation Management as a growth driver. One of the key objectives of financial investors is to increase the value of their investment. Therefore, Innovation Management becomes a powerful lever when managing the investment portfolio for increasing value. Financial actors are seeking professional support to develop their portfolio companies. Innovation Management consultants become
Figure 17: Distribution of Services by Intermediaries by Country (IMP³rove Database; Status as of September 2011)
important partners in the various phases of the investment cycle. During due diligence, a consultant can use the IMP³rove assessment to assess the potential for value creation from better Innovation Management. Once the company has been integrated into the investor’s portfolio, the Innovation Management consultant can help exploit the value potential. It is an extrinsic demand at SMEs for high-impact Innovation Management consulting services. Access to qualified Innovation Management consultants helps investors reduce their investment risk.

IMP³rove has provided some case examples of the value of Innovation Management consultants for portfolio and fund management. In one case,
a German financial actor applied IMP³rove to support the management of its mutual investment fund. With the support of an accredited IMP³rove consultant and expert in Innovation Management, strengths and weaknesses of the SME’s Innovation Management were revealed. For example, results showed that the SME lacked the capability to innovate and would need a solid stream of innovation that must come from both external and internal resources. Leveraging the capabilities of strategic partners for innovative value propositions was defined as an important measure to create value. Concrete action plans were developed in partnership with the IMP³rove consultant in order to grow the firm of the investment fund. In this case, the investment fund created the demand for external Innovation Management consulting services for the SME. Another case example where financial investors were involved is presented in Chapter 5.
For financial actors IMP³rove offers support in identifying innovative SMEs and in improving the Innovation Management capabilities of the SMEs. These SMEs might apply for loans or financial investment. They might be already in the portfolio of the financial actor or become part of the portfolio. For financial actors it is of value to know whether the SME qualifies as innovative company for which guarantee programmes are available to reduce the investment risk for the financial investor.

Financial actors can also directly manage their portfolio via the IMP³rove platform and also invite an IMP³rove trained consultant to perform an assisted IMP³rove Assessment with one of their portfolio companies and provide Innovation Management consulting services to the portfolio company.

4.3.2 SME CUSTOMERS CREATING DEMAND TO IMPLEMENT INNOVATION IN THE VALUE CHAIN

In many industries, SMEs are not directly exposed to the end consumer but are positioned at the front end of the value chain. Often, the SMEs' customers are large clients. In the past, these large firms were perceived as the dominant force in innovation. Today, we see a shift toward the locus of innovation along the value chain. When innovating, large firms reduce their own innovation efforts and purposely involve other actors up and down the value chain. They move from "build to print" to "collaborate to innovate." As a result, the nature of existing and new supplier relationships has changed. In the past, relationships were characterized by transactions; today, relationships are more about innovation. Because innovation is more risky and uncertain, managerial capabilities of innovation are important. As a natural step, SMEs' customers pay more attention to the Innovation Management capabilities and request SMEs to be proficient in managing innovation at strategic, operational and cultural level. As part of their supplier and partner management, they ask for transparency of the SME's Innovation Management performance and continuous improvement of the SME's Innovation Management. External and in-house Innovation Management support and consulting plays an important role in providing transparency and helping the SMEs continuously improve their Innovation Management performance.

The IMP³rove assessment has been successfully applied in evaluating suppliers’ Innovation Management. Both, the SME supplier and the customer gained new insights on the strategic focus in Innovation Management as well as in operational activities. In one case example the customer better understood the areas where their supplier is currently looking for new solutions. During the completion of the IMP³rove assessment, the customer also learned about the supplier’s Innovation Management processes, and where they could provide new ideas in the idea management process of their suppliers, deepening the supplier/customer relationship. The role of the Innovation Management consultant in a supplier IMP³rove assessment is to facilitate the process, manage expectations and to ensure a constructive discussion on innovation topics where both parties will benefit from.

For supplier-driven Innovation Management IMP³rove offers support to enterprises who wish to evaluate their supplier base in terms of Innovation Management capabilities. This supplier Innovation Management assessment can be performed for existing suppliers or for potential suppliers.

4.3.3 POLICYMAKERS STIMULATING DEMAND BY INCREASING THE PROFICIENCY OF INNOVATION MANAGEMENT CONSULTING

As pointed out above, policymakers play a crucial role in stimulating the demand for Innovation Management consulting and support services. Recently, public programmes pay more attention to managerial aspects of innovation. For example, they include Innovation Management in the application process for research and development grants to ensure that project-related funding is allocated to SMEs with a high proficiency in Innovation Management. IMP³rove has highlighted that the impact and success of such public support programmes also hinges on the mechanism to select the right external consultant and support service provider. In addition, the qualifications of the support service providers that are entitled to act as Innovation Management consultants influence the impact of the public programme.

The implementation of Innovation Management processes in SMEs requires that the right approaches be carried out by Innovation Management consultants who have both the expertise and the right tools. The consulting service providers need to be at least T-shaped. Specialized knowledge in a specific area of Innovation Management, such as innovation financing or other innovation enabling factors, is not enough. General knowledge in all dimensions of Innovation Management – ranging from strategy, organisation and culture, innovation lifecycle processes and enabling factors to innovation results – is required and should complement their specialized expertise. In addition, consultants who work with SMEs must be proficient in designing and delivering consulting services in an impact-oriented...
manner. Solving problems in Innovation Management is not a trivial task and requires capabilities in systematic problem-solving, in consultant relationship management and the ability to customize Innovation Management support services toward the SME’s needs. Policymakers that develop the capabilities of Innovation Management support service providers and ensure continuous quality management can achieve a higher acceptance of their programmes, higher impact and higher satisfaction from SMEs. Satisfaction and positive experience with an Innovation Management consultant can further stimulate real demand for Innovation Management support services by SMEs.

For policymakers IMP³rove offers both support in the design of effective innovation support programmes and a proven approach as basis for their voucher schemes stimulating innovation and competitiveness of SMEs. With international and national benchmarking of Innovation Management, professional support for developing the Innovation Management capabilities of SMEs to increase their competitiveness and thus contribute to social value IMP³rove increases the effectiveness of these voucher programmes.

4.3.4 ROLE MODELS, FRONT-RUNNERS AND COMPETITORS TRIGGER SMES TO TAKE ACTION

Financial actors, customers and policymakers are not the only players that trigger SMEs to take a serious step towards improving their Innovation Management and working with Innovation Management consultants. Role models and front-runners both in the own industry and in related industries also prompt SMEs to take action. If competitors outperform their own firm and have significantly improved their business performance, SMEs are usually curious to learn how they keep up with the competition. Champions within their own industry—those with the highest profitable growth from Innovation Management—represent an important role model for the SMEs’ managerial practices of innovation. IMP³rove showed that if SMEs identify that there is a significant gap between their own firm’s Innovation Management performance and the performance of the top firms in their industry, then SMEs start thinking about concrete actions more seriously. In addition, transparency about the performance gap can stimulate the demand for external support from an Innovation Management consultant. External experts create an objective view of SMEs’ Innovation Management performance and play an important role in helping SMEs catch up with the competition. Besides role models and front-runners in their own competitive environment, the trigger to work with an external Innovation Management consultant may also result from good practice examples in a related industry. Indeed, manufacturing firms can be inspired to take action in Innovation Management by firms in the services sector. IMP³rove offers the opportunity for such cross-industry benchmarking, which can trigger a change in the SME’s Innovation Management. In addition, Innovation Management consultants often have experience in various industries and thus can provide insights into the leading practices of front-runners from various sectors.

IMP³rove offers those who take the role of front-runners, such as cluster managers or trade associations support in designing the best way to effectively involve SMEs in their activities to stimulate innovation and competitiveness. IMP³rove Contests and Awards are an effective approach to mobilize many SMEs and give them a platform to present their Innovation Management capabilities.

4.4 Success Factors for Meeting Demand

Innovation Management consultants demonstrating good practices are well prepared and informed about the clients’ context. They provide SMEs with a good understanding about Innovation Management before starting to assess their performance. Examples of success factors are:

- Face-to-face interaction
- Customization of support services
- Long-term relationship building
- The consultant’s capability in complex problem solving and value delivery

Personal interaction and face-to-face service delivery were key success factors for consultants working with IMP³rove. Consulting services should be offered through face-to-face meetings. As the case examples in the following chapters highlight, personal discussions create interest at the SME to gain more value from improvement measures. Face-to-face interaction builds trust, which is a key prerequisite for high-impact Innovation Management consulting.

Successful consultants are aware of the relevance of customized consulting services. With customized approaches, IMP³rove consultants prepare for the discussion with the SME, taking into account the relation between the different dimensions in Innovation Management, and address potential root causes. In turn, they take the opportunity to start developing potential improvement measures with
the client by preparing a customized action plan with clearly defined targets and key performance indicators (KPIs). In doing so, consulting companies are forced to adapt themselves to the SMEs’ needs. This requires diverse Innovation Management tools and techniques to give SMEs a visible competitive edge. The consulting process must be efficient and customized to be in line with the SME’s ambition, time, budget and other resources, without neglecting follow-up activities with clients.

Long-term relationships and regular follow-up meetings have proven their value; Innovation Management consulting services should focus on value-creation for the SME. This type of practice should be more widely spread among Innovation Management consultants for meeting SMEs’ expectations of high-value consulting services. Successful consultants propose a compelling consulting value proposition and implement it in an impact-oriented manner.
5. Meeting the Current Demand of SMEs for Innovation Management Consulting Services

SMEs are often reluctant to hire Innovation Management consultants. There is insecurity about what Innovation Management actually is, what impact it has on the company’s business performance and how it can be improved. Then there is the question of what impact and benefit an Innovation Management consultant might have for helping improve performance. The following chapters describe the dimensions of Innovation Management and explain how an experienced, professional Innovation Management consultant can effectively support SMEs. Case examples illustrate the impact of high-value Innovation Management consulting.

5.1 The Dimensions of Innovation Management

Innovation Management consulting is far more than supporting SMEs in applying for public grants or in transferring technology. Innovation Management consulting is the effective support for further developing all or selected dimensions of Innovation Management for sustainable and profitable SME growth. These dimensions of Innovation Management include:

- Innovation strategy
- Innovation organisation and culture
- Innovation lifecycle processes
- Innovation enabling factors
- Innovation results

In the A.T. Kearney House of Innovation, these dimensions are integrated in a systematic manner. The A.T. Kearney House of Innovation is holistic in the sense that it covers all aspects of Innovation Management and all elements are interlinked. It clearly focuses on generating value and asks for performance indicators that monitor the contribution to the company’s value.

Figure 20: A.T. Kearney House of Innovation
5.1.1 SETTING THE DIRECTION WITH INNOVATION STRATEGY

The innovation strategy is based on the company’s vision, formulating what its overall aim is as an innovative player in its markets. In SMEs, this vision is often in the mind of the company’s owner or CEO but is rarely put into writing and communicated to all employees. However, those visions create the momentum and feed the persistency within SMEs to continuously innovate. The vision of Bill Gates – a computer in every household – was the basis of Microsoft’s success when it was an SME.

The innovation strategy must be derived from the company’s overall vision. The following steps must be taken for successful development and implementation:

Consultants supporting the SME in developing the innovation strategy need to help the SME understand the benefits of such an effort. Consultants, together with the SME’s management, need to assess the SME’s current situation in terms of competitive position and competitive pressure. This might result from low-cost competitors or from changes in technology or legal requirements. Equally as important as the external view of the current situation is the internal view. Consultants should ask the SME’s management for their level of ambition to leverage Innovation Management. Some SMEs have constraints regarding budgets to invest in Innovation Management. Others do not want to take too much risk with too many radical innovations because they lack the capabilities to successfully master all these innovation projects.

When the level of ambition in relation to the current SME’s situation is defined, then the consultant should help the SME management develop possible scenarios and clear plans for their future. This helps the SME managers understand the potential developments in their markets, in their industry and of their competitors. Trends are one of the driving forces for scenarios. For example, a consultant may ask what kind of impact the ageing society, the unemployment of young employees or the significant increase of cars manufactured in China might have on the SME’s business.

Based on these scenarios, the search fields and their specific focus have to be developed. If the SME is an automotive supplier, the search field e-mobility might be a key for future success. Then the next question is: What is the specific focus within e-mobility that the SME should focus on? Knowing the specific focus then helps assess the SME’s internal capabilities for developing innovations in this defined search field as well as the current project pipeline.

In the last step, the consultant helps describe the SME’s innovation strategy and document it, clearly defining the objectives of the innovation strategy and the roadmap for achieving these objectives. Part of these objectives is the improvement of the SME’s business performance. Here, the consultant can demonstrate his or her quality of service and qualification when he or she helps the SME management define the new business targets and how to reach them. Within IMP³rove consulting, the consultant has to prove the business case for developing the SME’s innovation strategy. Ideally, the consultant also explains how this innovation strategy affects the organisation and each employee.

This leads the consulting services to the next dimension of the A.T. Kearney House of Innovation: the innovation-oriented organisation and culture.
5.1.2 DRIVING THE INNOVATION STRATEGY WITH AN INNOVATION-ORIENTED ORGANISATION AND CULTURE

The defined innovation strategy must be brought to life by the SME’s entire organisation. Within leading innovative companies, innovation is not the task of the boss or of the R&D department but involves each and every employee. At the same time, Innovation Management must focus on value creation.

SMEs that initiate innovation and perceive value growth as a nice side effect are usually at the beginning of their journey to developing a strong innovation organisation and culture. Each employee needs to understand how he or she can contribute to the defined innovation strategy and how it is related to his or her job. If ideas from employees are hardly ever used for innovations, there might be a mismatch between the SME’s innovation strategy and the employees’ perception of the strategic direction of the company. An Innovation Management consultant can help close this gap.

Establishing a high-performance innovation organisation and culture requires an environment of trust that new ideas are welcome, an atmosphere of learning from mistakes rather than blaming the one who made the mistake and the willingness and leadership to take risks and reward those who took those risks. Consultants who help SMEs develop the innovation organisation and culture need to prove the benefit of such activities. For example, idea generation and idea management will become more effective and efficient when employees know what the search fields are into which their ideas need to fit. Employee motivation increases when employees see that their ideas are translated into innovation projects. This also has an impact on the overall performance of the entire innovation life-cycle management.

5.1.3 TIME-TO-PROFIT: DEFINING THE INNOVATION PROCESS (LIFE-CYCLE MANAGEMENT)

The innovation strategy defines the areas that need new ideas, which will be transformed into innovation projects that will result in new products, services or business models. For any SME, it is critical to keep the time to profit—the period between the first idea and break even—as short as possible.

Many SMEs can improve the effectiveness and efficiency of their innovation lifecycle processes with professional support. The innovation strategy pro-

![Figure 22: Patterns in Innovation Culture](image)
vides clear criteria for selecting the right ideas to be further developed. A systematic innovation pipeline management ensures that the innovation projects are in line with the growth targets and the competitive pressure as well as with available resources and capabilities to execute the innovation projects. Consultants will also support the SMEs in defining clear targets for their innovation projects in terms of time, budget and expected quality.

The entire innovation lifecycle requires a balance between investment and return on investment by reducing the time to market and the time to profit. If the SME can manage the first phases of the innovation project effectively and efficiently, then the SME will still have enough resources and time to successfully introduce the innovation in the market, while less well-managed SMEs have already exhausted their resources and often fail to reach their growth targets. The Innovation Management consultant will explain this mechanism within the Innovation Management lifecycle and will help the SME leverage it.

5.1.4 INNOVATION-ENABLING FACTORS THAT SUPPORT THE SUCCESS OF INNOVATION MANAGEMENT

The factors that enable innovation reach from information technology (IT) and knowledge or intellectual capital management to performance management, human resource management, design and project management and financing. For the individual Innovation Management consultants, it is almost impossible to maintain a high level of proficiency in all these areas. Connecting with other experts to serve the SME client in the best possible manner is not yet very common, but it creates innovative approaches in the knowledge-intensive services (KIS) sector, such as consulting.

IT and knowledge management ensure that the SME and its employees have access to the knowledge that it has already created. Even in small companies, knowledge often resides only in heads, computers or drawers – where it cannot be shared in a systematic manner. IT should facilitate easy access to the knowledge and intellectual capital for those who need it, while at the same time protect it against unauthorized access. Innovative companies have processes in place that continuously update the knowledge. Here, the added value of an Innovation Management consultant is to leverage the IT and knowledge or intellectual capital management approaches that are already in place and define the required changes and – most importantly – their impact on the SME’s overall business performance.

Knowledge or intellectual capital management will also provide transparency on the SME’s perform-
Consulting Services for SMEs

Financial performance, such as profitability (for example, price versus cost in product development, gross margin of product and cost savings in production), growth (such as market share development of own product or service versus competitive offerings, revenue growth and international coverage of the new offering) and cost control (such as actual versus planned programme cost)

Customer focus, such as percent of annual sales from new products, customer satisfaction and complaint resolution

Organisation performance, such as time to market, schedule compliance, first-time product quality and effectiveness (for example, the number of design iterations)

Innovation and learning, such as new product innovation (for example, rate of new product introductions compared to competitor), service, process or business model, technology leadership (such as number of patents, number of new technologies applied), innovation capabilities (such as skill set enhancement) and corporate learning

HR management is a powerful tool for influencing Innovation Management performance. It ensures that the company recruits the right people with the right skills. Further aspects include the compensation scheme: whether employees are compensated for new ideas or rather for preserving the current status. The Innovation Management consultant’s task here is to show the impact of including Innovation Management issues in the overall HR management. This will start with the integration of creative and entrepreneurial skills’ assessment in the recruiting process.

The consultant will also address the focus of the incentive system on innovation. The compensation and incentive systems can stimulate – or stifle – an SME’s passion for innovation. Although the focus is often only on financial compensation, leading companies are responding more and more to the individual preferences of their employees. As opposed to a one-time bonus, what is often more rewarding to an employee is access to a lab or a test stand or more flexible time that can be spent developing a new idea. The Innovation Management consultant can support the translation of the innovation strategy into HR strategies and, at the same time, further develop the innovation culture.

Design management is a powerful means for differentiating innovative products, services, processes or business models. It is more than just a modern product design. The Innovation Management consultant can enrich the innovation strategy and the SME’s brand by considering design management aspects. A special support service can be part of the design as well as an appealing look of a new offering.

By introducing superior project management skills, the Innovation Management consultant can significantly increase the innovation results. Defining time, budget and quality targets for each innovation project will help translate the innovation strategy and growth targets into actions. Thus, the organisation will be further aligned with the innovation targets. A company should not consider it a failure if an innovation project is stopped when the expected business target will not be met. Rather, such a case should be seen as an opportunity to learn for the next innovation project. Innovation Management consultants assess the project management performance of their clients and help them improve it.

Many support providers are available to help SMEs find the most suitable public funds for financing their innovation projects. These funds have the highest impact if they are spent on SMEs that already have an Innovation Management system in place that is linked to the SME’s business performance. It is not sufficient that SMEs that have received support from public funds grow in revenues and number of employees but not in profit. If they do not generate profit from their innovation, SMEs will never become independent from public support.

5.1.5 FOCUS ON INNOVATION RESULTS

Innovation Management consultants’ most prominent task is to help SMEs focus on tangible Innovation Management results. This is essential during the phase of consulting support as well as afterward, when the SME has implemented measures to improve their Innovation Management performance. Tangible results include both qualitative and quantitative outcomes. Improving an SMEs innovation culture with more management focus on Innovation Management as a qualitative improvement tool should lead to increased sales and profits from innovations and ideally in an increasing number of employees.

Innovation Management consultants, together with the SME’s management, define the achievable results right from the beginning. They take into account the company’s level of ambition in relation to
the competitive pressure, the company's capabilities and its resources. This will help create transparency, manage expectations and maintain focus on those measures that have highest impact. The following section describes key success factors for a high-value Innovation Management consulting process.

5.2 Value-Driven Innovation Management Consulting Process

Value creation in Innovation Management consulting has to take place in each step of the consulting approach for SMEs. Value from an SME's point of view is created if the support services lead to increased competitiveness and sustainable company growth. If supported by public programmes, a public interest might be if jobs or other types of societal value are created for example innovation networks strengthened. Ideally, value for both the enterprise and the policymaker is created. Recently, focus on results is increasing in the public sector. In the following section, the focus of the Innovation Management consultants' support will be on the results expected by the SMEs.

The three main steps of a value-creation Innovation Management consulting process should be:

• Client acquisition and proposal development
• Execution of consulting process
• Follow-up evaluation process

These three steps of the IMP³rove consulting process include sub-steps that have clearly defined targets and deliverables. During the first phase, the Innovation Management consultant will approach companies that are interested in further developing their competitiveness based on better Innovation Management. He or she can approach the SMEs either directly or via intermediaries such as financial actors. As the case examples show, most SMEs were not seeking Innovation Management consulting support. They either asked for general consulting services or were introduced to these services via a publicly funded programme. Once an SME shows interest in consulting services, a clearly structured proposal should be presented to describe the steps, the expected results, the deliverables and the effort required from the company.

The execution of the consulting project itself has three basic steps that follow the IMP³rove Innovation Management consulting process:

• Data collection and analyses providing the SME with insights and transparency on its main issues
• Problem-solving and definition of measures giving the SME a plan for overcoming identified weaknesses in their Innovation Management
• Implementing measures to enable SME employees to adopt the changes and continuously improve their Innovation Management

The phase of follow-up and client relationship maintenance in the IMP³rove Innovation Management consulting process supports the SME in embedding the systematic Innovation Management in their organisation. At the same time, the Innovation Management consultant will inform the SME about trends and new approaches. He or she will invite the SME to a recurring IMP³rove assessment for further developing their Innovation Management performance.

5.2.1 CLIENT ACQUISITION AND PROPOSAL DEVELOPMENT

To effectively acquire clients, consultants must first clearly identify the most promising target groups.
As experience from IMP³rove shows, clients for Innovation Management consulting services are not only SMEs but also intermediaries, policymakers and financial actors. They all have very different expectations regarding the consulting support.

Small enterprises as the direct beneficiaries of the Innovation Management consulting services often expect support free of charge. The notion that value from consulting services should be compensated in the same manner as maintenance services for the equipment is not very widespread.

Innovation Management consultants report that SMEs are reluctant to pay for professional Innovation Management consulting services. Only if the consultant offers public funding for his own Innovation Management consulting service is the SME willing to accept these services. This embeds the risk that the SME will not fully adopt the advice and the support provided by the Innovation Management consultant. It will create the question: How to increase the impact of public funding? We have also observed that consultants’ services mainly consist of supporting SMEs in applying for public funding. If this is marketed under the label of Innovation Management consulting, then it is a misleading and only too narrow definition of Innovation Management support services. The case examples provided by IMP³rove consultants illustrate that professional consulting services go far beyond support in applying for public funding. They include the definition and implementation of recommendations and actions that put the SME on the growth track.

Medium-sized enterprises often have more experience in effectively using Innovation Management consulting services. Provided the Innovation Management consultant is able to generate tangible results, medium-sized companies are willing to pay for the services, including the IMP³rove assessment, as experience has shown.

Intermediaries and policymakers who finance innovation support programmes for Innovation Management consultants’ clients are looking for maximum absorption of the public funding. This is defined by the number of beneficiaries (mostly SMEs), their capabilities to innovate and the fulfillment of defined objectives. In the context of developing SMEs’ competitiveness and innovation capabilities, the number of SME innovation projects resulting from Innovation Management support might be considered by policymakers as criterion with high impact on the company’s Innovation Management capabilities before the innovation project is launched.

Intermediaries often aim to increase their reputation as innovation support service providers. However, their targets are, in some cases, quantitative ones. Reaching hundreds of SMEs per year with a rather small team is not compatible with effective Innovation Management consulting support. This usually requires individual consulting over a number of days and often weeks, and it requires in-depth insights into the SME’s challenges. Offering the SMEs insights into where these challenges are is only the first step. Giving them support for improving their business performance in the long term requires different skills.

In some cases, intermediaries compete with the private Innovation Management consulting market. They directly support SMEs in developing Innovation Management capabilities. Being publicly funded, they are creating the expectations that these services should be rendered free of charge for the enterprises that benefit from the services. Experience shows that it is more effective to combine the skills of the intermediaries and those of the Innovation Management consultants to offer the best support for the SMEs and for maximum impact from the publicly supported programmes.

When identifying clients and their expectations, the Innovation Management consultant also needs to understand and integrate as much as possible the challenges of the enterprise with the objectives of those who are financing his or her services.

5.2.2 DEFINING THE OBJECTIVES OF THE INNOVATION MANAGEMENT CONSULTING SUPPORT

SMEs expect Innovation Management consultants to have ready-to-use solutions that have immediate impact. In reality, these standard solutions usually do not generate the desired impact. Therefore, the consultant must first manage the client’s expectations that the best solution is based on the following:

• The SME’s level of ambition
• The competitive pressure they have to face
• The probability and risk of competition from substituting technologies or services
• Availability of resources
• The SME’s ability to drive and implement the required changes

Therefore, the Innovation Management consultant will discuss these issues with the SME’s management before developing the proposal for consulting support. Creating transparency and reaching agreement on the steps that will be taken and the added value of each of these steps is essential for effective Innovation Management consulting support.

For management, understanding the basic phases of the consulting process and their expected benefit adds value.

Explaining these basic rules to the SME client is essential for building a trustful client relationship. Building this relationship on value creation rather than on efficient dissemination of public funding will improve the SME’s readiness to seek Innovation Management consulting support—and compensate the consultant for the value he or she has generated. Across Europe, this professionalization in the interaction between the SMEs and the Innovation Management consultant is developing.

Figure 25: Value Creation During All Phases of the Consulting Process

<table>
<thead>
<tr>
<th>PHASE</th>
<th>VALUE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Generating insights</td>
<td>Transparency where the need for change is most urgent and/or most beneficial</td>
</tr>
<tr>
<td>Developing the plan for improvement</td>
<td>Common and agreed understanding what to implement, by whom, in which sequence and with which expected results</td>
</tr>
<tr>
<td>Implementing the improvements</td>
<td>Results – financial and non-financial – should materialize improving the SMEs Innovation Management performance and overall competitiveness</td>
</tr>
</tbody>
</table>

5.2.3 DELIVERING VALUE DURING THE CONSULTING PROJECT EXECUTION

Innovation Management consulting is essentially a problem-solving exercise. It starts with gaining knowledge about the company’s situation and ambition. The IMP³rove assessment is an excellent opportunity to develop this knowledge in a very structured manner and, at the same time, generate benchmarks from competitors. During the completion of the IMP³rove questionnaires, the SME manager and the consultant deepen their knowledge about the company’s performance and aspirations. If the IMP³rove questionnaire is completed with the entire SME management team, then differences in the view of the Innovation Management performance become obvious and generally lead to a fruitful discussion about what needs to be improved. As some of the case examples in the following chapters show, the discussion becomes less defensive and more result oriented.

The IMP³rove benchmarking report shows the SME management a sober picture of the company’s competitive position. The consultant’s analysis of this picture provides the most important facts and findings, which become the basis for his or her conclusions, on which he or she will build the recommendations to be discussed with the SME management.

Professionalization of the Innovation Management consulting services requires that this analytical approach from facts to findings to conclusions to recommendations and actions is adopted much more widely than what can be seen today.

The IMP³rove approach with its IMP³rove consulting process supports this professionalization. IMP³rove Innovation Management consulting services start with a strong value proposition for the SME. Instead of a huge, expensive effort to assess the competitive position with regard to Innovation Management, the IMP³rove-assisted assessment offers the SME a thorough and well-structured comparison in Innovation Management performance with their peers. A three-day consulting investment is only a fraction of what the SME would need to spend to gain a similar detailed and structured feedback from comparison with competitors – if it is feasible at all.
The consultant must clearly communicate this value to the SMEs and – even more importantly – deliver it. Interpreting the IMP³rove benchmarking reports in a meaningful manner requires both the analytical rigor and the ability to communicate the facts, findings, conclusions and recommendations so that the SME can see the value added compared to their internal analysis. Even experienced service providers supporting SMEs based on public funding acknowledge that such a thorough, well-structured analysis requires a lot of experience and practice. At the same time, they also see the advantage of such an approach. When providing initial feedback to the company, they realize the SME expects clear measures, indicating the impact that these measures will have in relation to the investment required from the SME.

To be motivated to engage in an Innovation Management project, SMEs must understand this value. Therefore, the client relationship with the SME starts with the information on how Innovation Management improves their business performance and competitive position. Workshops and seminars explaining the drivers of high-performance Innovation Management are the first steps. The testimonial of an SME that has successfully improved their Innovation Management performance based on the IMP³rove approach is the most convincing evidence. Specifically, these SMEs acknowledge the value of the IMP³rove benchmarking and the detailed report. They also appreciate the professional support from the IMP³rove consultant, especially if he or she is also able to respond to psychological aspects during the benchmarking process. It is not easy for a successful SME manager to accept that there is room for improvement in his Innovation Management. Changing habits, procedures and processes is associated with the threat of failure. Managers try to avoid these risks for good reason.

Consultants should avoid the trap of offering SMEs a set of tools without rigorously analysing each company’s unique situation. If they do, their recommendations will either not be implemented or will show limited impact because they don’t address the SMEs most urgent issues.

Professional Innovation Management consulting will enable the SME to successfully implement the measures either on its own or with targeted consultant support. In both cases, a clear monitoring of the achieved results should be based on quantified performance indicators that are linked to the SMEs business targets. If an SME would like to expand internationally and grow their business by x percent over the next three years, the sales, revenue and profit targets must be defined and tracked along with the investments and effort required. The consultant might take the role of a coach who steps in when the defined targets are not met in time or to the desired extent.

Helping the SME reach the next level of competitiveness is a solid basis for a long-term client relationship and for gaining reputation in the SME client market. The IMP³rove approach is fostering this long-term relationship by inviting SMEs to
a recurring assessment, thus facilitating continuous improvement of their Innovation Management capabilities.

5.2.4 FOLLOW-UP AND CLIENT RELATIONSHIP MAINTENANCE

Focusing on maintaining relationships with SME clients is currently a trend in public agencies. During recent years, publicly funded Innovation Management support providers moved from short interventions with SMEs to maintaining longer-term relationships. Agencies such as Scottish Enterprise or Science City in the United Kingdom and Ticinotransfer in Switzerland are moving in this direction. A shift from pure information provider or technology transfer supporter to advisor is taking place. The focus on impact from support services is more and more driving public agencies to deliver services that increase the number of jobs based on SMEs’ internationalization or absorption of new technologies.

Similarly the ‘SME instrument’ proposed as central element of SME innovation support for the EU Research and Innovation Framework Programme 2014-20 will combine financial support to innovation projects with a mentoring and coaching scheme for the beneficiaries.

This opens new opportunities but puts also pressure on the private Innovation Management consulting market. Depending on the local market for Innovation Management consultancy services public agencies developing their proficiency in Innovation Management consulting might distort a functioning market, make accessible an existing product for new customers or even be the first to introduce a new service product. Policy makers and public agencies wishing to develop the Innovation Management capacity of SMEs should be aware of the potentially market-distorting effects of their actions. To minimise such detrimental effects preference should be given in regions with sufficiently qualified consultants to programmes that stimulate demand, like voucher schemes that subsidise the use of certified consultants. In regions with a generally functioning market for SME business consultancy but insufficient knowledge in Innovation Management demand side measures should be complemented with qualification and certification programmes for consultants. Finally in those regions where SMEs address primarily public agents for consulting advice a clear case for building up the consulting competences in the agencies is given.

Private consultancies might nevertheless face situations where they cannot compete on the fees for their services with public service providers. Therefore, they either have to develop expertise in specific areas of Innovation Management or find ways to collaborate with public agencies, as Ticinotransfer has successfully done. Publicly funded agencies will support SMEs in the first phase of the Innovation Management assessment and in developing a general roadmap. However, when it comes to specific Innovation Management consulting support, private consulting companies will get involved.

In this example, the general Innovation Management services by a public agency offering subsidized support educates the SME in state-of-the-art Innovation Management and, with the IMP³rove assessment, offers an effective approach to the competitive positioning of the enterprise. If the company would like to improve their Innovation Management performance with internal resources, then the public agency serves as a coach. When the SME is seeking specific external expertise in Innovation Management support, they can hire private consultants.

For private consulting companies, the only way to get out of this competitive position is to deepen their client relationships. A key success factor here is the business acumen that private consultants need to have for their own business—not just looking into what the textbooks recommend but what makes sense to meet the business targets the SME is striving for in the short and longer term. That helps to define a longer-term improvement programme where the consultant’s involvement might be more intense in the beginning and targeted to specific interventions later on to secure the business success. It allows the consultant to support the SMEs in a more holistic way without stressing the organisation too much at the beginning.

A professional client relationship also addresses the emotional aspect. Delivering value that exceeds the SME’s expectations is difficult to beat by a third party that is also offering Innovation Management support services. However, this requires that expectations have been clearly defined, along with what will be delivered and what the SME can expect based on the pre-determined objectives.

Client relationship management must define milestones that take the SME on their journey to strengthened competitiveness based on improved Innovation Management. Such milestones could be the recurring IMP³rove Innovation Management assessment or the IMP³rove assessment on sustainability-driven Innovation Management. The results from these assessments provide an opportunity to either evaluate the achievements or take the next step toward improving the SME’s Innovation Man-
management performance. In between, there should be occasions where the achievements and successes are celebrated. The Innovation Management consultant might share his experience with what might work best given the SME’s culture and accomplishments. Such trust-building activities build the foundation for an advisory relationship and might then go beyond topics related to Innovation Management.

5.3 Access to Better Innovation Management Consulting Tools

Innovation Management consultants come from different educational backgrounds and have diverse areas of specialization in Innovation Management. In addition, the landscape of Innovation Management consulting is characterized by a variety of tools and methods, varying in terms of scope, level of detail and required expertise to apply them. Some of them can be found in textbooks; others are specialized tools developed by consultants for their own services portfolio. However, consultants regularly struggle to create impact with the Innovation Management tools that are available to them.

IMP³rove provided insight into the reality of using tools in Innovation Management consulting with SMEs. For example, in the area of innovation strategy, a breakdown of strengths, weaknesses, opportunities and threats—called a SWOT analysis—is a popular tool for studying a company. Consultants implement trend scouting in SMEs to support their innovation strategy development processes. Further, survey tools for collecting data from a large number of employees can be used to analyse a firm’s innovation culture in more detail. To trigger the change for innovation, consultants rely on ideas from change management and perform workshops to describe the existing innovation culture to identify the aspired innovation culture and reveal the barriers keeping the firm from getting to the aspired innovation culture. When addressing problems in the innovation lifecycle dimension, the Stage-Gate® model (Source: R.J. Cooper) is very common. It helps consultants establish a more systematic idea to launch process in SMEs. To foster creativity and ideation, the classical brainstorming session is widely used. These broadly used tools do not help consultants stand out from the crowd.

At the same time, feedback from IMP³rove consultants highlighted that navigating in the jungle of tools and accessing high-quality tools is a challenge. Consultants seek to enhance their own toolbox to better address the problems of their SME clients; they need and demand better tools for Innovation Management consulting. IMP³rove has shown that this need should be addressed in a threefold manner:

- Establish a holistic assessment framework to build the basis for and enhance the use of other Innovation Management tools
• Build bridges and hubs for exchanging tools and motivating for further developments
• Offer training services that help consultants create real value when using Innovation Management tools

Work with more than 400 consultants in the IMP³rove network highlighted one key success factor for better use of Innovation Management consulting tools: a comprehensive assessment methodology that seamlessly links with other tools and methods for a specific dimension of Innovation Management. The IMP³rove assessment offers an evaluation method that addresses all relevant areas in Innovation Management—innovation strategy, innovation organisation and culture, innovation lifecycle processes, enabling factors and innovation results. The benchmarking reports highlight the key strengths and weaknesses and provide the starting point for developing an improvement roadmap. The diagnostic design of the assessment not only provides a holistic analysis of Innovation Management but also creates the opportunity to easily link a consultant’s own tools and methods with one or several dimensions of Innovation Management. There is sufficient openness to successfully link a variety of tools to a fundamental analysis and sufficient rigor and standardisation in the analysis. Such interoperability is a key success factor for effectively integrating various tools and provides the basis for sharing knowledge.

Collaboration spaces and virtual exchange mechanisms are important to improving access to better tools: They represent important levers for increasing the availability of well-tested Innovation Management tools for SMEs because they bring together consultants from different backgrounds with diverse tools and experiences. In addition, they provide the basis for exchanging tools and recommendations about where to find new Innovation Management tools and when to use them. They foster the collaboration among Innovation Management consultants, build a new market for Innovation Management tools and create opportunities for joint efforts for further developing existing tools. The IMP³rove toolbox—an online repository of tools for Innovation Management—and the IMP³rove online consultant network represent a first step toward such a collaborative exchange mechanism.

A variety of tools can be found in the IMP³rove Innovation Management toolbox for the IMP³rove platform, which has been set up in a joint effort by the IMP³rove Global Coordination Team and associated network partners. It covers more than 60 tools from various dimensions of Innovation Management—ranging from strategy, organisation and culture to innovation lifecycle process, enabling factors and innovation results. To meet the need for better access in the future, this shared toolbox offers the basis for bringing together tool owners and tool seekers.

Figure 28: Interoperability of the A.T. Kearney House of Innovation and Other Tools
Because of the importance of contextual knowledge about the use of specific tools, IMP³rove highlighted that such matchmaking should be embedded into a regional and sectoral context. Regional and sectoral networks of Innovation Management consultants can foster the exchange of available tools and their appropriate use. Such networks also offer the opportunity to develop new tools, bringing together consultants with complementary competencies and SME experiences. These complementarities provide the basis for further developing existing tools, developing new tools and building joint acquisition channels via events and other marketing activities. IMP³rove has already set up these regional and sectoral hubs and supports existing consultants in building their own network of partners. Combining a shared toolbox with existing and new collaboration hubs will help meet the demand for better Innovation Management consulting tools in the innovation ecosystem.

All in all, Innovation Management tools require experience in consulting and complex problem solving to create high impact. Such an experience enables consultants to identify the most urgent problem, propose the right recommendations and use the appropriate tools and methods. Thus, to meet the demand for better tools, it is not enough to focus on a shared standard for an assessment and a shared toolbox embedded in collaboration networks. To ensure that tools are applied appropriately, consultants need broad knowledge about Innovation Management. Further, they need to be able to solve complex consulting problems in a professional and structured manner and propose compelling value propositions to their clients.

Over the last few years, IMP³rove has highlighted that many Innovation Management service providers do not have such a T-shaped competency. Although they regularly have a high specialization in a specific area of Innovation Management, such as in innovation lifecycle processes, they often lack the broad understanding of the various factors and organizational capabilities that enable high-innovation performance. Further, they regularly struggle with identifying the real problems to be solved and proposing compelling value propositions to the client. Indeed, there is a demand for broadening the knowledge among European consultants who render services on SME innovation. Over the last four years, more than 450 consultants have sought IMP³rove training services. Since the establishment of the IMP³rove Academy, many European consultants have invested more than 1000 € on average to broaden their knowledge of Innovation Management and learn how to create convincing value propositions. The ability to solve complex consulting problems and link innovation with value creation is a prerequisite for proper application of Innovation Management consulting tools. Thus, raising the overall standard of consulting capabilities among consultants working in the area of Innovation Management in SMEs is important for meeting the demand for better tools. Only then are these tools good tools for delivering high impact.

The following case examples will give a flavour for how Innovation Management consulting services can lead to high impact on the SMEs’ performance.

### 5.4 Case Examples of Innovation Management Consulting Services

The case examples have been contributed by IMP³rove trained consultants from different countries working in very diverse organisations. These examples represent a wide variety of industry sectors including information and communications technology (ICT), automotive, pharmaceuticals and retail. They illustrate Innovation Management consulting in what has thus far been described only on a theoretical level. The case examples show that Innovation Management consulting usually addresses several dimensions of the A.T. Kearney House of Innovation. However, the starting point might be only a specific dimension or a specific innovation result, such as sales or profit.

The challenges that the SMEs were facing built the starting point for them to get professional support and take a look at their Innovation Management. The examples illustrate various consulting approaches that have been used to support SMEs. The consulting support started with the IMP³rove assessment to gain a solid understanding of the SME’s current situation and challenges. These cases also provide insight into the diversity of issues that emerged from the IMP³rove assessments. Not all of these issues were related only to Innovation Management; general management issues emerged that the SME’s board or management did not yet have on their agenda.

Consultants who supported the SMEs in their efforts to improve competitiveness and performance represent both private consulting companies and public institutions, such as technology transfer centres or Enterprise Europe Network partners.

Some SMEs agreed to have their names published. We would like to thank both the SME managers and the IMP³rove consultants for their contributions. SME managers give us a unique opportunity to learn from practical experience; consultants show us how professional consulting support can help
SMEs to gain – or regain – their competitiveness and increase their innovation capacity. The cases also illustrate the versatility of the IMP³rove approach and give a flavour for how the IMP³rove approach can be integrated and combined with other consulting tools and approaches.

5.4.1 FINLAND

Meeting the Innovation Challenges as Producer of Modern Filtration Solutions

Sixteen-year-old Finnish company developing and producing advanced filtration solutions with 15 employees.

Abstract

This is a story about a skeptical SME and how it achieved excellent results for managing several development projects at the same time with an IMP³rove assessment.

This small company has been developing and producing advanced filtration solutions since 1995, especially for power plants and larger industrial plants. The production sites are in Finland and Estonia. Sales and partner organisations cover the most attractive market all over the world. The company employs about 15 full-time people on production lines.
Kajanus Consulting is a small consulting enterprise that, since 2005, has offered analysis, development, advisory and training services for companies of all sizes and public organisations in Finland. Most consulting projects have been linked with organisational development from the point of quality and innovation competence in recent years. In their consulting projects, Kajanus has noticed that a broad innovative approach to identifying and creating development steps for clients essentially increases clients’ profits from the consulting process. The IMP³rove methodology applied in almost 40 assessment process and training sessions have played an important role in developing Kajanus Consulting’s thinking about consulting.

**Technology and Regulation as Drivers for Innovation**

For a long time, the filtration industry has been in a stable position with no supreme needs for radical innovations. Several producers with higher quality products have competed with producers, selling massively standard products with lower market prices. New innovations and innovative applications as well as tightening air pollution regulation are forcing producers to face new challenges.

This SME wants to be among the leading developers and producers of new generation industrial filters. The company has started several production and service development projects with researchers, universities and research institutes. Several innovative results have already been reached. The company has also created a wide partnership organisation and renewed production lines and is making a significant step toward becoming a producer of modern filtration solutions.

**Finding the Right Approach to Manage Several Innovation Projects**

The above circumstances, partnered with several development projects under way, has pushed management to consider the connection between projects and next steps, especially how to link them with each other and find a balance between them. The term Innovation Management has not been used, and innovation competence has not been figured out.

The consulting service initiative came from the consultant, Kajanus, which worked for a project of proceeding business competence of companies in the field of renewable energy run by Motiva, a consulting company in Helsinki, Finland. The service was paid for by the project.

The client’s company had not set their sights on any special targets to be achieved from the assessment and consulting services. Management was open-minded. Suspicion was prominent because there are several non-relevant tools offered for measurement in the market. However, the client was not familiar with the IMP³rove method, but it was well-known to Motiva, which created confidence in the tool. The local development organisation, Cursor, also recommended IMP³rove. The client accepted the proposal for IMP³rove assessment.

**Moving from Scepticism to Deep-dive Analysis of the Company’s Innovation Management Performance**

A Kajanus’ consultant introduced himself, the project he worked for and the IMP³rove infrastructure, method, tool, consulting process and presentation model of the IMP³rove assessment report and the workshop. At this stage, benchmarking with other companies seemed to be the most interesting part of the assessment.

Kajanus interviewed the company’s managing director, following the IMP³rove questionnaire as translated into Finnish. Several questions about themes were considered unrelated to innovation. Many questions were also difficult to figure out without a competent consultant’s help. However, the interview and the ensuing discussion played an important role in widening the client’s understanding of the innovation concept.

The consultant summarized the results of the IMP³rove assessment report and presented them to the managing director. The first part of the summary was an abstract; the second one described the results along the five dimensions of Innovation Management with the benchmarking results; the third part pointed out development areas and recommendations; and the fourth part was a SWOT analysis matrix with deep-dive discoveries. The IMP³rove method with the summary was most appropriate for this company’s needs.

**From Education in Innovation Management to Measuring Innovation Management Performance**

The company benefited from the IMP³rove process in several ways. The most important discovery was the understanding of innovation itself; there are several dimensions besides product or service development that impact the innovation competence of a company. This discovery helped in the management of several concurrent development projects.
Innovation competence also benefited from the systematic measurement of innovation competence dimensions. Development activities could be focused based on the proper measurement. The company defined several measurement points for innovation competence.

The proper summary of the assessment report activated several development initiatives, many of which were already known but were on passive mode with no development activities. Benchmarking results helped position the company with other European companies; some of the results were more positive and some more negative than expected. The conclusion from benchmarking showed that the company had positioned itself correctly and the right tasks for reaching the development steps had been started.

**IMP³rove assessment as a Starting Point for Effective Consulting**

IMP³rove turned out to be a positive method. A feedback workshop should be developed further, and there should be a method for translating benchmarking discoveries into initiatives to improve the development process and commit management to drive them through.

**Acknowledgments**

This case study was written by Jorma Kajanus, Kajanus Consulting, Finland.

**5.4.2 GERMANY**

**Development of a New Business Unit by Implementing IMP³rove Tools**

German-based book retailer with more than 200 bookstores looking for an answer to digital and competitive pressure.

**Abstract**

Our client is a book retailer with more than 200 bookstores and revenues of more than 65 million € per annum, including 7% return on sales, faced more and more challenges from book-on-demand (BOD) and independent labels. Normally, those niches had been of less interest, but the book retailer questioned its methods, especially curious about whether independent authors could widen the company’s portfolio, especially for the Facebook and book-on-demand generation. The company’s objective was to develop a new business model for the independent sector. Generally, a new business unit has to be formulated by objectives. Initially, we discussed the pros and cons with our client in a strategy workshop, which contained elements from scenario technique, portfolio and learning curve. Additionally, we used brainstorming to bring up a strategy and address feasibility, project management (risks) and the operative elements.

**Insights from IMP³rove Benchmark: Gaps in Responding to New Technologies and Market Development**

At first, the IMP³rove benchmark was carried out by our client. Both the consultancy and client got a first impression about the facts and figures and about competitive elements. The benchmark showed that the actual business model failed regarding new technologies and markets, especially the digital and online market. Furthermore, the innovation process and innovation culture were analysed, and the feedback showed gaps with a special emphasis on inventing and managing innovation.

To incorporate outstanding innovation elements, the company decided to hire a trained, certified IMP³rove consultant to start a project with both inside and outside knowledge. Both consultant and client used the IMP³rove tools to assure a proven process and project management to accelerate the innovation process.

In a first step, facts and figures were discussed with a strong emphasis on change aspects. A time table and KPI sheet were developed. The KPI sheet included budgets for the innovation tasks, the cost for the innovation process and the feasibility aspects.

**Consulting Approach: Building a New Business Unit Based on the New Value Chain**

The typical value chain for book retailers consists of authors offered by publishers. Market needs are best understood by publishers. They anticipate mainstreams and blockbusters in an early stage. Although the new book market, which is also an e-book market, does not comply with the old rules, the value chain is the same.

New book-on-demand publishers - with more than a million new books and thousands of independent authors - are threatening the traditional value chain. In contradiction, the need for blockbuster is not given. A printed book that can be bought at our client’s store must be sold, for example,
in a minimum of 100,000 pieces for a thriller or 10,000 pieces for a cook book. Quantity depends on several aspects, such as author or topic. Book on demand means that unknown and independent authors are publishing their books on virtual platforms. They do not lose their brand rights, and they can produce their print and e-book independently with an ISBN. Therefore, publishers and book retailers are both facing new challenges.
Initially, we evaluated book-on-demand publishers. Two had been selected because of their high technical performance and because of widespread portfolios. Blockbusters, meaning a total of 2,000 books sold, were jointly identified from BOD and our client. Our client then took the next step, preparing a new business unit based on facts and figures.

Himmerich Consulting then made a forecast for the next five years, focusing on not only cost, revenues and cash back cycles but also attracting clients for the book retailer, especially the young, independent generation. We used market forecast instruments, made a survey including teenagers, students and the early job beginners coming from university. The core aspect was independent, skilled young people with a touch for new ideas.

We then prepared the business unit:

- Selection criteria for authors
- First using the e-book supply for consumers because of the low cost for digital storage
- After 2,500 authors, a maximum of 100 books are available at the stores
- A new brand - IP-Authors for IP-Persons - was established
- A team of 10 employees with a strong background in forecasting and knowledge about IP-authors was established. Including sales people who are related to the target group
- The timeline for success (KPIs) was generated (three-year planning)
- The business was integrated into the operative activities

KPIs:

- Planning an innovation budget by RoS, productivity and expectancy values: + revenue: 2% first year (total 2008 60 million €)
- + revenue: + 5% second year
- + revenue 5% after year three
- Average revenue after year three: 5-8%
- Return of sales: 8% after year three
- 100 to 200 new book titles from independent authors for the product portfolio

Unique selling proposition (USP): mainstream + niche for young generation

The interaction with our client took place once a week with a weekly report and a monthly meeting in which hurdles and barriers, new ideas or actual needs were discussed.

The early results for the project, which started in 2008, can be summarized as follows:

- New authors and consumers are part of our client’s portfolio
- The e-book generation will, in the future, be represented in a traditional bookstore (online + print)
- Practices within the team “goes and no-goes” of topics, mainstreams and revenues are made
- Brand portfolio was tightened
- The gap between old-fashioned book retailers and new book-on-demand publishers was closed
- Revenues and net earnings from classical publishers are the same as before the project
- KPIs of the new business unit have a light deviation (3.8% revenue growth instead of 5%) (RoS: 6%)

Lessons Learned: Establishing a New Business Does Not Necessarily Put Risk on the Established Business

First of all, a very important lesson was learned. Introducing a new idea depends on several factors:

1. Our client was open-minded, but his employees were not. We had to convince them about chances
2. The old-fashioned core business has not to be switched or changed in any way
3. The forecast may be important, but this is only a frame. The long-term perspective is of much more interest (sustainability)
4. It is not the internet or the business model. It is the understanding of future markets, consumers and market position that will help overcome barriers

The IMP³rove process, its core elements and the benchmark were very helpful for the implementation of the innovation elements. A well-structured process combined with the IMP³rove elements was essential for the project’s success.

The innovation process is much more implemented at this company today than it was before. Now, innovation can be planned and carried out with the given tools.

Acknowledgments

This case study was written by Bernd Himmerich, Himmerich Consulting, Dortmund, Germany.
Digital Royal: From On-Demand Solutions to Platform Provider for Multi-Media Content
Preparing a German-based multimedia agency with 18 employees for a large innovation project.

Abstract
Pumacy Technologies AG is a leading provider of knowledge, innovation and process management solutions. Founded in 2000, Pumacy is a spin-off from Technical University Berlin and the Fraunhofer-Institute for Production Systems and Design Technology IPK. Our customers are known as leading manufacturers—in industries from aerospace, automotive and pharmaceutical industries to plants and machinery. For each of our business segments—knowledge, process and Innovation Management—we offer our clients a holistic approach ranging from a first strategy and systematic analysis to a professional concept and the implementation of the final solution. Our specific strength lies in our interdisciplinary teams. Engineers, business economists and IT specialists work together with psychologists, communication scientists and sociologists.

We use IMP³rove as a starting point for innovation assessment before an in-depth analysis, consulting and solution development for SMEs. IMP³rove is especially helpful in analysing the SME’s capabilities for applying for public funding programmes. It provides a clear understanding of the company’s situation, not only in a narrow view but in comparison to their global competitors. We can thereby provide a realistic description of the company’s potential and shortcomings to project sponsors.

Providing SME with High-Quality Consulting Services
SMEs often do not have a systematic understanding of their position in markets and regions because they do not have the time and budget to monitor global and regional markets. They often struggle to determine their competitors, potential partners and even the markets on which they depend. In order to position themselves among other players, they first need to understand their value proposition and their assets, including their quality level. The innovation capabilities of a company, SMEs and OEMs alike, are key factors for competitive sustainability and growth. However, the quality of a company’s innovation capabilities must be related to other companies’ performances. Therefore, IMP³rove offers a benchmarking tool as well.

IMP³rove helps SMEs develop specific competencies. SMEs gain a new understanding of their activities and learn about approaches to leverage their innovation outcome. Moreover, they learn about the importance of systematically tracking their environments to gain a realistic view of their own market position and their competitors. However, most SMEs do not have the competencies and resources to continuously operate systematic Innovation Management on their own. Here, consultants come to play a crucial role for SMEs. The consulting market is very diverse and not transparent, especially for SMEs who do not have a broader experience with consultants. Their approaches are often expensive, and their guidance does not always fit the SME’s needs. Therefore, there is a high degree of uncertainty about the benefits and costs associated with external service providers. An established method like IMP³rove helps secure quality standards and deliver high value to SMEs.

Objectives of the Consulting Services: Putting SME’s Innovation Needs into a Wider Perspective
For Pumacy’s SME consulting services, the IMP³rove approach helps gain insight into a company’s innovation activities and begins a detailed analytical process. The structured presentation of the IMP³rove results and illustrations are explained to the SME. The outcome is a first impression about how to improve the SME’s innovation capability. The benchmark results already indicate a direction for further activities. SMEs usually know their market very well, but they often do not systematically monitor their global competitors. The aim is to put an SME’s innovation needs into a wider perspective and to consider framework requirements. This means widening the understanding about innovations in their field of business and straightening up their self-portrait—if necessary, bringing across a clear message about the status quo and the route to go. Thus, IMP³rove is a door opener to developing long-term customer relationships with SMEs.

In practical use, a key advantage of the IMP³rove assessment is its transparency. SMEs gain a clear understanding of its usage and the resources it takes to collect all necessary information. IMP³rove is a lean tool. Questions are straightforward, and the assessment is not overly time-consuming. Consultants and clients can easily go through the assessment via telephone and internet. Another great advantage is the large database that IMP³rove offers. SMEs can see that various SMEs from all over the world already participated; their results are the base for a benchmark that can be individualised to the characteristics of the SME. The consultant does not have to start a competitor analysis from scratch but can build upon this database. This helps
keep the use of resources at a minimum during the consulting process.

The SME as a client will also find further information about the consultant on the IMP³rove platform. As an authorised partner, the consultant has proven to be a reliable partner within a trusted network of specialists. The platform thereby helps establish the foundation for client relationships with partners that have not collaborated before.

After the assessment, the consultant needs to collect, synthesise and interpret the information. The assessment helps structure all relevant data, identify the SME’s weaknesses and strengths in terms of its innovation capabilities based on a profound benchmark.

Pumacy often consults SMEs to prepare for research projects and their financing. The assessment is a great tool for determining major weaknesses and strengths of an SME’s innovation capabilities that might be of interest to partners and future investors. Strengths will be highlighted, and weaknesses will be identified. Pumacy helps companies absorb weaknesses in different ways: Some weaknesses can be diminished by changing management priorities while absorbing other weaknesses might be unrealistic. One key insight in working with SMEs is that you simply cannot work on all weaknesses that might be relevant for innovation projects. Pumacy, therefore, helps clients find strong partners with complementary strengths to balance the weaknesses. The integration of further partners can be very promising for complementing the strengths and absorbing the weaknesses of single partners. The IMP³rove tool is a means for arguing why a certain partner turns out to be a perfect match for clients and how a network of partners can convince financial investors even more.

**Description of the Consulting Approach: Designing the Picture of the SME’s Future**

IMP³rove can benefit any company and helps to access funding and subsidies. The SME can identify its own competencies and demonstrate where it aligns with the planned projects. IMP³rove can show which factors should be improved and what the outcome will be, not only in terms of the project but also for the whole company. Therefore, IMP³rove provides important arguments to management for allocating funding and convincing partners. In the context of the SME’s strategic goals, Pumacy can interpret which weaknesses and strengths from the assessment might become highly relevant to successfully innovate in the future. Combined with other strategic management tools and forecasting methods, it is possible to design the picture of the future.

This is not only relevant for projects but can also be a great motivator for the client and its employees. Having identified the crucial competencies and resources that are necessary for executing innovation projects, we outline a roadmap of the main milestones in the years ahead. Here, we carefully choose means and goals for improving the SME’s benchmark position and making it more competitive in the future. Furthermore, we try to bond any general methods to a specific project so that results will be visible. After implementation, we try to closely monitor the progress and effectiveness of the measurements over the years.

Overall, IMP³rove supports our consulting approach as a tool within the process. Benchmarking leads to a competitor analysis and an understanding for the resources needed to execute the innovation projects. Throughout the project, Pumacy delivers further guidance, such as searching for partners and investors, offering project management and supporting marketing.

**Achieved Results: Preparing for a Large Innovation Project**

In general, IMP³rove supports the process of understanding the SME and its individual innovation capability. Furthermore, IMP³rove helps the client to self-reflect and position itself between other competitors. Surprising positive results are possible. One of our clients, Digital Royal GmbH (www.digitalroyal.com), discovered that the company was vastly outperforming its competition in projects and targets (see Figure 32).

Digital Royal is a multimedia agency that specialises in delivering premium-design and animations. About 18 employees work for a wide range of customers in the fields of banking, consumer goods, tourism, television and aerospace. Digital Royal was planning to conceptualise and execute an ambitious project that would make them a platform provider for multimedia content. This was a new market segment for the company, which had been focusing on on-demand solutions.

Digital Royal approached Pumacy at a very early stage of the planning, and Pumacy conducted the assessment. The results showed not only some need for improvement but also a great strength that supported the decision to start a big project. In the past, Digital Royal had a clear definition of tasks with respect to time, budget and quality and thus beat their competition in this field. With this successful performance in mind, they were confident and motivated to be on the right track. After identifying the strengths and weaknesses, Digital Royal
was able to understand which part of its strategy could be fulfilled and where they had to find strong partners, such as multimedia content providers.

Pumacy thoroughly analysed all results and created a roadmap for the project so that our client knew which competencies to build up and where to rely on other partners with complementary strengths. Subsequently, Digital Royal was able to convince investors about their project, and they received substantial funding.

**Leveraging IMP³rove for Investors’ Analysis**

Investors’ acceptance of a systematic innovation capabilities analysis is impressively high. Investors are not looking for SMEs that are faking strengths and hiding their weaknesses; they are looking for confident SMEs that are aware of their market position, have clear strategic goals and know which partners can support them.

IMP³rove is a hands-on tool for consultants. It is easy to integrate into consulting processes and delivers precise results. We are pleased to have this tool available. Companies save valuable resources, money and time and can target their business challenges.

We recommend an assessment at the beginning of projects so that foundations can be set up. For any SME, IMP³rove can be the tool that facilitates the front end of innovation and later monitors the progress in comparison to the competition. Companies that initiate a project and intend to receive funding should start with a benchmark to know how long the road they intend to go on will be. It will help them save their breath for the real challenges and keep the goal in mind while dealing with everyday issues.

**Acknowledgments**

This case study was written by Tobias Müller-Prothmann, Pumacy Technologies AG, Berlin, Germany.

**German Start-up Consultancy Successfully Leveraging IMP³rove as a Powerful Means to Engage with New Clients**

In November 2010, the consulting company Erbacher & Partner was founded by a former CEO of a mid-sized manufacturing company. In December 2010, the founder of this consulting start-up joined the IMP³rove network. In less than 12 months, he performed five IMP³rove assessments with manufacturing companies of varying sizes—from 100 employees to more than 1,000. Based on the IMP³rove benchmarking report, each of these companies received comprehensive feedback on their Innovation Management performance and competitive position during a management workshop. As a result, 60% of these companies requested further consulting support for improving their business performance and competitiveness.

**Key Success Factors of the Start-up Consultancy: Value Creation for Clients**

The IMP³rove assessment helped the consultant start the discussion with a new client and gain a thorough understanding of each client’s burning issues. It not only revealed the gaps in Innovation Management, but also pointed to issues that jeopardized the company’s competitiveness. Given his own experience in managing a manufacturing company, the consultant knew what the key areas
would be to help the client improve their performance. With the results from the IMP³rove benchmarking report and the insights the consultant gained during the management workshop’s discussions, the consultant had the data to flexibly respond to the unique consulting needs of his clients. Often, there were operational issues to improve the manufacturing processes, to reduce lead times before taking a closer look at the innovation-related issues.

The key success factors are:

- Expertise
- Trust
- Flexibility

**Expertise in Manufacturing to Meet High Market Demand for Innovations**

The IMP³rove assessment has been conducted with a “cutting-edge” manufacturer, with about 130 employees, in the machinery tool industry. The assessment showed an extremely well-developed innovation culture and product innovation strategy. Thus, successful product innovations led to rapid company growth. On the other hand, Innovation Management in the area of organisation and processes was only poorly developed. Programme and release management as innovation enablers also showed huge improvement potential. Successful product innovations created high market demand and led to significant company growth. To cope with market demand, the company engaged the consultant, who has expertise in manufacturing from his previous job, to drive an ambitious effectiveness programme in manufacturing, complemented by an additional improvement project for product management. These assignments helped the SME become more competitive, establishing incremental process innovations.

**Building Trust Takes Time for SMEs**

In an electronics company with 100 employees, the IMP³rove assessment revealed that this company had a well-structured project organisation. However, the owner was very unsatisfied with the company’s innovation results. A more detailed analysis of the IMP³rove benchmarking report fairly quickly showed great potential in the areas of radical product innovation, innovation culture and innovation organisation. The owner of this SME needed time to build trust in the consultant’s ability to generate value for his company. One year after the IMP³rove assessment and the detailed analysis, first interventions by the consultant were planned.

**Flexibility of the IMP³rove Approach: Applicable Also for Larger Companies**

The consultant also applied the IMP³rove assessment in medium to large companies. An automotive supplier with about 500 employees experienced a change of management a year and a half ago. All divisions within the company used to work in isolation from each other. The IMP³rove assessment showed high potential for the company in the area of innovation strategy as well as in the effectiveness of development projects. The consultant supported several projects for optimizing processes along the production and process innovation chain. The good results achieved during these projects led to follow-up projects with the consultant. They aim at synchronizing the innovation and product strategy of the international subsidiaries with the parent company’s innovation and product strategy in order to significantly increase turnover.

In a mechanical engineering company of 1,200 employees, the IMP³rove assessment showed an exceptionally long product life cycle of 20 years. Nevertheless, the company had good overall innovation results. However, little information from the field service was incorporated into the innovation process. Further, business model innovations have been obstructed by scarce availability of historical data. As a result, the company is in discussions for further consulting support related to knowledge management as an enabler for product and business model innovations.

Another automobile supplier, with 1,300 employees, has asked the consultant to perform the IMP³rove assessment. This company’s organisation has been very lean, and it showed excellent performance in process innovation, which has been closely linked with product innovation. The IMP³rove benchmarking report identified two areas for improvement:

- Need to develop a medium-term innovation strategy in order to plan new technology innovations that support product innovations that are independent from clients
- As process innovations are being developed within the individual production units, so-called “information islands” arise. These should be closely and urgently interconnected, even on international level, in order to achieve the best innovation results

The company asked the consultant to prepare a midterm innovation strategy. Ongoing discussions are focusing on further support for knowledge management (linking innovation processes and transmission of process knowledge that is critical for success).
For Erbacher & Partner, the IMP³rove approach is a means to engage the client in structured discussions on the areas where they lack performance and competitiveness.

Acknowledgments

These cases were contributed by Frank Erbacher, Erbacher & Partner, Baden-Baden, Germany.

5.4.3 ITALY

IMP³rove: An Opportunity for SMEs, Intermediaries and Institutions

INFOTEL s.r.l., founded in 1984 and expanding to 20 employees, is a knowledge-intensive service company that wanted to get ready for international markets.

Abstract

INFOTEL was founded in 1984 with the aim of developing software and hardware solutions for local companies and institutions. The company has always been strongly linked to IBM, which has ensured a continuous process of internal development in the organisation through targeted trainings.

INFOTEL developed its expertise by working closely with local small and medium-sized companies. To fulfil the needs of its clients, INFOTEL developed solutions for bringing technological innovations closer to people to empower them to manage their processes more effectively and efficiently. They achieve customer satisfaction by investing in research and human resources training, clearly defining customers’ needs and focusing on quality control to offer effective, reliable and secure solutions.

The IMP³rove assessment provided INFOTEL with insights into their competitiveness in international markets. It also broadened the company view of innovation, which is not limited to product innovation.

Supporting SMEs in Gaining Competitiveness and Innovation Capabilities as Public Institution

Friuli Innovazione is a consortium set up in 1999 to streamline and foster interactions between academic researchers and laboratories of the University of Udine and the economic operators of Italy’s Friuli-Venezia Giulia region. The consortium provides a platform for enhancing and promoting technology transfer and the economic use of scientific knowledge produced by universities and research centres. In 2004, Friuli Innovazione was entrusted with the management of the Science and Technology Park of Udine. Since 2004, Friuli Innovazione has also been managing an incubator for information and communications technology (ICT) spin-offs. Furthermore, Friuli Innovazione has close connections with all the representatives of the territory. Among its partners are the University of Udine, the Chamber of Commerce of Udine, Udine and Pordenone Industrial Associations, Municipality and Province of Udine, banking and research institutions. Main fields of activity are in the areas of biotechnology, metallurgy and technology of surfaces and advanced materials, ICT, wood, environment and energy.

To nurture the link between university and enterprises, Friuli Innovazione provides assistance in technology transfer, enterprise funding and enterprise development. The IMP³rove approach has been implemented within these services, as a key opportunity offered to local companies to improve their innovation performance.

IMP³rove Assessment Provides Insights for SMEs and Public Institutions

Based on the experience in the previous IMP³rove pilot phase, we have decided to operate with a two-pronged approach to increase the success possibilities: From one side, a group of SMEs has been directly invited to complete the self-assessment questionnaire with our support; from the other side, the local institutional support has been searched among the leading stakeholders, including the chamber of commerce and regional government. If these stakeholders understand the added value of adopting a common approach to evaluate the SMEs that are asking for funding, then we predicted the territory will be more responsive to the opportunities IMP³rove offers.

Why this kind of approach in our territory? The Friuli-Venezia Giulia region, thanks to its cross-border position, is naturally oriented to internationalization and international cooperation. Therefore, the local institutions are in favour of initiatives for improving SMEs’ competitiveness and territorial cooperation.

What is still missing among stakeholders and institutions is a common systematic approach on innovation and unique evaluation criteria to assign different funding opportunities. IMP³rove can be an opportunity for an institution to evaluate and select the most innovative SMEs to which to dedicate specific initiatives and resources.
IMP³rove can be an opportunity for an SME to understand its Innovation Management performance compared with other companies in other countries and to take actions before being evaluated by an institution to receive dedicated funding.

The presented example is based on the fact that the company understood the possible added value of an IMP³rove supported evaluation.

A Solid Basis for Further Development

The company has been developing its technical experience since 1984. INFOTEL can develop software and hardware based on specific client demand, thanks to the cooperation with important hardware and software partners, especially IBM. The company is working on a national market, mainly in the border regions of Friuli-Venezia Giulia and Veneto. It is not yet present in the international market.

From a technical point of view, the company can be considered complete. The staff members are trained and can deliver certified services and assistance to their customers. There is a good level of internal communication, and the company’s strategy and vision are shared among its personnel. There is also a good level of external communication with partners and clients, which is necessary for product development. However, there is a general lack of managerial capabilities.

Getting Ready for International Markets

INFOTEL wanted to know if it had the right characteristics to enter the international market. IMP³rove identified a good chance of competing with companies from the same sector on the European level. Managing innovation is part of the daily job of a company that deals with innovative products. Therefore, before entering the foreign market, the company believes it is important to know how it is performing in Innovation Management and have ideas for how to improve.

Benchmarking has been conducted among a group of 202 companies from the same sector of activity at the European level. Considering that INFOTEL is working only at the national level, the IMP³rove benchmarking report gave us a positive overview of the current status of the company: its Innovation Management performance can be considered good; the company has an innovation strategy, and there is good internal and external communication. However, there are some difficulties in turning innovation investments into added value for the company.

The company considers the comparison with major international competitors to be very important to better understand the innovation concept and its various dimensions. INFOTEL learned that major competitors are investing in innovation with different objectives: process innovation, service innovation, new business models and product innovations. But the development of innovative products is not enough.

Institutional Support for IMP³rove Required to Increasing the Impact of Public Support of SMEs

The IMP³rove approach has already been tested and proved its validity. With IMP³rove, companies have a user-friendly tool that allows them to benchmark their Innovation Management performances with more than 3,000 competitors at the European level. A list of trained intermediaries is available for consulting services to improve a company’s Innovation Management. Although there are still some technical weaknesses—for example, there are too many steps for a company to be linked to a consultant—the tool is ready.

What is missing in our specific case is a territorial consensus: To reach expected results and attract more companies, the IMP³rove approach needs institutional support. A top-down approach is recommended. Once institutions and major stakeholders understand the possible added value in adopting a common method for evaluating SMEs starting with their Innovation Management performances, and then companies will ask for the service.

Acknowledgement

This case study was written by Romina Kocina, Friuli Innovazione Parco Scientifico e Tecnologico Luigi Danieli, Udine, Italy.

EIDON: Getting Back on Sustainable Growth

Eidon Lab Scarl, founded in 1978 and based in Italy’s north-eastern region, Veneto, is a non-profit independent research laboratory, which has experienced networking innovation.

Abstract

In 2008, R.Q. s.r.l. consultant Lucilla Lanciotti was commissioned by Eidon Ricerca Sviluppo Documentazione s.p.a. for consulting service to improve the company’s performance in the field of Innovation Management. The company’s mission was to realize research and development projects
in the field of process and product engineering for information technology and industrial electronics.

Eidon Spa offered its customers technological support for outsourcing research services in areas such as process technology and embedded software. Eidon designed and developed software solutions for e-business systems to improve access to and distribution of information via the internet.

With an R&D focus, Eidon Spa’s accreditation from the Italian Ministry of Education allows its clients to access qualified engineering services, technological research and innovation projects in partnership with academic institutions.

Understanding Eidon’s Need for Improvement

In particular, Eidon Spa was a technological partner, offering outsourcing research services to their customers. Eidon’s competences ranged from process technology to embedded software, from internet and networking to distributed and pervasive information technology, from image processing to visual inspection systems. In the field of e-business systems, Eidon designed and developed software solutions to improve the access and distribution of information, by using web-based pervasive communication technologies.

Strongly focused on R&D, Eidon Spa has gained accreditation from the Italian Ministry of Education, University and Research (MIUR) with the corresponding registration in the ministry’s registry of research laboratories. This accreditation allows client companies to access not only the services of qualified engineers but also technological research and innovation projects in collaboration with university departments.

Using the IMP³rove method, R.Q. has identified Eidon’s Innovation Management strengths and weaknesses. The IMP³rove assessment reports and the IMP³rove root cause analysis reports highlighted the areas of excellence in the field of Eidon’s Innovation Management in respect to the performance of the benchmarking class, taken as reference. The outstanding strengths are:

- Innovation organisation and culture: capability of sharing the innovation values with internal and external partners and creating Innovation Management oriented networks
- Enablers: a high level of financial resources dedicated to innovation, highly qualified personnel dedicated to innovation and specific know-how

As it happens for other companies that also are in the excellence range, the IMP³rove benchmarking reports emphasized some areas that needed a consultant’s intervention aimed at bridging the identified gaps. The company perceived some non-technical limitations in its business model, which could harm the company’s development potential. In particular, the weaknesses that emerged were the following:

- The innovation strategy was barely sustainable in the mid and long term:
  - Innovation was connected to self-referral research and was not targeted to the market
  - Technological specialization was absent. Because the company worked at studies and contract researches based on the customer-specific requirements, the lack of specialization resulted in less profitable results
  - The company didn’t supply a turnkey product to its customers, but only the result of the researches ordered in outsourcing
- Innovation life-cycle management:
  - The time to market and return on investment was too long
  - The overall time before the customer could use the research results was too long
  - The success rate of the projects on the market was low
  - Management costs of innovation projects were high
  - Feedback was low among the marketing and research teams. (There was little knowledge of the market)
- Innovation results:
  - The activities were barely profitable

Filling the Gaps with External Support: Global Market Re-Positioning of Eidon’s Most Advanced Products and Services

Once the weaknesses had been identified, the consultant defined all the necessary actions needed to close the identified gaps:

- Define a clear innovation strategy, sustainable in the long term through the specialization of the research activities
- Industrialize the research results by selling a turnkey service to the customer that, in addition to the study and research of new solutions, includes the prototyping and industrialization of the results within the customer’s production processes
High-Impact Innovation Management Consulting Services for SMEs

- Integrate in terms of orientation to the market. Starting from a thorough market analysis in the field and the selected specialization areas, create a catalogue of innovative and marketable products. The innovation must be conceived as not only a product but also as a process and organisational innovation.

- Share the custody of the industrial results.

**Eidon Back to Profitable Growth**

The defined and implemented strategic and operative plans made it possible to bridge the gaps highlighted in the first analysis based on the IMP³rove approach. In particular:

- **Clear innovation strategy in line with the market needs:**
  - Revise the business model. It has been deemed necessary to diversify the activity within Eidon Spa, creating two different structures, operating in parallel:
    - **Eidon Kaires Srl** is an industrial company, working in the field of development of vision systems for automation and knowledge intensive systems. According to the needs conveyed by its target market, Eidon Kaires Srl develops innovative technologies that are aimed exclusively at its market needs. Eidon also integrates and industrializes solutions and technologies developed in the customer’s production processes, increasing the value added of the offered products and services.
    - **EIDON Lab Scarl** is a private organisation, operating according to the Open Innovation logic, its main aim being not only industrial research, but also increasing the value of its market activity. In addition to the research division, there is also a technology transfer division. Its main aim is to transfer research results to the market according to varying methods, depending on the specific needs on a case-by-case basis. The company is a non-profit research organisation under section 2.2.d in the European Commission Communication 2006/C 323/01, and it aims to perform the basic research, industrial research and experimental development, disseminating the results of that research.
and development by teaching, publishing and transferring technology

Improved innovation life-cycle management:

- Reduce the time to market and return on investment
- Develop ideas and projects with an interdisciplinary team, including the sales and marketing functions
- High success rate of the projects on the market
- Reduce Innovation Management costs
- High economic return of the research results

Innovation results:

- Increased turnover of the brand Eidon:
  - 300,000 € in 2009
  - 1,000,000 € in 2010
  - 3,000,000 € in 2011
  - 8,000,000 € forecasted for 2012
- Profitability:
  - 10,000 € in 2009
  - 200,000 € in 2010
  - 300,000 € in 2011
  - 800,000 € forecasted for 2012

Acknowledgement

This case study was written by Marco Santoro, R.Q. s.r.l, Milan, Italy.

Innovation Management as an Enabler for New Business Opportunities in the AEC Sector: Exemplified by the build4future Consortium

Applying the IMP³rove assessment in several companies of the architecture, engineering and construction (AEC) sector.

Abstract

This case study about a research consortium within the South Tyrolean AEC sector is a good example of how systematic approaches in Innovation Management can help to analyse and improve the situation for top-of-the-market SMEs or hidden champions. Several methods were used in this project; IMP³rove was one of the crucial elements to measure the companies’ corporate innovativeness. The results of the assessment led to proposals and recommended procedures that will have a significant impact on the project’s success.

Figure 34: Description of the General Innovation Management in Eidon (Starting Situation)
Leveraging Market Pull and the Technology Push

The build4future research consortium consists of 12 SMEs of the AEC sector in South Tyrol. These stakeholders are scattered along the building and construction value chain from architectural building design to project realization. All of these enterprises feature SME-typical structures, such as low hierarchies, defined limits for employees and turnover, and are predominantly family owned and operated. In this case, the median number of employees per company is 43, while the median age is 27.5 years.

The current situation in the AEC sector is affected by two main issues resulting from a dynamic market environment:

1. There is a growing demand by society and building owners deriving from social trends, concerning sustainability, especially energy efficiency and cost effectiveness, flexibility and barrier-free building. → "market pull"
2. There is an increasing availability of innovative building technologies and materials with a wide range of possibilities to differentiate and customize the final product. → "technology push"

The AEC branch in South Tyrol has set high standards within its own branch; nevertheless, it has to face the challenge to remain or become flexible and highly adaptable to quickly changing conditions in market needs.

It's Time for a Change

Because of European and global competition, especially from low-wage countries, the South Tyrolean building sector needs to focus on high quality standards and innovative products. It already takes a leading role in specialized product areas, such as timber construction, sustainable and natural buildings. However, this sector has the chance to preserve and extend its position by bundling its competencies, as it will be pursued with this consortium.

Research projects in general focus on development and implementation of more efficient and integrated processes and organisational project structures. These project structures are coupled with the introduction of new planning and management tools to support cooperation. The problem lies in the fact that there is no methodical approach for Innovation Management.

The Innovation Management consulting was intended to take place within the joint research project build4future, which aims to optimize the processes within the value chain in building construction projects.

What Did We Expect?

The overall objective was to identify and develop strategic measures of Innovation Management to enable the implementation of new processes and products. So the first milestone was to point out the status quo of Innovation Management activities, carried out with the help from IMP3rove. Therefore, each company was analysed in particular and the build4future consortium collectively.

The project focus didn't concentrate on building up a department for Innovation Management because these companies do not have capacities to assign employees solely for tasks in Innovation Management or innovation monitoring. Instead, the first partial purpose was to provide a basic understanding of the topic. The next step was to identify the weak spots in the companies' integrated processes, regarding their methodical approach to find innovative solutions for existing problems. Within the build4future consortium, the practical implementation of the acquired knowledge is the last step, realized by an innovative joint R&D project, in this case the prototypical realization of a highly innovative hotel project.

How Did We Proceed?

The approach for the IMP3rove assessment can be summarized in five steps:

1. Face-to-face interview (for each company): The IMP3rove analysis was carried out by two interviewers and generally two people from the company: the business manager and a technical expert
2. Evaluation (without company): The evaluation was done by the assessment team, respectively the consultant
3. Face-to-face feedback (for each company): The results of the analysis were presented and discussed
4. Meeting with the consortium: The individual results were consolidated to create valuable information, which was presented to the consortium
5. Workshop with the consortium: The status quo was analysed to leverage practical innovation and technology projects

What Did We Achieve?

The following results were achieved:
The consortium got a better understanding of how to systematically approach problems in order to find innovative solutions.

Regarding the differing characteristics of Innovation Management, the internal comparison shows that the 12 companies are positioned quite differently, especially if you consider the innovation strategy, but yet show similar characteristics regarding their overall strengths and weak spots.

A comparison was drawn between the South Tyrolean and the European AEC sector that leads to the conclusion that the current situation is advantageous but still in need for improvement.

Strengths and potential for improvement of the build4future consortium are shown in the following areas:

- Strengths:
  - Innovations are an important part of the business success
  - The cultural conditions for innovation are given
  - “Learning” organisations exist
  - There’s a functional network with partners

- Potential for improvement:
  - Minor efficiency in idea management and development
  - Strategy is mostly not explicitly defined and not in line with innovation topics
  - Insufficient transfer of innovation strategy throughout all hierarchy levels
  - Communication and marketing of innovation

The recommended procedures for the build4future consortium should be approached in several steps. First, the actual innovation strategy must be analysed and subsequently individualized for the company. Then, new planning processes should be arranged with workshops—to identify search fields—and afterward verified with a project. In order to generate solutions, systematic idea management should be established; this can be achieved by recording the current state and then developing a concept for the target state. In a final step, the organisational structure has to be improved, and authorities for innovation projects have to be delegated.

What Did We Learn?

Companies were very willing to participate in the build4future consortium, as the awareness for necessary improvement had been enormous before that project. However, most participants are widely unfamiliar with the topic of Innovation Management, so the IMP3rove assessment could not have been carried out without consulting services.

Generally, the firms were aware that there are problems inside their organisations, but they didn’t know where to search for them.

Andreas Nischler, commercial director of Plattner Bau stated, “The IMP3rove assessment was very helpful. We innovate, now we finally got an adequate understanding for it.”

The participants affirmed that innovative approaches and unidentified innovative potentials for the AEC sector were brought to light. Nevertheless, some room for improvement can be found here, too. It was quite hard to execute a benchmark because the AEC sector isn’t listed within the IMP3rove database, and therefore, an accurate comparison is not possible. This is why benchmarks were compared with the engineering and construction sector, even though it follows a different mechanism. In order to get an acceptable basis to compare the benchmark results, the questionnaire should be adapted for the AEC sector.

Acknowledgement

This case study was written by Daniel Krause, Fraunhofer IAO, Stuttgart, Germany/Fraunhofer Italy, Bolzano, Italy, and Denis Horn, University of Stuttgart, Institute for Human Factors and Technology Management IAT, Germany.

5.4.4 LATVIA

Overcoming the Economic Crisis with New Business Development

Private health services company founded in 2006 with about 30 employees (administrative and doctors) and nine owners, one of them Venture Capital Fund.

Abstract

The company is a private health services company specializing in magnetic resonance imaging and tele-radiology. The company is the leading provider of tele-radiology services in Latvia, employing highly experienced radiologists from University Clinic, holders of Latvian, Swedish and EU certificates. The company uses Japanese and American medical technologies, which are certified and compatible with the European Union regulations, including private data safety requirements.
Since the beginning, the company was innovative—using innovative technologies, investing in R&D and following innovation and business strategies. To expand the business and develop even faster, the company joined forces with a venture capital company. The company expected to grow rapidly. However, in 2008, the world and national economic crises started, which negatively influenced the company’s business. Company owners had very different opinions about further development of the company and could not find consensus.

**Offering Competitive Advantage**

The highest quality of the company services is ensured by the knowledge and experience of the staff members, technologies and quality assurance system by implementing ISO 9001:2000 standards. The mission of the company is to help healthcare providers become more competitive by re-allocating radiology for high-quality solutions of lower cost and quicker turnaround. By outsourcing tele-radiology services, the healthcare providers acquire a set of comparative advantages:

- Staff member cost savings
- 24/7 emergency services
- Two hours emergency reporting
- Overflow management capacity
- Access to tele-radiology solutions during holidays, weekends or late hours

**Finding a Way out of Stagnation**

At the beginning of 2010, the company faced the impact of the world economic crisis. Turnover had dropped, as the demand for the offered services and paying capacity of the customers decreased remarkably. To remain successful and competitive, the company had to find new business solutions.

One of the owners of the company - the Venture Capital Fund, a long-term cooperation partner of Enterprise Europe Network-Latvia - turned to the EEN-Latvia consultant. The business and its owners were stagnating; business was not flourishing as expected. The venture capitalist, owning the minority of the company, could not force the company owners to make radical changes. The venture capitalist asked EEN to organize some inspiring discussion for the company owners, hoping to find a new, external view on the company’s business development.

After the company director agreed, the cooperation could start. However, at the beginning of the collaboration, only one of the owners and the director were really enthusiastic for the potential changes.

In mutual discussions with the EEN IMProve consultant, two directions for a potential solution were defined. One was to keep to the existing business profile and set new targets, use new strategies and find new markets. Another solution was to change the company profile—finding new operation areas of the company (new applications, new services, new niche, new markets) and working out appropriate innovation strategies. During the discussions, the company suggested using a SWOT analysis as a starting point. Therefore, the EEN IMProve consultant suggested a plan: Make a deeper assessment - the company’s Innovation Management assessment and benchmarking, by using IMProve tools. Then, analyse the results and present them to the whole company board. In the same company board meeting, the EEN IMProve consultant suggested organizing a creative thinking workshop for development and assessment of new ideas.

The EEN IMProve consultant supported the choice for the IMProve assessment with arguments: It is necessary for the owners to see where the company stands in innovation strategies and new product and technology development, identify strengths and weaknesses, categorize its international competitiveness and export potential and determine how the company is positioned in the EU market. The company expected to identify the obstacles to successful business development. The consultant pointed out that the problem might be not only external (economic crisis), but there might be some internal sources, too, which could be identified with an IMProve assessment.

The IMProve online assessment was carried out by the company director, who knows the company business, is fluent in English and knows the basics of Innovation Management. The assessment report was analysed by the IMProve EEN consultant. The outputs of the IMProve benchmarking report were put in the frame of a SWOT analysis, which is an understandable framework for all company members. The results were presented to the company board. In comparison to a SWOT analysis, this was focused on innovation and Innovation Management, was deeper and was more detailed. The respondent went through very specific questions and used certain figures in the answers, which would never happen with a SWOT analysis.

**Going through a Tough but Enlightening Learning Process**

The company made a detailed innovation analysis based on facts and figures. The strengths, weaknesses, threats and opportunities of the company were pointed out by the EEN IMProve consultant.
and presented to the company board. This way, the company got an external view on its business.

When presenting the results, the consultant emphasized what kinds of activities were necessary for the company in both the short and long term. Identifying the weaknesses and threats—such as a low level of staff members’ involvement in company and innovation development, no system for the involvement of staff members in innovation processes, gaps in company management, and a lack of formal process for new product and service development—revealed that the IMP³rove assessment gave a clear picture of the necessary activities to improve the Innovation Management and accordingly the performance of the company both in the short and long term. It was concluded that the lack of a new and targeted innovation strategy would eventually lead to the company’s collapse.

The presented results stimulated the company board to think actively about possible changes. The dynamic thinking, using creative thinking methods such as brainstorming and de Bono’s Thinking Hats system, was organized by the EEN IMP³rove consultant. The thinking hats method was very successful for structuring the creative thinking process. Using this method under the leadership of the consultant as moderator made the company board members look at the problems from different, unusual points of view, avoiding disputes and presentations of individual ambitions. This method helped them agree on common solutions.

During the creative thinking session, concrete business ideas for the company, useful for business supplementation and restructuring were developed.

**IMP³rove Generated Value for Specific Parts of the Process**

The IMP³rove assessment confirmed the hypothesis of the EEN IMP³rove consultant: The company’s problems were caused not only by external sources, including the economic crisis and all related obstacles, but were also based on internal problems, which were clearly identified during the IMP³rove assessment. The main internal problems were caused by insufficient company management.

The company board consisted of high-level businessmen, great personalities who were involved in other businesses and were not fully committed to this company. The IMP³rove assessment also revealed a lack of learning within the company. The status of the company board members in society does not allow them to say openly that there is a need for learning. High personal ambitions are an important obstacle to reaching a consensus for a solution to company problems.

The company data, provided by the EEN IMP³rove consultant, an external source not involved in their business, and the interpretation of the results were surprising to the company board. It was a positive revelation to hear a detailed description of the gaps in company management, but it was an unpleasant disclosure that it was their own company that had unsatisfactory management performance.

The IMP³rove assessment and its results provided a clear company road map. Short- and long-term targets and deadlines for the company’s development were set. However, the lack of management staff commitment and the lack of learning—training as well as learning from their own and others’ mistakes—were seen as real threats that the goals would not be achieved.

**IMP³rove Benefits Can Only Materialize if There is Management Commitment**

In order to have a successful business, all of the company management staff members must be highly committed to the company’s business.

The IMP³rove assessment tools are suitable for a detailed analysis of gaps in the business, particularly organisation of Innovation Management.

**Acknowledgement**

This case study was written by Gundega Lapina, Latvian Technological Center, Enterprise Europe Network, Riga, Latvia.

5.4.5 THE NETHERLANDS

**Driving Through an Aluminum Forest**

Thirty-year-old Dutch family-owned aluminium systems manufacturing company.

**Abstract**

Van Campen Industries is a Dutch family-owned high-tech aluminium systems production company with a focus on design-construct-maintenance projects. In 2009, they successfully produced an innovative sound barrier made out of aluminium tubes. These tubes reflect and absorb sound. Because of the company’s strong focus on R&D activities, it solved several issues along the way, including dimension stability and fire resistance. The involved
High-Impact Innovation Management Consulting Services for SMEs

innovation consultancy firm Van der Meer & van Tilburg indicates that Van Campen’s clear strategy and perseverance and a well-managed innovation process are of key importance to the company’s success.

If you take the highway bypass of Eindhoven, you may wonder about the forest of aluminium tubes that accompany the highway. Why is this almost art-like structure placed here? Why is there no concrete or glass sound barrier, as you would expect?

In 2003, the owner of Van Campen Industries, Mr. Van Campen, cut out an article from a newspaper that struck his interest: “Scientists discovered that a sculpture from the artist Eusebio Sempere in Valencia, Spain, absorbs sound.” The vertical metal tubes that are placed in the artwork reflect sound waves. The reflected waves can interfere with each other, resulting in either an amplifying or annihilating effect.

The company started in 1982 and is a family-owned high-tech aluminium production facility with a focus on design-construct-maintenance projects. One of their main specialties is the construction of sound barriers, usually executed in large collaborative projects with architects and contractors. The company takes up an active role in the research and development of such projects. The know-how that originates from these R&D activities not only finds its way into Van Campen’s database but also into the employees’ minds and the company’s creative culture. The company uses this culture alongside their extensive materials knowledge and their advanced production equipment park to actively find solutions for their clients’ problems.

Having read the small article about Sempere’s work of art, Mr. Van Campen picked up this so-called “weak signal.” A ticket to Valencia was booked for an exploring mission. Van Campen understood the latent value in the technology and started a product development process. A design, construct and maintenance project was taken on with a sizeable Dutch contractor. Also, an architect was hired to accomplish the aesthetic value of the sound barrier, which Van Campen found of key importance because the idea originated from a work of art.

Overcoming Other Kinds of Barriers

Along the way, several issues had to be solved, such as the dimensional stability of the tubes because the wave reflection depends on tubes’ exact dimensions. The tubes have to achieve a 1.5kN/m² wind load. A specialist partner, APT Curvers from Roermond, was hired to execute the high-precision extrusion process.

The decision was made to fill the tubes with rock wool, for which a special production method had to be invented to produce round bars of rock wool to fill the tubes.

Specialized research was assigned to the Dutch research Centre TNO to assure that the sound barrier would be fire resistant according to the very strict norms of the Dutch highway agency, Rijkswaterstaat, and that the acoustic demands would be fulfilled.

Finally, a special tool was constructed to allow Van Campen to drill millions of precisely located holes in the tubes, without deforming the concave shape and while maintaining a good time efficiency. A machine was developed to punch 80,000 holes per hour with a distance of 10 mm.

Figure 35: The Aluminium Forest accompanying the A2 Highway, Eindhoven (Photos by Van Campen)
Since the installation of the sound barrier in 2009, the project has spurred quite a lot of attention from the Dutch press. For once, the often disfiguring sound barriers have made way for a beautiful alternative. In 2010, van Campen won the European Aluminium Award with this sound barrier, called the Sound of Silence. In addition to the innovative design and realised technological developments, the project was also recognized because of the extremely high acoustic performance. The noise absorption level is 20 dB(a) based at the EN 1793-1.

Propagation of Innovation

Why did this family-owned SME succeed in such a prestigious project? Van Campen Industries envisions and executes a clear strategy—something you do not regularly encounter among SME companies. Van Campen strictly focuses on its own core competencies and knows when to outsource specialized work. The company generally only takes on the production of aluminium objects through bending, milling, punching and joining. Other aspects, such as aluminium extrusion and the installation of finalized products, are outsourced to carefully selected partners with whom they often have a long-lasting working relationship. Furthermore, the company gains competitive advantage by merely executing projects with distinctive characteristics that match their unique competences of non-standard solutions with a high degree of novelty and a strong added value.

Another important characteristic of Van Campen is perseverance. As early as the 19th century, the innovation pioneer Joseph Schumpeter already captured that innovation does not only consist of mere Erfindung, but that Durchsetzung is of equal importance (see frames). Van der Meer & van Tilburg, who were involved in the project as innovation consultants, observed how Mr. Van Campen not only came up with the idea but personally committed himself to make sure the project came to realisation. One of the leading principles at Van der Meer & van Tilburg is that the innovation process consists of 10% inspiration and 90% transpiration. While inspiration can come naturally, the transpiration part consists of investing plenty of valuable time, making sound investment decisions, getting hold of the necessary knowledge, establishing a clear communication and mutual understanding between the project partners, taking care of innovation planning and having well-balanced financing and accurate administration.

This is where the IMP³rove consultants can create added value for SMEs. Small and medium-sized companies can increase their competitiveness by using Innovation Management to bring their inventions to realisation. By benchmarking their Innovation Management and establishing a practical roadmap for improvement, SMEs create a sustainable way to drive their inventions to success.
Benefits from IMP³rove

This company is doing very well. The order portfolio is good, and so are the profits. The company is continually giving attention to innovation, leading to new commercially successful products with high added value. It brings the company into the premier league of Dutch SMEs. What can IMP³rove add to this company? Does it really have something to contribute? The answer is yes.

First, the IMP³rove database gives van Campen the opportunity to benchmark itself against one or more selections of companies in the database. The database makes it possible to compare itself with growth champions and average performers in sectors, such as the metal producing sector. It also gives possibilities to benchmark itself against a selection of companies from other regions. This helps answer the following questions: How good are we? Are we really as good as we think? Can we be satisfied, or is there potential to improve?

Second, when the answer to this last question is yes, as it should be, IMP³rove does not leave the company alone to find possible areas for improvement. The Innovation Management performance of a company is assessed on five dimensions: innovation strategy, innovation organisation and culture, innovation life-cycle processes, enabling factors and innovation results. These dimensions are subdivided into several factors. The evaluation report resulting from the assessment tool shows how a company is doing on all five dimensions, how the growth champions are doing and what the average score is. Possible areas for improvement are detected and brought to the surface.

The IMP³rove benchmarking report provides a wealth of information about the company’s innovation performance—sometimes too much for a company to digest and select the areas for improvement with the highest potential. Generally, the assistance of an experienced consultant is needed to dig up the gold nuggets of improvement.

A company can apply for a re-assessment after, for example, two years to see how they are performing, on what points they realised growth and where the main areas for improvement are. The IMP³rove database gives every SME the opportunity to compare its performance objectively with the performance of relevant groups of companies—quickly and efficiently. It would cost an experienced consultant several days to bring the same amount of facts and insights to the surface. This is a precious opportunity, even for a company that is considered a high performer.

Acknowledgement

This case study was written by Ir Gosse Hiemstra, Van der Meer & van Tilburg, Zeist, Netherlands.

5.4.6 SPAIN

Developing an Innovation Strategy

Twelve-year-old Spanish-based supplier for traffic control and surveillance systems with seven staff members.

Abstract

This case examines how the IMP³rove assessment and the following consulting workshops were an eye-opener, pointing out the SME’s key weaknesses in Innovation Management. Data analysis reveals that the company had not defined clear performance indicators to measure the success of their innovation project. Innovation Management was not formally implemented in the organisation and was driven just by the CEO. Since undertaking the IMP³rove assessment, the SME has developed an innovation strategy and is adopting means of measurement to enable the company to assess the results of its innovation more accurately.

Surviving under Innovation Pressure

The IMP³rove assessment was performed for a company recognized as one of the leading suppliers of traffic control and surveillance systems (TCSS) in Spain. They are based in Madrid and have a subsidiary office in Atlanta, Georgia, in the United States. The company has seven staff members and is 12 years old.

In that niche market, being highly competitive depends on the capacity to be truly innovative and creative in developing and launching new successful products and services and revenue models. This was a daunting challenge for this SME, which lacked proficiency in Innovation Management.

When the company made the first assessment, they were defining the specification of the next generation traffic video enforcement systems.

In Need for a Systematic Approach to Innovation Management

One of the company’s shareholders recognized that having a systematic approach to Innovation Management is a key element to success for the company. Therefore, they requested Upsellinn’s Innovation Management consulting services in order to help them to thoroughly develop it.
Upsellinn Performance, S.L., a Spanish services company, provides a range of business-to-business (B2B) consulting services, all of which support companies in their sale, marketing and business development strategies. The core services include Inbound Marketing (get found online), outbound marketing (providing the essential human touch), comprehensive demand generation (unifying both inbound and outbound marketing) and, after becoming a certified member of the European IMP³rove Network Partners in December 2010, adding Innovation Management consulting services to its portfolio.

The IMP³rove approach allowed identifying those areas of Innovation Management that the company should work on with high priority to improve its performance. In addition, the valuable information provided by the detailed evaluation would be used to find a partner to co-operate in the next generation traffic video enforcement systems, as well as to apply for funds to finance that project.

IMP³rove assessment was used as an approach to providing long-term support for managing their innovation activities. The customer found the assessment tool thorough, even stating that the questionnaire was too long and exceeded their expectations. In three occasions, the customer found some of the questions somewhat difficult to understand, but with the help of the consultant, the assessment was successfully completed within the agreed-upon timeframe.

After the assisted IMP³rove assessment was completed, Upsellinn reviewed the report that the assessment generated, taking into account both the company’s overall score on Innovation Management performance and the detailed evaluation of each dimension of the A.T. Kearney House of Innovation: innovation strategy, innovation organisation and culture, innovation life cycle processes, enabling factors and innovation results. After that, the consultant chose a date for the workshop with a proposed agenda.

The results of the first assessment can be seen in figures 37 and 38.

As visible above, the company had a poor overall rating compared with the average and growth champions, but the most astonishing result was the rating for innovation strategy dimension: 0%.

The client’s workshop was fundamental for identifying potential tools that could be used to develop an innovation strategy as a first step to overcoming the critical issues showed by the report and at the workshops. To support strategic thinking in a formal way, the tools used were SWOT analysis, customer needs assessment and scenario techniques.

The IMP³rove root cause analysis was not performed because the customer believed that the assisted IMP³rove assessment and the workshops raised their attention to critical points for developing an innovation strategy, which they needed to take care of instantly.

Taking Action and Implementing an Innovation Strategy

After three months, the company reassessed their Innovation Management performance to monitor how they had improved. The results of the second assessment can be seen in figures 39 and 40.

Figure 37: Overall Innovation Management Performance (Starting Point)
The company’s quantitative ratios did not improve in this short period of time, but the company implemented an action plan that resulted in the following:

- Using the IMP³rove results in internal management meetings to discuss the strategic role of Innovation Management for the company’s sustainability
- A new vision for innovation documented and shared with all the staff members and well understood by customers, suppliers and innovation partners
- Developing an innovation controlling system to define KPIs and better analyse and monitor the company’s innovation activities
- Starting to cooperate with the University of Alcalá in Spain in a 24-month project for the next generation of traffic video enforcement systems

Figure 38: Overall Innovation Management Performance by the Various Dimensions (Starting Point)

Figure 39: Overall Innovation Management Performance (After Implementing an Innovation Strategy)
• Getting public funding for that project (IN-NPACTO programme from the Ministry of Science and Innovation of Spain)

The company considered the regular assessment as valuable, stating that they wanted to evaluate their competitive position on a regular basis and did not see IMP³rove as a one-time exercise.

**Benefiting from Recurring IMP³rove assessments as a Routine**

As a company with its main focus on innovative products and services, measuring performance and effectiveness of Innovation Management is crucial for profitable growth. The structured benchmarking report, based on a dynamic European database, is a key value proposition of the IMP³rove platform because in, less than 30 minutes, the SME can download a report that provides up-to-date benchmarks showing the SME's current competitive position.

**Acknowledgement**

This case study was written by Juan Campos, managing director of Upsellinn, Madrid, Spain.

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**Iphonedroid: Creating a New Business Model Based on the Establishment of a Network of Specialist in Innovation**

Spanish-based young ICT company with 15 employees active in the development of custom software.

**Abstract**

Although Iphonedroid has developed small software applications to be sold in stores such as Apple’s App Store, its main line of business is developing custom software for customers who need to exploit their information systems and customers who want to incorporate a new line of business through customized software for mobile devices. With a new business line, the company’s growth and consolidation should be achieved.

**Looking for a New Business Line for Iphonedroid**

Iphonedroid is a young ICT company that was founded to bridge the gap that exists within the field of software development for mobile devices in Spain. Iphonedroid has a staff of 15 technicians and a number of freelance contributors, with significant growth expected over the next three years.
To diversify its business, Iphonedroid decided to open a new line of business to develop and sell its own products. Through the sale of its products, Iphonedroid expected to get the income and resources needed for growth and consolidation.

To develop its new business model, the main challenge was that Iphonedroid needed to know if its current structure would support successfully developing new products or if it must rely on external innovation experts to help it, for example:

- Find and get financing for their new products
- Systematize its innovation processes
- Quantify the time to market: How many months does it take to get from the beginning of development (project authorization) to putting new products on sale?
- Quantify the time to profit: How many months does it take on average for companies to go from project authorization to the break-even point?
- Quantify the profitability obtained after the marketing of new products

In order to find the right answer to these issues, Iphonedroid knew a first step should be to determine its own innovation capabilities and make a diagnosis of its Innovation Management. The challenge Iphonedroid was facing consisted of two parts:

1. Know its current state of innovation
2. Identify opportunities for improvement in innovation and how it could carry them out

Once Iphonedroid concluded that they needed to identify improvement opportunities and implement them, then the next problem was how to do it and who could help in that process. Iphonedroid hired Gest-Innovalede to help. Gest-Innovalede recommended using IMP³rove.

Clear Expectations for the IMP³rove assessment

With the IMP³rove platform and Gest-Innovalede’s advice, Iphonedroid expected the following results:

- A comparative analysis, developed by Gest Innovalede, would provide a structured space for reflection and debate on the different aspects that make up its ability to manage innovation and compare itself with other companies, both in its industry and outside
- The diagnosis should consider the competitiveness of the sector, between sectors and on national and European levels
- Identify improvement opportunities prioritized by their contribution to key business results: time, cost, financing and return on investment
- Get a structured analysis of the capacity for innovation: strategy, organisation and culture, processes, enablers and results

The deliverables that Iphonedroid received from Gest Innovalede are as follows:

- Comparative report by sector and geography (IMP³rove assessment): The results of comparative analysis and key opportunities for improvement are related to geography or selected sectors in two reference groups: winners and half of the sector or group. In this report, Iphonedroid undertakes an assessment of the company’s Innovation Management capability based on a structured questionnaire. The key value delivered by the IMP³rove assessment is a benchmarking report evaluating the current Innovation Management performance on three levels: The overall performance of the company, the performance per dimension (innovation strategy, innovation organisation and culture, innovation life cycle processes, enabling factors and innovation results) and the performance on each question, representing a specific success factor or theme
- Opportunities report: This contains organisational and industry knowledge that helps define early wins based on the sector and geographical benchmarks for achieving a sustained competitiveness
- Roadmap: To complete the process and open the door to action, Gest Innovalede delivered a report that defines actions for improvement opportunities and places them on a road map. The actions are prioritized and timelines defined. This report is discussed in a final brainstorming session. The report includes:
  1. Executive Summary
  2. Opportunity Heat Map
  3. Inventory of Initiatives
  4. Joint initiatives by Category
  5. Initiatives Sheets Reviews
  6. Roadmap Initiatives Reviews
  7. Final Recommendations

With a Step-wise Approach to Actions

With the assistance of Gest-Innovalede, Iphonedroid provided the necessary information for the IMP³rove benchmarking report and thus gained an understanding of the IMP³rove assessment frame-
work. After analysing the IMP³rove benchmarking report, two reports were developed for Iphonedroid:

1. Positioning of the organisation regarding innovation and identifying opportunities for improvement and early wins: Using IMP³rove, which is the European framework for the analysis of innovation capability, Gest Innovalde divided the five dimensions of Innovation Management (innovation strategy, innovation and culture organisation, innovation life cycle processes, results and innovation enabling factors) into individual innovation sessions to gain the information required for the analysis. There is, on average, a total of seven sessions, including the final session for presenting the results and action plan. Each session takes around 2.5 hours.

2. Opportunities Report and Roadmap for Improvement: Gest-Innovalde translated the above report into a list of early wins for achieving a sustained competitiveness for Iphonedroid in the short term and medium term. Gest-Innovalde created a base report that defined actions for improvement opportunities and placed them on a road map that is discussed in a final brainstorming session. The assessment is expected to last between one and three weeks.

**Improving the Innovation Life Cycle Management in Preparation for Public Funding**

The result was a list of improvement opportunities mainly in the dimension of the life-cycle processes. The opportunities included the following:

- Reduce the time of the life cycle: the number of months between when a product’s development begins (project authorization) and when Iphonedroid takes it off the market.
- Use open innovation as a source of new ideas so Iphonedroid can receive new ideas from suppliers, customers and partners.
- Establish an R&D management system that would help Iphonedroid systematize its innovation activities.
- Obtain public funding that would allow Iphonedroid to finance the development of its new business model.
- Patent the disruptive products.
- Monitor the time to market and time to profit.

After the roadmap session, Iphonedroid decided to start by seeking public funding for creating new products. Gest-Innovalde helped Iphonedroid select the financing innovation specialist with the best experience, quality and fees. Iphonedroid has presented a project for funding to the selected specialist and is awaiting the decision.

In the medium term, if Iphonedroid gets financing for its new product, the company will determine whether it needs to implement other improvements to become more competitive, productive and sustainable.

**Do Not Underestimate Innovation Management as Engine for Competitiveness**

At Gest-Innovalde, we believe it is very important that companies are aware that if they do not innovate, they could disappear. Companies should think of innovation as the engine that can help them increase their competitiveness, profitability and sustainability.

Companies should know what condition they are in for Innovation Management. IMP³rove is the perfect tool to allow them to compare themselves with other companies in their sector, size, country and age, or even with other companies outside their industry. To take full advantage of IMP³rove, companies should hire a consultant to guide them through the steps that should be taken to increase their profitability.

Finally, at Gest-Innovalde, we believe the companies who want to succeed through innovation should collaborate with innovative institutions, such as universities, technology centers and experts in strategy, financing innovation and creating new innovative business models. Companies should rely on the concept of open innovation and keep in mind that there are actors in innovation that can help them manage innovation and increase their competitiveness, profitability and sustainability.

**Acknowledgement**

This case study was written by David Barbero García, co-founder of Gest Innovalde, Madrid, Spain.

**5.4.7 SWITZERLAND**

**Making Innovation Tangible: Getting to an Innovation Management Action Plan**

Cergios-Pharma SA, located in Switzerland and founded in 1994, is a mid-sized active pharmaceutical ingredient manufacturer with 106 employees.
Abstract

When joining Cerbios-Pharma in early 2009, the new CEO already planned to evaluate the company’s innovation potential and approach. Thanks to the IMP³rove approach and consultancy work, he defined a new corporate strategy, integrating Innovation Management as one of the four key pillars for building a sustained competitive advantage. In the past, innovation at Cerbios has only been associated with R&D activities (new products) with little attention on innovation in general. Bringing a new perspective on innovation—encompassing others types such as process, organisational and business model—innovation has been identified as a key driver for actively responding to rapid changes in the economic environment. This new view of innovation requires major interventions, both at a structural and cultural level. To be effective, new managerial practices need employees’ engagement to foster new ideas from different organisational units.

Embedding a Broader Understanding of Innovation Management

Cerbios-Pharma, located in the Barbengo district in Lugano, Switzerland, is a privately held active pharmaceutical ingredients (API) manufacturer. Cerbios is a medium-sized company founded in 1994 through the merger of three companies in the pharmaceutical and chemical industry. APIs made by Cerbios-Pharma cover small molecules (chemical division), large molecules and probiotics (biological division) sold to pharmaceutical companies located mainly in the European Union, the United States and Japan. Service for third parties in exclusive manufacturing is concentrated in the area of high-potency active ingredients (HPAI) for the chemical division and recombinant proteins for the biological division. Full preclinical support is given to its partners to provide them with clinical batches, registration and validation material and commercial manufacturing. Paramount to that is supplying all documentation required for a successful registration.

Cerbios has been very successful in the past 10 years, growing from 65 employees to 106 in 2011 and expanding their activities in both chemical and biological areas. Nevertheless, turnovers and personnel growth were not followed by an organisational change or adaptation to the new situation. The major challenge for Cerbios and the management team was shifting from invention to innovation. R&D labs with skilled scientists were acting more as independent units, sometimes isolated from the rest of the company and its stakeholders. This organisational setting and culture for developing new products has proven to be inappropriate in the company culture and approach in an economic context, where success is strongly related to the ability to rapidly respond to changing market’s needs by adapting procedures and organisational processes. This doesn’t undermine the importance of having well-established R&D activities. Interactions with other units—such as marketing, production, purchasing department and logistics—and collaborations with stakeholders will better address Cerbios’ activities to avoid significant investments in inventions that unfortunately have no market demand. Knocking down borders among organisational units and actively engaging with stakeholders will allow Cerbios to convert more ideas into projects that in turn will leverage the impact of innovation activities and the company’s economic performance. Time-to-market and overall project cost containment are two key challenges that can be achieved through innovation at all levels.

Expanding the View beyond Product Innovation

Having identified the need to better promote innovation in all its various forms within the organisation, Cerbios recognized the need for a systematic approach to align existing and develop new Innovation Management practices. The IMP³rove assessment was a great starting point to better understand the state of the art and developing a cross-functional dialogue. This stage was an extremely important time to share with employees the new perspective on innovation. The motto created by Cerbios’ team during one of the four workshops is emblematic of this: I→E=mc² (Innovazione: Energia = miglioramento per la crescita per la Cerbios, Innovation: Energy = improvement for the growth of Cerbios). This initiative’s goal was to educate employees on their pivotal role in developing and sharing new ideas. Innovation doesn’t merely take shape in R&D.

At the same time, the board of directors had to identify innovation initiatives and work out an action plan based on the IMP³rove method, which promoted different types of innovation and contributed to instilling an innovation culture within the organisation.

Supporting the Change to Embed Innovation in the Entire Organisation

Developing a detailed action plan, including initiatives seeking to promote innovation at a structural and cultural level, was the objective of Ticinotransfer’s consulting service. The following initiatives have been identified and implemented, referring to the A.T. Kearney House of Innovation method:
- Analysing and understanding the role of innovation within the corporate strategy
- Appointing an Innovation Management team coordinating innovation activities within Cerbios
- Disseminating among the different hierarchical level (vertically) and organisational units (horizontally) the new organisation’s perspective on innovation
- Exploring internal and external sources of innovation: promoting cross-functional interactions, mapping and extending relationships with external actors (stakeholder engagement)
- Reinforcing the role of innovation through existing management practices and tools, such as the management by objectives (MbO) performance management system, while at the same time defining incentives and reward plans
- Developing and aligning the different stages of the innovation lifecycle process: idea management, project management, launch and continuous improvement

**Involving the Organisation in the Process**

Once the IMP³rove assessment had been carried out, an innovation team representing the different departments of the company discussed the results. The team agreed to carry out an in-depth analysis by interviewing 20 employees who worked in different organisational units at various hierarchical levels of the company (horizontal and vertical exploration). In fact, to get a comprehensive snapshot of the company’s innovation capabilities, interviews were indispensable considering that the IMP³rove assessment was executed with the board of directors. Only after analysing the information from the interviews was it possible to arrange workshops with the innovation team to develop an action plan comprehending several short-term initiatives to be implemented.

**Enhancing the Innovation Potential**

Implementing all the initiatives developed within the action plan is, for Cerbios Pharma, a mid-term strategic goal to enhance their innovation potential. Currently, an innovation team promoting innovation at a structural and cultural level has been appointed and is guaranteeing the implementation of the remaining initiatives. Much effort has been directed to facilitating interactions among organisational units and the company’s stakeholders. Results—in terms of increased proposals from employees for improving services to customers, manufacturing processes and ideas for new and improved products—have
been positively evaluated and selected by the innovation team. Some of these ideas have been successfully implemented with impacts in terms of increased productivity, products quality, customer satisfactions and financial performance. The company has stressed the importance of innovation within annual employee performance appraisals by setting goals related to innovation. This will hopefully produce some benefits in the years to come.

In conclusion, the board of directors is fully convinced that, having developed an approach to manage innovation and having appointed a dedicated innovation team, the company will reinforce its leadership position over competitors.

Successful Innovation Management Requires Passion from Leadership

In addition to all the scientific and methodological issues that are fundamental to developing a successful Innovation Management approach, which have been previously described, the role of the CEO is crucial. Openness, engagement and being willing to learn and change are attitudes that the CEO should have in order to get the very best out of the consulting process. This open-minded attitude, positively affected key people within the company. For Cerbios, the changes involved to meet Innovation Management requirements were successfully implemented because the management team was eager and enthusiastic to improve the status quo. Strongly motivated managers are indispensable to making innovation work and getting everybody on board to move away from stagnant thinking such as "I have always done it this way, and it is working. Why should I change?"

Acknowledgement

This case study was written by John Gaffuri, innovation coach, Ticinotransfer, rete per il trasferimento di tecnologia e del sapere della Svizzera italiana, Manno, Switzerland.

5.4.8 UNITED KINGDOM

Tinsley Bridge Limited: Returning into the Profit Zone One Year after the IMP³rove Programme

UK manufacturer of automotive components as a management buy-out in 1987 employs 120 people.

Abstract

Suffering from a downturn in the automotive industry, Tinsley Bridge Limited assessed their Innovation Management capabilities, identifying areas for new business that moved them from loss into substantial profit-making markets.

Facing Decline in Demand from the Automotive Industry

Tinsley Bridge Limited, located in the United Kingdom, is a manufacturer of automotive components. The company is the UK's biggest supplier of stabiliser and torsion bars to the original equipment (OE) commercial vehicle sector. The company produces a wide range of parts, specialising in large diameter parts for trucks. The company was the first to develop the parabolic leaf spring technology, which is now fitted to more than 80% of trucks worldwide.

The company is located on a six hectare site in Sheffield with a manufacturing factory of 20,000 square meters (SqM). It has been established for more than 150 years and, in its current form, is a management buyout from British Steel Corporation in 1987.

Figure 42: Tinsely Bridge Ltd. Manufacturer of Automotive Components
The company has significant in-house capabilities for engineering design and testing of components. It has a metallurgical and materials testing laboratory, and manufacturing processes include precision forging and heat treatment. It employed 120 people and had a turnover of £10 million at the time of engagement.

Tinsley Bridge's managing director and technical director attended an International Innovation Services (IIS) seminar at the University of Sheffield about growing revenues in manufacturing companies, after which IIS consultants were invited to visit the Tinsley Bridge factory and offices.

During an initial consultation, information emerged that revealed the company had lost 50% of its turnover because of a downturn in the automotive sector. The company had recently made 50 employees redundant, with the remainder working only three weeks out of four. The company agreed that overly depending on one sector would make the company vulnerable. The intention of IIS was to help Tinsley Bridge grow and diversify.

Identifying the Gaps in Innovation Management

IIS undertook the IMProve Innovation Management assessment process and conducted client interviews with the whole management team. A summary of the report findings determined the following:

- Tinsley Bridge Limited had no overall vision or strategy for innovation and business development that could significantly improve revenue and profitability. This lack of vision, together with a focus on short-term objectives, came out of recent commercial and financial challenges.
- There were significant gaps in the company’s innovation capacity that needed to be addressed. The company undertook too few incremental innovation projects, and no radical innovation projects, that could positively increase turnover and profitability.
- When the company engaged in incremental innovation, it did it extremely well. The company lacked the pipeline of products, technologies and ideas (particularly radical) that is required to improve performance.
- The company’s existing innovation processes and procedures could not process a higher volume of incremental or radical innovation projects.
- The company had a strong learning culture and organisation and would adapt well to the challenges of improving innovation performance.

Back on the Growth Track with New Businesses

IIS identified a programme of work to address the issues as follows:

1. The development of a vision and strategy.
2. The identification of growth market sectors into which it could diversify using existing capabilities or new skills and processes where appropriate.
3. The installation of a commercialization system that would enable the company to:
   a. Screen a greater number of business opportunities
   b. Plan and manage the development of a route to market
   c. Reduce the cost and risk of development and launch
   d. Reduce the time to market
4. Provide a source of technology driven business opportunities including the following:
   a. Manufacturing licenses
   b. Company acquisitions
   c. Investment opportunities in early stage technology companies
   d. Patents and intellectual property
   e. Technology offers
5. Advice on organisation and Innovation Management

As a result of these activities, the company has started three new businesses and is engaging with two that are new to the company supply chains—railways and defence—and establishing a new service and maintenance business for large OE industrial clients. The company has also purchased a fabrication business to provide additional fabricated solutions to industrial clients.

The company has now turned a £160k loss into a £1.4 million profit within one year of the IMP3rove programme.

For Successful Implementation of Innovation Management, the Consultant Can Only be the Catalyst

From this engagement, key success factors can be derived:

1. The strong learning culture and robust management team enable very rapid progress.
2. Companies need to understand which markets are growing and which technologies are potentially market-disruptive.
3. Most companies don’t have formal commercialisation systems, a fundamental requirement for managing growth installed as part of its business functions.

4. The consultant is only the catalyst to provide appropriate information, tools, techniques and guidance to enable growth.

Acknowledgement

This case study was written by Steve Dore, International Innovation Services, Sheffield, UK.

Innovation for a Digital SME

UK-based fast-growing electronic repair company with more than 50 employees.

Abstract

Operating in the fast-moving digital equipment repair business, the company had grown from a one-man business to a 50-plus employee organisation. Looking for additional value-add disruptive technologies are observed in collaboration with research institutions. At the same time, intellectual capital is better protected and opportunities to develop an own range of products are investigated.

Maintaining Added Value

Originally, the owner of the company provided camera repair support to retailers from his garage. Over time, the business established an expertise in repairing digital equipment, and its customers included many of the UK’s leading retailers. Its clients are major players in the digital products market and part of a fast moving sector where change is a given. The company grew rapidly from the owner’s garage to a custom-built location. As part of a fast-moving sector with new technologies and techniques coming on board almost daily, was once a one-man band quickly grew to a 50+ employee business. After the move and the need to look at process efficiencies, the owner wanted to consider developing added value, both for its client base and for shareholder value.

From a Strategic Review to Implementation of Value-Adding Innovation Management

The first stage was a strategic review of the company and its markets with a focus on their innovation capability. This review included discussions with key personnel and a review of business plans, results to date, business processes, Innovation Management and industry partnerships.

Given the fast-moving nature of the sector, it was essential that there was a focus on “future gazing” to ensure that the company was prepared for new and potentially disruptive emerging technologies. Although the company attempted to keep abreast of changes, the IMP³rove assessment highlighted the need for a strategic approach to developing knowledge partnerships with appropriate universities that are involved in and aware of developments in the electronic sector. This meant that the company was now taking an open innovation viewpoint rather than relying solely on its own knowledge.

The company’s value, to date, has been dependent solely upon the service to its clients and the income generated. Given retailers’ focus on costs, these relationships are likely to be based on a commoditised price rather than on adding value, and as such, continued loyalty from retailers will probably be limited. The need to focus on providing leading-edge services is essential in the short term, and the company was starting to develop feedback processes for employees through a staff member suggestion scheme. But the extent of this was limited and needed to be extended to include an Innovation Management focus, capturing ideation through to commercialisation as well the creation of innovation teams. The IMP³rove assessment highlighted that the company had no mechanism for developing and protecting intellectual property, which needed a strategic approach to ensure intellectual assets are captured.

The review of the company’s business plans and financial situation identified that its existing focus was on the financial returns from key clients. There was no tracking of the value and costs of products and services, and the lack of budget lines for the development and protection of intellectual property means that there was no stimulation or monitoring of such activities. To effectively drive the business forward, there was a need to establish an innovation Balanced Business Scorecard, ensuring that targeting and rewards reflect the wider range of activities needed.

In these circumstances, it is important that the company looks at the potential to develop income streams over which it has more control. One of the opportunities identified was the development of a range of own branded products. However, at present, the consideration is for “me too” products, and there is a need to use the innovation potential of their employees linked with external partnerships to provide a range of products that differentiate from existing players.

As a result of the first-stage review, a roadmap was drawn up to provide the business with a plan for costing and implementing the recommendations. This has enabled the business to stagger the changes to ensure minimal disruption and maximum buy-in from the workforce while managing costs. The
initial focus is on innovation skills development and team development, including creativity workshops, ideation to commercialisation programmes and a review of HR support for incorporating innovation training programmes.

With the IMP³rove approach, the consultant, Business Dynamix, was able to demonstrate to the company the need to embrace Innovation Management and the impact it will have on the bottom line. IMP³rove helped establish a long-term relationship and provided the opportunity to introduce concepts, such as open innovation, that the company would previously have seen as unimportant.

Acknowledgement

This case study was written by Peter Ives, Business Dynamix, Enfield, UK.

5.4.9 AUSTRALIA

LEVESYS: Innovation Management Enabling a Conversation about the Future

Australia-based, 22-year-old family-owned software company with 17 employees.

Abstract

This case study reports on the impact and business transformation of an IMP³rove assessment and follow-up workshop on Australian SME LEVESYS (www.levesys.com), which was undertaken by QMI Solutions. Innovation was not a foreign term to the company, which focuses on the development of enterprise resource planning (ERP) software for the Australian construction sector. However, before seeing and undergoing the IMP³rove process, this company had difficulty articulating their innovation problems and, therefore, had not achieved growth targets from its R&D efforts. This case study highlights the role of IMP³rove in assisting LEVESYS to take the first step in transforming itself through innovation.

Getting Started: How to Engage in Innovation

LEVESYS is an Australia-based SME that designs, develops and supplies the highest quality software and services to address the particular needs of companies in the construction, engineering and service contractor industries in Australia. LEVESYS clients grow and succeed by using the company’s products and services to become more efficient, more accurate and more reliable. Established for more than 22 years, this family-based business employs about 17 staff members in Brisbane, Australia. Before the IMP³rove audit, the company was focusing solely on the development and distribution of its proprietary software products. The company was successful, having developed a significant niche in its target market based on the knowledge the company had developed about its customers. As with all small businesses, securing the necessary resources was a challenge, but this did not prevent the company from achieving moderate growth. However, LEVESYS believed it could go further. It had a feeling that its R&D process was inefficient and allowed for development blowouts and “feature creep.” However, the company did not believe they could articulate the problem sufficiently to seek the assistance they required. Some of the management team knew something needed to be done and that a change needed to occur. They knew they needed to engage in innovation somehow, but they did not have any idea what it was or how to go about engaging in it.

Trigger for Change: Customer Demands New Offering

QMI Solutions (www.qmisolutions.com.au) is a not-for-profit company dedicated to improving the skills, performance, innovation and capability of the Queensland manufacturing industry. As part of their innovation service offering, they were piloting the IMP³rove programme with Queensland-based businesses. As part of the industry engagement, a breakfast seminar was held with about 30 businesses. LEVESYS was one of those attendees. Based on the material provided, LEVESYS immediately believed the IMP³rove programme could help their company identify and understand their innovation challenges. As the director of LEVESYS noted, "The seminar presented IMP³rove as a vehicle to show companies what the problems were rather than what the potential solutions would be." However, although this seminar provided an opportunity for change, having the knowledge of what might be possible is often not enough to get SMEs to engage with the change process. In this case, a LEVESYS client had asked the company to push the boundaries on their product offering and go beyond current developments. This client saw the value of LEVESYS’ market intelligence to develop a new offering. Therefore, the combination of new knowledge and client push provided the right environment for LEVESYS to consider change.

Beginning the Change Process

An IMP³rove assessment session was scheduled with a QMI consultant. All of the assessments QMI were undertaking during the pilot phase were consultant facilitated, as QMI’s experience with benchmarking programmes indicated that the con-
versation with the client was just as important to the benchmarking score. The IMP³rove assessment was undertaken with three members of the executive team, conducted over a three-hour period in their offices. When asked about their experiences during the assessment, the company mentioned that they were able to have a conversation about innovation without becoming defensive and emotional. At the completion of the assessment, the company believed they had a solid, robust discussion about the strategy and challenges within their business.

After receiving the IMP³rove benchmarking report and the consultant’s analysis of the data, LEVESYS immediately believed they needed to focuses on the R&D process. Although not low, these scores identified specific gaps that they could address immediately, such as setting project targets and separating R&D activities from daily operational activities. However, after further discussion with the consultant and then finding the time to go into greater depth into the individual sections of the report, LEVESYS realised they also needed to look at their organisational culture, which was their lowest score. Upon deeper reflection, the spider chart in the IMP³rove benchmarking report showed the organisation that they could have the most technically competent software development people on earth, but if they did not know what their customers want, then it does not mean a thing. Therefore, a connection must be made with the way the teams were working and how they engaged with customers and then capture their passion in the software development process.

Implementing Change

Once LEVESYS defined an innovation strategy (with the assistance of QMI Solutions) and agreed that they needed to grow the business, the shift within the company was made from a product focus to a service offering for the construction industry. Customers then became the driver of the development process, and focus turned more toward keeping customer needs met rather than focusing on software feature development. They then began to prototype, mock up and test solutions with various brainstorming techniques. The staff members were involved with the rollout of the changes and were excited and proud to work at LEVESYS.

After nine months, they believed they were still at the beginning of this process. It was apparent that management still had different opinions about what a successful business was. One person’s view of this was about growth while another’s was about developing the best software. However, they now believe they can discuss this openly and all get on the same page to allow the real opportunities to innovate rather than just be debated. IMP³rove was giving them the language to have this conversation.

Achieved Results: Moving from Software Development to Consulting Services for the Construction Industry

Before the IMP³rove programme, LEVESYS was a product-based business that was achieving modest growth. Through IMP³rove, they have transformed into a world-class consulting service supplier to the construction industry that, when required, can also provide an added product platform. The company now has the value-adding ability to exploit their intellectual property further through their service offering. LEVESYS now understands their customer value proposition much more clearly and has structured their product releases accordingly. They understand the value that services play within their business, and in doing so, they have reframed the business problem to be understood from the customers’ perspective. LEVESYS now runs their projects in the same way their customers do business, so the company is able to understand its customers much more clearly than before.

Conclusion

Before entering the IMP³rove programme, LEVESYS understood innovation. However, they believed this could only be executed within the company if there was a willingness and desire to transform. This drive came from a major customer rather than from IMP³rove itself. However, having the tool available was a key enabler to immediately start the process.

Further, the company was adamant that QMI Solutions’ process facilitation was critical to the success of the audit process. Through the consulting process and with the use of the IMP³rove platform, their unique business challenges could be identified rather than treated as a generic set of issues.

In the words of the company, “The IMP³rove programme has opened the door to the future for our company. It has allowed us to see our potential opportunities, and it has enabled us to transform the way we do things as a team.”

Acknowledgments

This case study was written by Dr. Sam Bucolo and Dr. Cara Wrigley from the School of Design, Queensland University of Technology. Dr. Sam Bucolo also holds a joint appointment with QMI Solutions, which...
participated in the facilitated IMP³rove assessment with Bruce Macaulay from QMI Solutions. Special thanks also go to Gabrielle and Mark Gravolin from LEVESYS, who gave up their time to be interviewed for this case study.

5.5 Conclusions from the Case Examples: IMP³rove Contributes to Effective and Efficient Innovation Management Consulting Support

The case examples illustrate the approaches to high-impact Innovation Management consulting for SMEs. With the IMP³rove approach, very different challenges can be addressed and tangible results achieved. The view on Innovation Management still can be rather holistic or rather focussed. The consulting process applied showed some common patterns. However, the depth of consulting support varied along with how IMP³rove was integrated with other consulting tools.

### Figure 43: Innovation Management Consulting Impact

<table>
<thead>
<tr>
<th>SME CHALLENGE</th>
<th>TANGIBLE RESULTS FROM CONSULTING SUPPORT</th>
<th>CONSULTING PROCESS</th>
<th>INTEGRATION OF OTHER TOOLS</th>
<th>SCOPE OF INNOVATION MANAGEMENT PERSPECTIVE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Better exploiting IP and change in Innovation Management</td>
<td>Setting clear targets for innovation projects</td>
<td>IMP³rove assessment facilitated by consultant</td>
<td></td>
<td>IP Innovation culture</td>
</tr>
<tr>
<td>Managing several innovation projects at a time in a small organisation</td>
<td>Measuring innovation success</td>
<td>IMP³rove assessment, Benchmarking results, Recommendations</td>
<td>SWOT</td>
<td>Innovation Life Cycle Management</td>
</tr>
<tr>
<td>Competitive pressure triggered by disruptive technologies</td>
<td>Development of new Business Unit building on the disruptive technology</td>
<td>IMP³rove assessment, Benchmarking results, Roadmap for action, Market analysis, forecast and business plan</td>
<td></td>
<td>Strategic shift to new business area</td>
</tr>
<tr>
<td>Feasibility of large innovation project for a rather small organisation</td>
<td>Effective support for funding of the project</td>
<td>IMP³rove assessment, Analysis of the benchmarking results, Roadmap with activities</td>
<td></td>
<td>Entering new market</td>
</tr>
<tr>
<td>Rapid growth causing bottleneck in the manufacturing facilities</td>
<td>Increased effectiveness in the manufacturing processes and improved product management</td>
<td>IMP³rove assessment, Complementary analyses, Production process improvements</td>
<td></td>
<td>Meeting high market demand for innovative products</td>
</tr>
<tr>
<td>Low results from innovation</td>
<td>Expected improvements in the area of radical innovations</td>
<td>IMP³rove assessment, Complementary analyses, Further consulting support pending</td>
<td></td>
<td>Innovation results</td>
</tr>
<tr>
<td>SME CHALLENGE</td>
<td>TANGIBLE RESULTS FROM CONSULTING SUPPORT</td>
<td>CONSULTING PROCESS</td>
<td>INTEGRATION OF OTHER TOOLS</td>
<td>SCOPE OF INNOVATION MANAGEMENT PERSPECTIVE</td>
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<td>-------------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------------------------------</td>
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<td>--------------------------------------------</td>
</tr>
<tr>
<td>Missing integration of innovation strategy and product strategy</td>
<td>Optimized innovation life-cycle processes and increased turn-over</td>
<td>IMP³rove assessment, Complementary analyses, Process optimization</td>
<td>Innovation life-cycle</td>
<td></td>
</tr>
<tr>
<td>Lack of innovative business models</td>
<td>Product and business model innovation</td>
<td>IMP³rove assessment, Complementary analyses, Support in product and business model development, and in knowledge management</td>
<td>Innovation beyond product innovation</td>
<td></td>
</tr>
<tr>
<td>Missing integrated Innovation strategy</td>
<td>Development of a consistent innovation strategy</td>
<td>IMP³rove assessment, Innovation strategy development process and knowledge management support</td>
<td>Innovation strategy as integrative power for larger corporation</td>
<td></td>
</tr>
<tr>
<td>Internationalisation</td>
<td>Educating the leadership in the different types of innovation to gain competitiveness</td>
<td>IMP³rove assessment</td>
<td>Broadening view from product innovation to service, process, business model innovation</td>
<td></td>
</tr>
<tr>
<td>New market approach</td>
<td>Repositioning of products and services by industrialisation of services, and establishing 2 different BUs</td>
<td>IMP³rove assessment and Root/Cause Analysis, Action plan and output plan</td>
<td>Business model innovation</td>
<td></td>
</tr>
<tr>
<td>Identify and develop strategic measures of Innovation Management to enable the implementation of new processes and products</td>
<td>Clear understanding of strengths and weaknesses</td>
<td>Face-to face interviews, assessment, Face-to-face-feedback, Meeting in the consortium</td>
<td>Measuring the corporate innovativeness</td>
<td></td>
</tr>
<tr>
<td>Disagreement of management team regarding further development of the company</td>
<td>Management alignment for new business solution</td>
<td>IMP³rove assessment, Feedback workshop, Recommendations, Roadmap</td>
<td>Thinking hats, Brainstorming</td>
<td>Apart from recommending a new business solution, general management issues were addressed</td>
</tr>
<tr>
<td>Leveraging new design for product innovation</td>
<td>Striving for continuous improvement</td>
<td></td>
<td></td>
<td>New value proposition</td>
</tr>
<tr>
<td>Low effectiveness of innovation activities</td>
<td>Long-term support in Innovation Management activities by providing a vision, innovation strategy and Innovation Management controlling system</td>
<td>IMP³rove assessment, Management Workshop, Action plan</td>
<td>SWOT, customer needs assessment, Scenario techniques</td>
<td>Innovation strategy and controlling</td>
</tr>
<tr>
<td>SME CHALLENGE</td>
<td>TANGIBLE RESULTS FROM CONSULTING SUPPORT</td>
<td>CONSULTING PROCESS</td>
<td>INTEGRATION OF OTHER TOOLS</td>
<td>SCOPE OF INNOVATION MANAGEMENT PERSPECTIVE</td>
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<tr>
<td>Entering new market segment</td>
<td>Recommendations for the improvements mainly in the Innovation Life Cycle Processes, identifying early wins, design of an R&amp;D management system, Support for getting public funding for the innovation project</td>
<td>IMP³rove assessment, Opportunities Report, Roadmap with actions and timelines</td>
<td></td>
<td>Growth opportunity with new business line</td>
</tr>
<tr>
<td>Better exploiting the organisation’s innovation potential by shifting from invention to innovation</td>
<td>Initiating measures for establishing structures facilitating innovation and developing an innovation culture</td>
<td>IMP³rove assessment completed by the board of directors, Feedback on each dimension of the “House of Innovation” and discussion of the results with the client’s innovation team representing the different departments, Complementary interviews with 20 employees, Workshops with the innovation team to define actions</td>
<td></td>
<td>Structural and cultural change to move from invention to innovation</td>
</tr>
<tr>
<td>Getting from losses back to a profitable business</td>
<td>Gaining substantial profits one year after the IMP³rove assessment based on the programme of work that included: Vision and strategy, Identification of growth market sectors, Commercialization system, Definition of technology-driven business opportunities, Advice on organisation and Innovation Management</td>
<td>IMP³rove assessment, Interviews with the whole management team, Report with the key findings, Developing a programme of work</td>
<td></td>
<td>Valorisation of IP, e.g. manufacturing licenses, patents</td>
</tr>
<tr>
<td>Preparing for potential disruptive technologies</td>
<td>Clear plan to improve the bottom line by more systematic Innovation Management;</td>
<td>IMP³rove assessment, Review of the SME’s business plans and financials, Roadmap with a plan for costing and implementing the recommendations</td>
<td></td>
<td>Impact of Innovation Management on the bottom line, Open innovation</td>
</tr>
</tbody>
</table>
5.5.1 SME CHALLENGES THAT WERE ADDRESSED BASED ON THE IMP³ROVE APPROACH

Most of the challenges that the SMEs were facing were rather strategic. Pressure from disruptive technologies, significant losses because of the economic crisis and a need for internationalisation require a strategic response with Innovation Management playing a key role. However, the case examples also illustrate the operational challenges, such as successfully managing several innovation projects at the same time within a small organisation, better exploiting the innovation potential of the entire organisation or evaluating the business impact of an innovation project.

With the IMP³rove approach, consultants could deliver the recommendations for improving an SME’s competitive position. Tangible benefits are documented in the increase of profitable growth.

5.5.2 ACHIEVED TANGIBLE RESULTS

The overall aim of Innovation Management consulting is to strengthen the SMEs’ innovation capacity and competitiveness. This is demonstrated by quantitative financial results and by qualitative results. Some of the case examples present impressive figures that prove the financial impact of IMP³rove-based consulting. In other cases, the SMEs were not yet in the phase where recommendations could generate the expected financial results. Here, the implementation phase will be critical to achieving these results. It is often the merit of the consultant not only assessing the SME’s current performance and providing the recommendations for the necessary improvements, but also ensuring the implementation of the recommendations and agreed-upon actions.

Qualitative results are the pre-requisite to achieving financial results. The cases examples described here can be grouped by the focus that the improvement measures had. However, most of the cases were not one-dimensional. Therefore, they were allocated by the main focus of the measures taken.

Figure 44: Overview of the Case Examples by Dimension of the A.T. Kearney House of Innovation

<table>
<thead>
<tr>
<th>DIMENSION</th>
<th>CASE EXAMPLE</th>
<th>QUANTITATIVE RESULTS ACHIEVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>Innovation Strategy</td>
<td>Levesys, AUS</td>
<td>Moving from the developer of ERP software for the Australian construction industry with moderate growth to a consulting services supplier to the construction industry</td>
</tr>
<tr>
<td></td>
<td>Book retailer, GER</td>
<td>Building a new Business Unit as response to disruptive technologies</td>
</tr>
<tr>
<td></td>
<td>Automotive suppliers, GER</td>
<td>Integrating the different business units, and integration product and innovation strategy</td>
</tr>
<tr>
<td></td>
<td>INFOTEL, IT</td>
<td>Feasibility of an internationalisation strategy</td>
</tr>
<tr>
<td></td>
<td>Traffic control and surveillance supplier, Spain</td>
<td>Development of and alignment with the new innovation strategy</td>
</tr>
<tr>
<td></td>
<td>Iphonedriod, Spain</td>
<td>Establishing a new business line</td>
</tr>
<tr>
<td></td>
<td>Electronic repair company, UK</td>
<td>Prepare for disruptive technologies</td>
</tr>
<tr>
<td>Innovation organisation and culture</td>
<td>Private Health Service Provider, Latvia</td>
<td>Alignment for top management commitment and establishing a learning culture</td>
</tr>
<tr>
<td></td>
<td>Pharmaceutical ingredient manufacturer</td>
<td>Leveraging the Innovation potential of the organisation</td>
</tr>
</tbody>
</table>
Maintaining the focus on impact during the consulting project is critical for the acceptance of professional Innovation Management consulting services. The more SMEs experience the benefits of the IMP³rove approach and the support from IMP³rove-trained consultants, the more they are willing to pay for these services rather than expecting public programmes to cover these costs.

### 5.5.3 THE CONSULTING PROCESS AND TOOLS APPLIED

In most cases, the applied consulting process included at least the following three steps:

- Execute the IMP³rove assessment
- Consolidate the results from the IMP³rove assessment in a report
- Present the results from the IMP³rove assessment in a feedback session

In most of the cases, the consultant was also involved in developing recommendations and, in some cases, in implementing the recommendations.

The IMP³rove assessment was the starting point. The IMP³rove benchmarking report provided the facts and figures on the SME’s Innovation Management performance. These facts and figures were often complemented by interviews with members of the management team and/or staff members. Thus, a comprehensive picture on the SME’s strengths and weaknesses could be provided in comparison with the SME’s competitors.

The results of the analysis phase were documented in a report. In some cases, several reports were provided. The report was the basis for the feedback to the SME. In most cases, the feedback took place in a personal meeting, either with the SME manager or with the management team. In some cases, the results from the IMP³rove assessment were translated into a traditional SWOT analysis, which helped the SME’s management link the results of the IMP³rove assessment to the categories in which they were thinking.

During the development of recommendations, the consultants aimed to involve as many SME stakeholders as possible to get the buy-in for the necessary organisational changes. This facilitates the implementation of the agreed-upon recommendations and actions. During this phase of the consulting project, consultants applied different tools—including brainstorming, de Bono’s Thinking Hats and scenario—to come up with the most suitable solution for the SME.

The cases show that SMEs receiving value-added from IMP³rove Innovation Management consulting gain competitive advantage. With IMP³rove as the European approach to Innovation Management, the next level of professionalization in Innovation Management consulting can be reached. Therefore, focus on tangible results from Innovation Management consulting is essential for the professionalization of this rather young consulting discipline.
6. Future Development towards Professionalization of Innovation Management Consulting Services for SMEs

The Innovation Management consulting services for SMEs have been dominated by publicly funded programmes. This had a strong influence on the objectives of the Innovation Management consulting. Public programmes clearly describe the deliverables regarding stakeholder involvement, number of beneficiaries and tools to be developed or applied. However, they used to focus less on the business requirements of the enterprises that are meant to be the beneficiaries and the impact of the Innovation Management consulting services on these organisations.

Even if the Innovation Management consultant realizes that the objectives of the public programme are obsolete by the time they need to be achieved, he or she has to follow the programme’s plan. In one case, a consultant clearly acknowledged that the innovation audit they had to develop in the context of a publicly funded project is not nearly as comprehensive and thorough as the IMP³rove assessment. Given the defined deliverables of the programme, the consultants could not or did not want to switch to the better approach, which has already been tested. This shows the limitations and constraints of publicly funded innovation support projects. If the same consultant supported the SME based solely on financing by the SME, he or she probably would have to change his approach and apply the better tool. Otherwise, the SME would not pay for substandard services.

In context of this experience, the following chapters describe how Innovation Management consulting services for SMEs can be further professionalized, especially in publicly funded programmes and projects, to create the impact and improvements needed to increase the competitiveness of European SMEs.

6.1 Anticipating Trends for Better Innovation Management Consulting Services

Value-driven Innovation Management consulting services should anticipate trends in Innovation Management and implement them into the consulting approach because Innovation Management is becoming increasingly important and an effective driver for growth and competitiveness. These trends include the following:

- Holistic approach to Innovation Management rather than research and development plus innovation (R&D+I)
- From product innovation to non-product innovation
- Coherent Innovation Management within the value networks
- Increasing proficiency in Innovation Management and Innovation Management consulting

These trends will be explored in more detail in the following chapters.

6.1.1 Holistic Approach to Innovation Management Rather Than R&D+I

Innovation Management involves more than research and development and the functions responsible for these tasks. Innovation actually is the overriding goal within a company to generate value for their customers. This applies for both profit and non-profit organisations. R&D is a necessary step within Innovation Management for achieving this objective. It is a co-creation of value throughout the entire company—and in advanced cases, even beyond the borders of the organisation. At each step of the value chain, Innovation Management can contribute to the company’s growth and competitive position. Even in larger corporations, the perception of Innovation Management in 2011 was still perceived as the add-on to R&D. This is reflected in the misleading acronym R&D+I: research for creating knowledge, development for processing knowledge and innovation for turning knowledge into value. From a research perspective, this might look like an evolution. However, from a business perspective, R&D should be an integral part of Innovation Management to ensure alignment with the overall innovation strategy.
Innovation Management consultancy will need to drive this integrated approach. This will create the strategic alignment as well as the coherence and interoperability within the organisation and within the value networks.

6.1.2 FROM PRODUCT INNOVATION TO NON-PRODUCT INNOVATION

In the future, Innovation Management might focus more on non-product innovations for several reasons. Product innovations might require too much time to cope with the dynamics of an industry. They usually also are more expensive than service innovations, and it often is too difficult to achieve the required differentiation to succeed in the market.

Innovation Management consulting can serve as a driver for non-product related innovations. The IMP³rove study “Gaining Competitiveness with Innovations beyond Technology and Products: Insights from IMP³rove” published in 2011 clearly demonstrates the business potential of non-product related innovations in the manufacturing companies. Service companies that have been excluded by an R&D-driven approach also need to systematically innovate. Innovation Management consulting will support these organisations in achieving growth and sustainability from service, process and business model innovations—in addition to product innovation.

6.1.3 COHERENT INNOVATION MANAGEMENT WITHIN THE VALUE NETWORKS

Value networks become more and more the driving force for innovation. But identifying who actually is the “innovation gate” in the value network is not easy. Is it the immediate customer? Is it the consumer? Is it an organisation in between? Will technology from a completely different area lead to convergence? Has the large player in the value-chain decided that more of his innovation activities should be performed by suppliers? SMEs lack this overview and often neglect to investigate the change within the value networks. Closer cooperation with the various players in the value networks will create more transparency where the driving forces for innovation are. SMEs can take an active role. They can ask their suppliers to provide insights into their Innovation Management capabilities. This will help the SME better understand how to involve suppliers in innovation activities. At the same time, it offers the SME the opportunity to discuss with their supplier problems for which they are seeking supplier solutions. Performing an assisted IMP³rove assessment with both customer and supplier created an unknown added value for both organisations. Innovation Management consultants have the opportunity to facilitate the discussion and contribute to a deeper understanding of the different partners’ needs and demand.

6.1.4 INCREASING PROFICIENCY IN INNOVATION MANAGEMENT

A trend that has been observed since the 2006 start of the IMP³rove project is an increasing awareness and proficiency in Innovation Management, not only at the company level but also for other stakeholders. The omnipresent discussion on European competitiveness to secure the level of wealth had its impact, and the recent financial and economic crises have increased the urgency. The question is no longer why we talk about Innovation Management but how we can improve in this area.

Innovation Management consulting also needs to refine the tools and approaches for effective support. Asking the question “With which products, services or business models will you earn your money in three years’ time?” should now lead to the effective approaches that will establish a sustainable Innovation Management that is clearly designed for the specific needs of an individual SME. This challenge of innovating also must be mastered by the consultants themselves.

6.2 Professionalization of Innovation Management Consulting Services

Professionalization of Innovation Management Consulting will be visible in at least three very different areas.

- Dissemination of a common approach to Innovation Management consulting as it has been requested already in some of the case examples
- Increased demand for high-impact Innovation Management consulting services
- Innovation Management consulting services for the public sector

The increasing expectations for high-impact Innovation Management consulting will drive this professionalization.

6.2.1 DISSEMINATION OF A COMMON APPROACH TO INNOVATION MANAGEMENT CONSULTING

A major step toward professionalization has been made by establishing the IMP³rove Innovation Man-
agement assessment as common approach. Consultants using the IMP³rove assessment highlight the benefit of having access to a common European benchmarking approach. It allows immediate comparison of their client’s Innovation Management performance with other companies on a national as well as international basis (see case examples in chapter 5). Building their consulting services on the IMP³rove benchmarking report, they now are looking for a common approach for the consulting process. Within the IMP³rove project, this has been developed at a very early stage. It is designed for high impact for the client receiving the consulting services. The adoption of this process by Innovation Management consultants will be supported by further training. The IMP³rove – European Innovation Management Academy has already developed courses on Innovation Management consulting. These courses provide tools and approaches on how to move from the IMP³rove assessment to recommendations for the SME that have a measurable impact and create value for the company. IMP³rove certificates provide the formal proof of the consultant’s level of proficiency in Innovation Management consulting.

Professionalization also includes learning from failure in Innovation Management consulting. If the client has not implemented the recommended measures, this might not be only the client’s fault. Approaches for motivating and enabling the client to better implement the measures might be as important as developing adequate advice.

Learning from mistakes and discussing them within the peer group is not widespread within the Innovation Management consulting community, yet it is a clear indicator of the industry’s professionalization. Furthermore, it is a source for service innovation in the area of Innovation Management consulting services.

The IMP³rove – European Innovation Management Academy may build the platform for the discussion of both common and very specific challenges in Innovation Management consulting. Thus, continuous improvement of the Innovation Management consulting services will be stimulated, and opportunities for innovations in that sector and their delivery will be promoted. At the same time, the users and beneficiaries of Innovation Management consulting services can increase their expectations regarding professional services in this area. They have a better understanding of the benefits and value of these services, gain transparency on the quality standards and have easier access to high-quality support services.

6.2.2 INCREASED DEMAND FOR HIGH-IMPACT INNOVATION MANAGEMENT CONSULTING SERVICES

Because Innovation Management consulting is a young discipline, there is a demand for proof of proficiency in high-impact Innovation Management consulting. Each public authority defines its own quality criteria. However, public agencies have to adhere to non-exclusive principles. Therefore, they only define rather formal criteria, such as number of employees working in the consultancy or number of years the consultant has provided consulting services. In most cases, there is no request for proof that these services had a high impact on the clients’ performance.

Since IMP³rove established its certification scheme, demand for consultants with proven proficiency as IMP³rove Expert Level I and higher have been expressed recently. This trend is expected to continue. Both the public sector and private companies are becoming aware of the need for proficient Innovation Management consultants who are defining their value by the impact of their services. This demand will then increase the interest of consultants in providing the proof of their proficiency. Consultants who focus on creating value for their SME clients have fewer difficulties recruiting clients on the basis of consulting fees paid by the SME rather than by public programmes.

Public agencies should be aware that they might interfere in market dynamics if they create demand for Innovation Management consulting service based on formal criteria, without requesting high impact from these services. This might put a disadvantage on private consulting companies that are not supported by public funds. The initial intention to develop the Innovation Management consulting market with public funding might result in the opposite—preventing the further development of value-oriented consulting services.

The IMP³rove Certificates include four levels: IMP³rove Guide, IMP³rove Expert level I, IMP³rove Expert level II and IMP³rove Auditor. The IMP³rove Guide can support SMEs in completing the IMP³rove Assessments. As IMP³rove Guide the consultant is not entitled to provide consulting services in innovation management unless he has demonstrated his expertise in that area. In the IMP³rove qualification scheme as of the IMP³rove Expert level I limited consulting services can be offered under the IMP³rove brand. As IMP³rove Expert I the successfully trained consultant is entitled to support the SME in completing the IMP³rove Assessments and conducting the related consulting workshops under the IMP³rove brand. The certificate IMP³rove Expert level II will entitle the consultant to render all IMP³rove services offered as IMP³rove Expert except the auditing of an SME or an IMP³rove consultant. As IMP³rove Auditor the consultant can audit SMEs in Innovation Management. If agreed with the IMP³rove European Coordination Team, he can also train potential IMP³rove Guides and IMP³rove Experts I and II to contribute to the quality assurance of the services rendered under the brand IMP³rove.
services. This might create a barrier to the development of knowledge-intensive services in the area of Innovation Management support services.

6.2.3 INNOVATION MANAGEMENT CONSULTING SERVICES FOR THE PUBLIC SECTOR

Innovation Management is not just a discipline for organisations that operate on a profit basis. Non-profit organisations as well as public institutions need to establish and develop their Innovation Management. This will help them focus on continuous value-creation. Innovation Management consultants can help these organisations define the expected innovation results and how to achieve them. They may increase the effectiveness of the institution as well as its efficiency. The recent analysis of supply and demand in the liberal arts sector by Mark Bauerlein at Emory University in Atlanta, Georgia, in the United States, initiated by the Center for College Affordability and Productivity, is one attempt in this direction. This study illustrates the research productivity of the English departments of four U.S. colleges. ‘Universities, however, must think in larger, policy- and cost-oriented terms, judging not the research record of a particular professor, but rather the research record of the entire department, weighing the impact of all its products against the financing of them. Hence, in reviewing its tenure and promotion policies and the financing of them, it cannot highlight only the successful books and essays of the past. The unsuccessful ones must be considered, too.’ In his study, Mark Bauerlein calculates the investments made in research activities of regular faculty members. (...) According to the Humanities Indicator Project, in 2008 academic spending on humanities research and development was only 0.49% of spending on science and engineering R&D. Based on that, ‘the production of research items by regular faculty members, those professors paid to produce research’ was evaluated by ‘the number of books and articles generated in recent years.’ The overall result of this study is that there are no customers for these publications independent of their scientific quality. The average number of readers of these publications seems to be slightly above one only. This leads to the question for a new business model for the liberal arts industry. Forcing young and talented students as human resources to produce books and articles that nobody will read (“publish or perish”) must shift to a business model where the products offered are actually consumed.

This example illustrates the need for Innovation Management in public institutions that are focusing on creating value from the institutions’ point of view. Although examples like this might be challenged at the beginning, they should be taken as the starting point for the own institution’s innovation strategy development process. This should aim at creating value for the beneficiaries. Most public institutions have an internal view of what that value should be; very few have asked their customers about their own view.

Innovation Management consultants can serve here as catalysts and facilitators to help start the change journey. The signs for more than incremental change have been understood by many executives in the public sector.

6.3 Outlook

Given the young age of the Innovation Management consulting discipline, there is growth and development potential. Innovation Management consulting can contribute to creating jobs in the knowledge-intensive services as well as in the organisations that this sector serves. Further professionalization of this service sector will also allow for exporting these services outside Europe, thereby contributing to the internationalization of the service sector. With exporting the IMP³rove approach a first step has been made. This confirms the leading role of Europe in Innovation Management consulting for SMEs.

Although technologies will play a major role in Innovation Management consulting, it will remain a people business. Therefore, each consultant active in the field of Innovation Management consulting is master of his or her own success. With sound knowledge in Innovation Management and solid expertise in Innovation Management consulting, he or she can develop his or her own business—provided their service creates high impact and value for their clients.

13 Mark Bauerlein, Literary Research, Costs and Impact, Center for College Affordability and Productivity, A Policy Paper from the Center for College Affordability and Productivity, November 2011, p. 3
14 Mark Bauerlein, Literary Research, Costs and Impact, Center for College Affordability and Productivity, A Policy Paper from the Center for College Affordability and Productivity, November 2011, p. 4
15 Mark Bauerlein, Literary Research, Costs and Impact, Center for College Affordability and Productivity, A Policy Paper from the Center for College Affordability and Productivity, November 2011, p. 4
16 Mark Bauerlein, Literary Research, Costs and Impact, Center for College Affordability and Productivity, A Policy Paper from the Center for College Affordability and Productivity, November 2011, p. 4
7. Appendix

7.1 List of Contributors

The following list includes the IMP³rove consultants who have contributed to this study with a case example from their practical consulting experience with IMP³rove. They are listed by country in alphabetical order. We would like to thank all contributors for sharing their practical experience and for their time and investment in providing the case examples.

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7.2 List of Publications that Resulted from IMP³rove

- Gaining Competitiveness with Innovations beyond Technology and Products: Insights from IMP³rove (2011)
- Innovation Management in High-Growth SMEs from the Knowledge-intensive Services (KIS): Setting the Pace for Growth in Europe (2010)

7.3 List of IMP³rove Service Offerings

The following list of service offerings are blue prints for IMP³rove-based support of innovation and competitiveness programmes. They provide an overview of the services that are offered by the IMP³rove – European Innovation Management Academy. They can be customized to the specific needs and demand of the support programmes aiming at raising the competitiveness of SMEs and the performance of the Innovation Management support providers in the innovation eco-system.

7.3.1 SUPPORT IN THE DESIGN OF PROGRAMMES TO RAISE COMPETITIVENESS AND INNOVATION PERFORMANCE OF SMEs

Various programmes to raise competitiveness and innovation performance of SMEs have been launched in the past. The impact that they generated has not always fully met the expectations of the initiating organization. A major challenge was the mobilization of SMEs to involve them actively in the programme. In addition, the qualification of the service providers was not in line with the programme’s objectives nor were the performance measures. To avoid that the well-intended programme’s objectives are not fully met, the IMP³rove – European Innovation Management Academy provides support in the design of programmes to raise competitiveness and innovation performance of SMEs. This support can be financed e.g. with funds from structural funds/technical assistance.

The Concept

The support in the design of programmes to raise competitiveness and innovation performance of SMEs includes five major steps. The support from IMP³rove can be offered for all or for selected steps.

- Facilitating the process of defining the objectives of the planned programme: Experience shows that the objectives of the planned programme have to be discussed among the key stakeholders and agreed. Often they seem to be obvious, however, when they have to be translated into specific actions and clear key performance indicators different opinions emerge
- Assessment of demand for support: Many support programmes have been offered to help SMEs adopting new technologies or collaborating with research institutes. This puts focus on manufacturing companies. However, IMP³rove studies show that innovation capacity of service companies contributes to the competitiveness of a region or a specific industry. Not all of the SMEs that have been involved in support programmes have the capabilities to make best use of the new technologies or the results provided by research institutes. Therefore, the SMEs’ Innovation Management capabilities need to be evaluated as a pre-requisite for the success of the planned programme
- Evaluation of the qualification of the support providers available: Based on the experience in training more than 500 innovation support providers in the IMP³rove Approach gave a good overview on the qualification of these support providers to add value to the SMEs’ competitiveness and Innovation Management capabilities. IMP³rove certificates might be a first basis for selecting the most suitable organisations. By specifying the required profile in the call for tender or proposal increases the quality of the offers, and minimizes the effort of those who have to evaluate these offers
- Design of the programme: During the design phase the IMP³rove support is focusing on the consistency with the defined objectives and key performance indicators. The
risks will be assessed that might impede the success of the programme. These risks may come from lack of time for mobilizing the beneficiaries, lack of clear communication to the key stakeholders or even lack of attractiveness of the programme for SMEs.

- Support in the call for tender or proposal process: For the public tender or proposal process support is provided in developing the documents describing the technical specifications of the programme as well as in communicating the call to reach the best qualified support providers to submit their offers.

**Scoping the Programme for Competitiveness and Innovation Performance of SMEs**

When scoping the programme for competitiveness and innovation performance following key dimensions have to be evaluated:

- Population of SMEs in scope: How many SMEs are in the scope that will benefit from the programme; how will they be mobilized in an effective and efficient manner?
- Supporting infrastructure: Is there already an infrastructure in place that can be leveraged to create momentum for the programme? If not, are there funds available to initiate the development of such an infrastructure/innovation eco-system?
- Phases of the programme for competitiveness and innovation performance of SMEs: will this programme be designed in a pilot and a roll-out phase or will it be designed by industry sector or by regions to be involved? How is the learning experience risk mitigation integrated in the design of the programme?
- Timing and budgeting of the programme: To what extend are the project phases designed according to the current level of SMEs’ competitiveness and proficiency in Innovation Management, the available infrastructure, and the available resources and budgets? Is there a co-financing expected that might cause delays if not provided on time?
- Sustainability of the achieved results: How will the results be further leveraged and a sustainable impact of the programme achieved?

These are key issues that need to be taken into account when scoping a programme for innovation and competitiveness of SMEs.

**Steps for Preparing for the Programme Development**

When preparing for a programme for innovation and competitiveness, the authority should have a clear understanding who the key stakeholders are, that decide on the overall objective of the programme and what their political intention is. The trends and insights on effective innovation and competitiveness programmes should be already taken into account during the preparation for the development of the programme.

**Benefits of the IMP³rove Support in the Design of Programmes to Raise Competitiveness and Innovation Performance of SMEs**

Support in developing programmes to raise competitiveness and innovation performance of SMEs by the IMP³rove – European Innovation Management Academy is geared to increase effectiveness and efficiency both in the preparation of the programme as well as in its execution. Policy makers thus will build their programmes on state of the art insights and trends in Innovation Management at SMEs, in the Innovation Management support industry and related key players important for an effective innovation eco-system. With the largest database on Innovation Management in SMEs and a wide international network of more than 500 trained Innovation Management support providers and the training curriculum the IMP³rove – European Innovation Management Academy disposes of a comprehensive view on the current markets relevant for innovation and competitiveness programmes.

**7.3.2 NATIONAL IMP³ROVE PROGRAMME TO RAISE COMPETITIVENESS AND INNOVATION PERFORMANCE OF SMES**

With the European Structural Funds, national or regional funds, EU Member States dispose of financial resources to improve the competitiveness and innovation of SMEs to foster growth and creation of employment. As small and medium sized enterprises (SMEs) are the backbone of the competitiveness, a national or regional programme to raise the innovation performance of SMEs is often required. To be successful for the SMEs as final beneficiary it also has to include intermediaries, consultants, financial actors supporting SMEs and policy makers in their innovation efforts. Such a comprehensive support programme could be designed in following modules:

B. Assistance phase: Support in the design and in the implementation of programmes to improve SMEs’ Innovation Management capabilities and the regions’ competitiveness.

C. Evaluation phase: Evaluating the impact of the implemented programme to raise the innovation performance of SMEs.

The modules can be implemented independently or in combination addressing different stakeholders as required. All or many of the modules could be part of a national development programme depending on the needs and the objectives of the intervention.

Diagnostic phase: Assessment of the Innovation Management Capabilities in the Region

The assessment of the Innovation Management capabilities includes the SMEs, the innovation support providers such as consultants, cluster managers, chambers of commerce, as well as policy makers, academia and financial actors.

SMEs’ Innovation Management capabilities will be assessed based on the IMP³rove Assessment. It gives the SMEs a detailed report on their Innovation Management capabilities in comparison with the growth champions and the average. This benchmarking allows the comparison on a national as well as on an international basis, within sectors and across industry sectors - based on the largest and most up-to-date database on Innovation Management with more than 3000 SMEs. For maximum impact, the IMP³rove online assessment will be made available in local language. Currently following languages are already established: Czech, English, French, German, Hungarian, Italian, Polish and Spanish.

Support providers such as consultants, cluster managers or responsible actors at chambers of commerce can assist the SMEs in completing their IMP³rove Assessment. They will be trained in the IMP³rove Approach and in Innovation Management specific topics as needed.

Furthermore, policy-making, financial investments and academic programmes in the region will be analysed to what degree they are geared to innovation and effective Innovation Management support.

Tangible Results from the Diagnostic Phase:

- Overview on the SMEs’ Innovation Management performance compared to other regions, countries or sectors. Identification of ‘Innovation Management champions’ in the region
- Innovation Management assessment report for each individual SME
- Trained Innovation Management support providers
- Study on the regions’ proficiency in Innovation Management as driver for competitiveness

Assistance Phase: Support in the Design and Implementation of Programmes to IMP³rove the Regions’ Competitiveness and Innovation Capabilities

Based on the existing assessments and the results of the diagnostic phase, an action plan will be developed to mobilize all key stakeholders and enhance the proficiency in innovation and Innovation Management as a key driver for competitiveness. Such an action plan includes qualification programmes, innovation support schemes and the communication and promotion of the actions.

Qualification of SMEs and consultancies will be provided based on the curriculum of the IMP³rove - European Innovation Management Academy. SME workshops will be part of the action plan to increase their awareness and capabilities in Innovation Management and to foster the interaction e.g. with financial investors, clusters and academic institutions. In addition, the action plan will include the further development of voucher schemes and innovation policies as well as recommendations for academia to better address Innovation Management topics in their programmes. Integral part of the action plan is the promotion and communication of activities to disseminate the programme within the various stakeholder groups.

During the implementation, the SMEs’ Innovation Management capabilities will be assessed and further developed to increase their competitiveness. This will be supported by training programmes for SME managers, and the support service providers. The implementation will be monitored, and where needed further actions will be developed to achieve the defined results and impact.

Tangible Results from the Assistance Phase:

- Agreed action plan with clear roles, responsibilities, timelines, deliverables and milestones
Mobilisation of the responsible parties to implement the action plan
Increased proficiency in Innovation Management in the regions as basis for strong competitiveness

Evaluation Phase: Evaluating the Impact of the Implemented Programme to Raise the Innovation Performance and Competitiveness of SMEs

The evaluation of Innovation Management capabilities in the region will be executed in two dimensions: the firm level and the infrastructural level. It will be based on the defined key performance indicators. These should include the profitable growth of the SMEs that are part of the programme in comparison to their peers in other regions or countries. The evaluation of the regional “infrastructure” for Innovation Management will assess the integration of all stakeholders focusing on Innovation Management: SMEs, support providers, investors, policy makers and academia. An Innovation Management Award can be part of the evaluation to present the Excellence in Innovation Management either on firm level and/or within a network of different stakeholders.

Tangible Results from the Evaluation Phase:

- Report on the Innovation Management capabilities in the regions on firm level and on infrastructural level
- Insights in the strengths and weaknesses of the regions’ innovation capabilities and competitiveness
- Insights on the further development needs of the regions to increase their competitiveness and proposed measures

Steps to Initiate a Customized Regional Programme to Raise the Innovation Performance of SMEs

Ideally the national ministry responsible for the structural funds for competitiveness and innovation takes the lead. It should involve regional stakeholders, in particular clusters, and the management agencies for the structural funds in the design of the proposal already. The IMP³rove – European Innovation Management Academy that has emerged from the IMP³rove project (an initiative of the European Commission, DG Enterprise and Industry) should be involved in the formulation of programmes for some or all of the above described phases. It will then also mobilize the IMP³rove network partners in the relevant regions to support the programme.

Benefits of the National Programme to Raise Competitiveness and Innovation Performance of SMEs

With the IMP³rove-based national programme to raise the competitiveness and innovation performance of SMEs, the impact of the structural or national funds on the performance and competitiveness of SMEs will be high. Such a programme offers:

- Well-defined targets and objectives in line with the objectives of the government
- Close monitoring of the programme’s success and immediate counter measures as required
- Immediate knowledge transfer to local stakeholders in Innovation Management and Innovation Management support based on the internationally acknowledge IMP³rove Approach
- Increased Innovation Management performance of SMEs and innovation eco-systems in the different regions
- Increased competitiveness on a sustainable basis beyond the phase of the publicly funded programme

7.3.3 IMP³ROVE ASSESSMENT

SMEs need to improve their Innovation Management performance to maintain and improve their competitiveness. Therefore they first need to understand what their current business performance in relation to their competitors is and what they need to improve regarding their Innovation Management capabilities. With the IMP³rove Assessment a proven and effective approach is available.

The IMP³rove Assessment – the Concept

The IMP³rove Assessment is provided online as self-assessment or with assistance of a trained IMP³rove Consultant (www.improve-innovation.eu). A well-structured questionnaire helps the SME to learn what the key dimensions of Innovation Management are that it needs to address. The IMP³rove Benchmarking Report then compares the SME with the Growth Champion and the average in the various dimensions of Innovation Management. This benchmarking reveals the areas where improvement is most urgent. A trained IMP³rove Consultant can help the SME to derive conclusions from the detailed benchmarks and prioritize the measures for improvement so that the SME will sustainably improve its Innovation Management performance and its competitiveness.
SMEs that would like to have more detailed benchmarks can also complete the IMP³rove “Root/Cause” analysis and the IMP³rove Sustainability-Driven Innovation Management Assessment.

The IMP³rove Benchmarking report allows for better comparability of the SMEs’ Innovation Management performance and competitiveness as it builds on an external benchmarking and not just on an individual internal audit.

**Defining the Need for IMP³rove Assessments**

There is a strong need for assessing the Innovation Management performance of SMEs prior to any support service. Most of the SMEs have no or very limited knowledge about their Innovation Management performance. Transparency on the strengths and weaknesses in the various dimensions of Innovation Management is the key to design the most effective support measures. This helps to demonstrate the current best practice and how to reach it.

**Scoping the Demand for the IMP³rove Assessments at SMEs**

There are still too many old and small companies in Europe that need to grow in a profitable manner to remain competitive. Therefore, policy makers designing support programmes for innovation and competitiveness should not only take a look at start-up companies, but also at established small companies that have the potential and the ambition to grow. Experience shows that at least 10% of the SME population can be addressed. The effort to mobilize these SMEs is significant. Again experience shows that at least 2 man days should be calculated for a successful recruiting of an SME.

**Steps to Introduce the IMP³rove Assessment**

Since the IMP³rove Assessment is available online, policy makers only have to inform the SMEs about the need to provide the IMP³rove Benchmarking report. They have to specify whether they expect the IMP³rove Benchmarking report based on a self-assessment or based on an assisted assessment. It is highly recommended to request the assisted IMP³rove Assessment. This provides higher data quality as well as better education of support providers in Innovation Management. In most of the European countries there are already trained IMP³rove consultants. Training programmes can be scheduled where additional support providers need to be trained to help SMEs in completing the IMP³rove Assessment.

Policy makers should also specify against which benchmarking sample the SMEs should compare themselves. It is recommended to request the comparison within the own industry and the own size class and with all countries. This will provide an international view on the SMEs’ performance.

**The Benefits of the IMP³rove Assessment**

With the IMP³rove Assessment the SMEs gain insights in their competitiveness, in the areas that they need to improve. Since the IMP³rove Assessment is designed for regular evaluation of the own Innovation Management performance, Innovation Management becomes an integral part of the SMEs’ management activities. SMEs also can invite their suppliers to perform the IMP³rove Assessments. This will have an impact on the competitiveness of the value chain the SME is integrated in. SMEs that performed the IMP³rove Assessment can use the IMP³rove Benchmarking report to prove their competitiveness to customers, financial investors or to public agencies offering programmes for competitiveness and innovation. There have been already publicly funded programmes where the IMP³rove Benchmarking report was an important part of the application for these public funds (see also section 4).

With the IMP³rove Benchmarking Report, public authorities have additional insights in the innovation and competitiveness performance of SMEs that are applying for funds. Depending on the objectives of their programme they can select the right SMEs on a broader data basis.

**7.3.4 IMP³ROVE AWARD**

In Europe, many innovation agencies, chambers of commerce, clusters and other intermediaries supporting SMEs are seeking effective new service offerings to improve the competitiveness and innovation capabilities of their client SMEs. As a new service, the IMP³rove Award has been developed that can be easily adopted in a region, or a country. The concept of the IMP³rove Award, its benefits and how to initiate an IMP³rove Award on a local or national basis are described in the following.

**The IMP³rove Award – the Concept**

As a first step for the IMP³rove Award the criteria in which the participating companies are evaluated should be defined. Further the categories in which the award will be granted need to be defined. They can reflect the dimensions of Innovation Management: innovation strategy, innovation culture and organization, innovation life-cycle process, innova-
tion enabling factors. Categories can also be represented by the highest growth rate resulting from innovation: growth in number of employees, growth in revenue or in profit.

The IMP³rove Award combines online benchmarking of the SMEs’ Innovation Management capabilities with on-site visits and an Award Ceremony for the winner(s) of the IMP³rove Award.

Online benchmarking: The SMEs will access the IMP³rove Assessment via the IMP³rove online platform www.improve-innovation.eu. Once the SME has completed the IMP³rove Assessment, they can request the IMP³rove Benchmarking report. This report already provides detailed feedback on the SMEs Innovation Management performance in relation to the average and the top 10% of the companies in the benchmarking sample.

The completion of the online IMP³rove Assessment can be assisted by trained IMP³rove consultants (recommended). They are trained in the IMP³rove Approach and have success-fully completed the IMP³rove process with at least one SME. The IMP³rove consultant can support the SME either in a face-to-face session or via telephone when questions come up. The assisted mode ensures higher data quality and consistency of the benchmarking.

Once the period for the IMP³rove Award competition has expired, the IMP³rove - European Innovation Management Academy will analyse the IMP³rove database and provide a ranking of the contest participants.

On-site visits: The SMEs that achieved the highest scores will be selected for the on-site visits. During those visits the Innovation Management activities of the SME will be verified. The team that will conduct these on-site visits should consist of members of the local agency, of an IMP³rove Expert and a representative of the IMP³rove - European Innovation Management Academy. (The latter to ensure consistent quality of the IMP³rove Award).

IMP³rove Award Ceremony: For the nomination for the IMP³rove Award a local jury should be established that represents prestigious organizations and institutions relevant in the area of innovation and for SMEs. For example, the jury could be composed of a representative of the ministry responsible for the development of SMEs, or the ministry for research and development, the national financial institution funding SMEs, a representative from academia who is perceived as the thought-leader in Innovation Management, a representative of a financial actor active in financing SMEs, a representative of a national or regional media partner and a representative of the IMP³rove – European Innovation Management Academy to provide the international dimension.

The jury will select the winner or winners. They will receive their award during the IMP³rove Award ceremony. This award ceremony should be organized under the patronage of the authority responsible for the development of SMEs. The IMP³rove Award should consist of a trophee, a certificate, and the prize.

The Award ceremony itself should include the opening speech of the official representing the patronage, a speech of the CEO of the local organizing agency on the lessons learned from the IMP³rove contest as well as short speeches of the winner(s) on what they did well that they were elected as winners and what impact that had on their competitiveness and business performance.

The Steps to Initiate the IMP³rove Award

First of all the objective of such an IMP³rove Award should be clarified. Then the key partners and their role need to be identified. The promotion of such an award requires strong marketing and PR support. The roadmap that needs to be developed for the IMP³rove Award should allow for sufficient time to recruit the SMEs for the IMP³rove Award. The Award Ceremony should give the winning SMEs the recognition within their markets. Often these are very local or regional and less international. It is essential to plan for an annual IMP³rove Award so that it becomes an established event in the calendar of SMEs, innovation support providers, financial investors and the public sector.

Similar to the IMP³rove Award other specific offerings can be integrated in innovation and competitiveness programmes.

The Benefits of the IMP³rove Award

The IMP³rove Award as designed above will

- Increase the awareness of Innovation Management within SMEs
- Provide the organising agency with an additional attractive service offering
- Provide insights on the barriers and drivers of Innovation Management in the domestic SME population for better local/national policies on innovation and competitiveness
- Increase the visibility of the parties involved as active players in support of Innovation Management activities


• Provide the option of several winners: national winner, international champion, etc.
• Ensure effective allocation of structural funds or other public funding programmes
• Build on a well-tested approach that is established in all major European countries and beyond

7.3.5 IMP³ROVE EDUCATION PROGRAMME FOR PROFICIENT INNOVATION MANAGEMENT SUPPORT

In many EU Member States and regions the proficiency in Innovation Management and Innovation Management support can be and has to be further improved to achieve more impact of the support programmes than in the past. Therefore, the IMP³rove – European Innovation Management Academy has developed a training and certification programme that can be integrated into national or regional programmes.

Assessing the Need for Higher Proficiency in Innovation Management

Policy makers who would like to ensure that SMEs are supported by highly proficient Innovation Management support providers can request the IMP³rove certificate on the level of IMP³rove Guide, IMP³rove Expert level I (basic level), IMP³rove Expert level II (intermediary level), IMP³rove Auditor (professional level). These certificates are issued based on the proven practical experience and the knowledge in Innovation Management and Innovation Management consulting.

If the innovation and competitiveness programme includes consulting services then IMP³rove Expert level I should be the minimum. This ensures that the consultant has demonstrated his knowledge in Innovation Management as well as in Innovation Management consulting.

The minimum training programme for IMP³rove Expert level I is the

• “Introduction to the IMP³rove Approach” (2 day training course) to gain a solid understanding of the IMP³rove Approach and the Innovation Management Assessment
• “Introduction to Innovation Management Consulting I” (2 day training course) as many support service providers, even those who have been working with SMEs for many years have major difficulties to focus on the value added of their support services
• Practical experience in supporting the SMEs demonstrated by at least 4 assisted IMP³rove assessments including the feedback workshops that results in a roadmap for improving the SMEs Innovation Management
• Successful completion of the IMP³rove exam for the IMP³rove Expert level I. This is a 4 hour written exam plus an oral presentation on Innovation Management designed for SMEs

Scoping the Need for Training in Innovation Management

If the aim is international competitiveness based on high Innovation Management performance, then there should be sufficient trained IMP³rove consultants available to support the local SMEs. Experience shows that an experienced consultant can on average support approximately 10 - 15 SMEs per annum. This includes an Innovation Management Assessment as well as 10 days of consulting support. Therefore programmes that aim at effective support of SMEs should have in place a sufficiently large network of highly qualified Innovation Management support providers. This network itself will contribute to the development of an active innovation eco-system.

Steps to Launch an IMP³rove Training Programme

Prior to the launch of the IMP³rove-based training programme, the objectives, budget and time frame have to be defined. Based on this information the individual education programme can be defined. It will combine theory and practical application of the approach.

The recruiting of the participants can be done by the authority or via public announcement.

To ensure sustainability of the measures, the training participants should be obliged to leverage the newly acquired knowledge and further develop it for the benefit of the local SMEs.

Benefits from Trained Innovation Management Consultants

By developing a network of qualified Innovation Management support providers the impact of the public support programme is significantly increased. Furthermore, involving experienced trained consultants in public programmes also develops the local service sector where jobs are maintained and additional ones are created. Training former managers of SMEs as consultants has been an effective approach. These consultants know what the key issues of SME managers are, and they enjoy a higher
level of acceptance than those consultants that have never had practical experience in an SME environment. This also helps to keep elderly members of the workforce in employment.

At the same time the network of IMP³rove trained Innovation Management support providers serves as a platform to further develop the innovation eco-system, maintain the awareness and knowledge on Innovation Management as key driver for competitiveness. A key benefit here is the common language and understanding of Innovation Management based on the IMP³rove Approach, and the Innovation Management support that builds on value-creation and impact.

7.3.6 CREATING THE IMP³ROVE POWERED INNOVATION ECO-SYSTEM

Long-term impact of publicly funded programmes on innovation and competitiveness will increase if there is a well-established innovation eco-system in place that will maintain momentum in the development of SMEs. To further develop regional or national innovation eco-systems, IMP³rove provides support services that focus on networking within different stakeholder groups as SMEs, consultants, innovation agencies, intermediaries, financial actors, academia, and policy makers.

The Concept of an IMP³rove Powered Innovation Eco-System

The IMP³rove powered innovation eco-system builds a network of different stakeholders active in Innovation Management based on a common internationally proven approach. Key principles are creating value based on Innovation Management, establishing sustainable In-novation Management support, and continuously measuring the impact of the innovation eco-system on the innovation and competitiveness performance of the involved SMEs. The concept includes the transition to a sustainable innovation eco-system.

Regular events such as IMP³rove Roundtables, IMP³rove Symposia, and IMP³rove Workshops and Webinars will bring together very different stakeholder groups and present new insights not only from IMP³rove Research, best practices of SMEs in Innovation Management, but also from external Innovation Management experts to increase the proficiency of service providers, policy makers, financial actors as well as the innovation performance and competitiveness of SMEs.

At the same time the need and demand of SMEs on Innovation Management support and innovation related issues will be assessed and measures developed to best address these needs within the innovation eco-system. This may include the development of an Innovation Management education programme at the local academic institutions, best practice visits at SMEs or benchmarking studies comparing the Innovation Management performance of clusters or industry sectors from different countries.

Due to the fact that IMP³rove has already established a wide international network experts on specific areas can be easily recruited to provide the necessary initial support and also to establish international connectivity of local innovation eco-systems.

7.3.7 ASSESSING THE NEED FOR ESTABLISHING THE IMP³ROVE POWERED INNOVATION ECO-SYSTEM

Lack of integration of SMEs, intermediaries, support providers, financial actors and academic institutions, indicates the need for establishing an innovation eco-system. The frequency and intensity of collaboration between SMEs, clusters, universities, financial actors, policy makers and media to promote innovation and competitiveness should be at least on a level that momentum is created to involve more and more SMEs in joint activities on improving their Innovation Management performance on a sustainable basis. Experience shows that one-time interaction of SMEs with the other stakeholders is not sufficient. Therefore, regular networking and collaboration activities should be in place with a clear target on tangible results for the SMEs. These results could include SMEs hiring a university graduate as Innovation Management assistant or participating in the IMP³rove Award.

Scoping the Need for Networking Support to Establish an Effective Innovation Eco-System

Defining the centres of “gravity” provides the number of locations where networking activities should take place. The frequency, intensity and scope of the networking activities have to be defined based on the existing activities. If there is already an academic institution that offers education and research on Innovation Management then this could build the basis to establish innovative online and off-line activities to further develop the local innovation eco-system with high involvement of SMEs. Alternatively, clusters, chambers of commerce, financial actors, trade associations or value chains will be leveraged to build the platform for the innovation eco-system. Experience shows that the continuity of these activities is essential to have a long-term impact.
Steps for Developing an IMP³rove-powered Innovation Eco-system

First of all the objective of the IMP³rove powered innovation eco-system has to be defined and agreed. Tangible and measurable targets have to be set in order to measure the impact of the innovation eco-system. Such targets should include the number of SMEs involved, the growth rate of these SMEs in terms of employment, internationalization etc. Then the key stakeholders that should play an active role in the innovation eco-system need to be identified and mobilized. Their specific role and tasks have to be clarified as well as the way how they can interact in the most effective manner that there is momentum for further developing the knowledge on Innovation Management and competitiveness especially at SMEs. Finally the impact of the innovation eco-system has to be measured and where necessary counter measures implemented.

Benefits of an IMP³rove powered Innovation Eco-System

The key benefit of a well-functioning IMP³rove powered innovation eco-system is its momentum in actively involving SMEs in Innovation Management issues as source for competitiveness. With an IMP³rove powered innovation eco-system a common language for all stakeholders is given as well as the focus on value-creation and impact for each of the members in the eco-system. Alignment of activities of the various stakeholder groups will result in demand driven support such as local education programmes for SME staff in Innovation Management, academic research driven by SME and their development issues, support services from intermediaries, consultants, clusters and innovation agencies that create value and sustainable growth for SMEs.

7.3.8 IMP³ROVE – WORKSHOPS FOR SMES

All innovation support programmes addressing SMEs face one common challenge: How to reach the SMEs. Often the topic “Innovation Management” or even “Innovation” seems less relevant to SME managers compared to the basic day-to-day operations.

Workshops for SMEs – the Concept

IMP³rove has already accessed more than 3000 SMEs across Europe and beyond. A key differentiator here is that IMP³rove builds on impact and value for the SME. The SME manager is concerned about the competitiveness of his company. Therefore, IMP³rove shows how he can secure his company’s future by creating transparency on his Innovation Management activities and results. Case examples, best practices and access to the Innovation Management benchmarking with the SMEs’ competitors are just some of the topics customized to the needs of SMEs.

These topics will be underlined with testimonials from highly innovative SMEs that demonstrate the full benefit of IMP³rove services such as the IMP³rove Assessment as basis for a systematic improvement programme for the SME’s competitiveness.

IMP³rove – SME Workshops are offered in various modes:

- Presentation on: Introduction to Innovation Management as key driver for competitiveness
- Presentation on: Introduction to Innovation Management as key driver for competitiveness plus the benefits of an IMP³rove Assessment
- Introduction to the IMP³rove Approach
- Introduction to the IMP³rove Approach and first steps to start the IMP³rove Assessment
- Presentation on the results from the IMP³rove Assessment and afterwards individual feedback based on the IMP³rove Benchmarking Report

Highly qualified IMP³rove Consultants will provide insights on results from projects where the Innovation Management performance of an SME has been improved.

Other set-ups for the IMP³rove – SME Workshops are offered based on the specific requirements of the institution organizing this event.

Co-sponsoring of the IMP³rove – SME Workshops

These SME workshops can be co-sponsored by local intermediaries, such as innovation agencies, development agencies, cluster managers, technology park managers, trade associations, industry confederations, chambers of commerce or financial actors.

Integration of the IMP³rove – SME Workshops in other IMP³rove offerings

The IMP³rove SME workshops can be offered in combination with various other offerings of IMP³rove such as:

- IMP³rove – Assessment
- IMP³rove – Audits
The main purpose of the IMP³rove - SME workshops is to gain access to SMEs and to convince them of the importance of Innovation Management for their own competitive performance.

Assessing the Need for IMP³rove – SME Workshops

Too many old and rather small companies are a first indicator for low Innovation Management performance and competitiveness of the SME population in a specific region or country or in a specific industry sector. SMEs complaining about the competitive pressure from international competition are another indicator as well as the decline in tax revenues. Here IMP³rove - SME workshops can contribute to create awareness for the urgency and for measures to respond to the decline and to the competitive pressure.

Scoping the Need for SME Workshops

Depending on the budget and urgency the number and frequency of SME workshops can be defined. To allow for high involvement of the SMEs participating in the IMP³rove-SME workshops there should be about 30 SMEs per workshop. The demand from SMEs will be higher if there is a clear benefit linked to the participation in the workshop. Therefore, the SMEs will get insights in their competitors’ activities and performance. As a follow-up activity support during the IMP³rove Assessment can be provided.

Steps for Preparing IMP³rove-SME Workshops

First, the organizing agency should clarify the objectives of the IMP³rove-SME workshop before involving other organizations that SMEs trust and before inviting SMEs at all. The benefits for the SMEs should be clearly stated as well as the expected contribution and active involvement of the SMEs and potential other stakeholders. An outlook on the follow-up activities should be provided to put the IMP³rove-SME workshop into perspective as one activity in the context of a well-designed programme.

These workshops need to be organized in close collaboration with institutions that have excellent access to SMEs. They need to communicate the benefits of these workshops to SMEs and create the demand from the SMEs. The aim should be a series of workshops in a defined region or a series of workshops in several regions to create the critical mass.

The Benefits of the IMP³rove – SME Workshops

The IMP³rove – SME Workshops offer

- SMEs a learning experience how to increase their own competitiveness
- SMEs networking opportunities with other SME managers who have benefitted from the IMP³rove approach
- Innovation Support providers access to SMEs based on a proven European Approach
- National and regional agencies the European view on Innovation Management and its impact on competitiveness
- National and regional agencies an approach to increase the proficiency in Innovation Management at SMEs
- Intermediaries such as cluster managers the possibility to offer additional services and insights
- Reference to a proven European approach as basis for establishing a national or regional “standard” approach
- The basis for further developing the competitiveness of the national or regional economy

7.3.9 IMP³ROVE WEBINARS FOR VIRTUAL WORKSHOPS AND CONFERENCES

With modern technology virtual workshops and conferences on Innovation Management have been successfully implemented by IMP³rove for awareness creation, education, and networking.

IMP³rove Webinars – the Concept

IMP³rove webinars are usually planned as a series of events to achieve the objectives defined and support the networking and interaction between the stakeholder groups. They are a supporting means to stay connected without the effort of travel time and cost. Webinars can never replace the benefits of face-to-face meetings. Training via webinars proved to be ineffective for the IMP³rove training programme. However, IMP³rove webinars increase efficiency and knowledge-sharing, networking, continuity of relationships and involvement of different stakeholders.

Assessing the Need for IMP³rove Webinars

Disperse stakeholder groups that have not yet collaborated sufficiently on Innovation Management related topics or Innovation Management topics
that have not yet been well understood by defined target groups are indicators for the need of IMP³rove Webinars. Furthermore, lack of awareness of Innovation Management as important issue, lack of knowledge in Innovation Management topics in general or lack of coordination between the players in the innovation eco-system as well as limited travel budgets and time are all obstacles that IMP³rove webinars might bridge in a very valuable way.

**Scoping the Frequency and Target Groups of IMP³rove Webinars**

IMP³rove experience shows that the webinars should maintain continuity of the information flow and exclusivity that the participants see a value in being member of this community. Therefore, the number of participants should be limited according to the purpose of a webinar. If the objective is pure dissemination of information than the number of participants can be higher. Usually the purpose of a webinar includes the interaction among the participants, and then the number should correspond with the intensity of interaction. 60 participants are perceived as maximum when there is a defined small group of presenters that interact while the others listen.

The frequency of webinars should secure continuity in the interaction of the participants. Depending on the aim of the programme IMP³rove webinars can be scheduled to bridge the gap between face-to-face meetings, or allow for coordination on short term in urgent matters or provide progress report on large programmes that require significant coordination within the various parties.

IMP³rove webinars are an excellent means to connect members of different target groups, e.g. representatives of clusters with consultants, development agencies, financial actors etc. – often on an international scale.

**Steps for Preparing IMP³rove Webinars**

The organizing authority should clarify the objectives and target groups of the IMP³rove Webinars, and how they will create value for the participants. The invitation to the IMP³rove Webinars including the agenda and the technical details to connect successfully need to be provided in due time. Technical support for participants who have difficulties to connect should be provided prior to the IMP³rove Webinar.

**Benefits of IMP³rove Webinars**

IMP³rove Webinars build on the common IMP³rove approach to Innovation Management support. They create awareness and a common understanding of defined topics. They also increase connectivity within the participants and secure continuity of interaction within a defined group of Innovation Management professionals. IMP³rove Webinars focus on tangible results and are based on long-term experience with this medium both for rather small groups as well as for webinars with a large international community. Based on this experience IMP³rove provides recommendations on the timing, frequency, design and content of the webinars.

**7.3.10 INNOVATION MANAGEMENT SUPPORT SERVICES ALONG THE VALUE CHAIN**

Given the fact that SMEs are difficult to mobilize IMP³rove has identified three drivers that motivate SMEs to participate in innovation and competitiveness programmes:

- Public funding, which is the least sustainable
- Financing
- Customer demand, which has the highest impact

Building on the fact that SMEs tend to listen to their customers, IMP³rove has developed the Supplier Innovation Management Assessment approach.

**Innovation Management Support Services along the Value Chain – the Concept**

Companies that are operating in the business to business sector highly depend on their business customers’ demand. Even well-managed companies state that they don’t know enough about their customer specific needs and vice versa the customers don’t know enough about their suppliers’ innovation capacity. Therefore, the concept of Innovation Management along the value chain has been developed by IMP³rove. This includes the IMP³rove Innovation Management assessment for the SME and then rolls it out to the SME’s suppliers who often also are SMEs. Bringing customer and supplier together and discussing the various dimensions of the “A.T. Kearney House of Innovation”, that is the basis of the IMP³rove Assessment, reveals completely new perspectives for the suppliers and the customers how to better align their innovation activities for mutual benefit.

The supplier can integrate challenges that the customer is facing into his own innovation life-cycle process and turn the challenge into ideas that become part of his idea funnel. In return, the customer gains much better understanding in which areas the suppliers are currently putting their innovation focus on.
For national and regional policy makers this approach is most effective to increase the innovation and competitiveness in the geographic area they are responsible for. It is also very cost effective, as the public funding is provided to those SMEs that see the need for improving their Innovation Management due to the expectations and pressure from their customers. This approach can be implemented along the entire value chain where the SMEs are operating in.

Assessing the Need for Innovation Management Support along the Value Chain

Based in the IMP³rove experience there is hardly any value chain where there is no need to provide support in improving and aligning the Innovation Management. Therefore it is essential to identify those value chains where the urgency is especially high. At the same time the interest of at least one key player in the value chain needs to be very high to improve their Innovation Management performance in order to meet explicit customer demand.

Depending on the scope of the public programme, the need for support might be limited to the value chains within a cluster or in the other extreme to global value chain in which the regional or national SMEs are embedded.

Scoping the Support in Innovation Management Support along the Value Chain

The public support should concentrate on the awareness creation and communication of the benefits resulting from the alignment of the SME’s own Innovation Management with their customers’ demand and with their own suppliers. These awareness creation activities can take place by presenting successful pilots. Public funding should focus less on financing the consultants helping the SME to improve their Innovation Management performance. The re-sources here should come from increased sales. The customer will intensify their relationship with the SME once their needs have been better addressed by the supplier.

Usually there are larger and smaller companies involved in the value chain. Public support still can be limited to SMEs while larger companies in the value chain are expected to be able to take measures for improving their Innovation Management at their own expense. The SMEs in the value chain will get qualified support by trained Innovation Management consultants to further develop their Innovation Management and better integrate it with their customers and their suppliers. This support can be co-funded by the public programme in the sense of developing case examples to mobilize SMEs in the region.

Steps to Initiate Innovation Management Improvement along the Value Chain

Key players should be identified that show an interest in improving their supplier Innovation Management. These companies should gain an understanding of their own Innovation Management performance by completing the IMP³rove Assessment in the first place before they ask their suppliers to provide an IMP³rove Benchmarking report based on an assisted IMP³rove Assessment.

Trained IMP³rove Consultants should be prepared to assist the suppliers in performing the assisted IMP³rove Assessment.

Benefits from Innovation Management Support along the Value Chain

Innovation Management support along the value chain increase not only the innovation performance and competitiveness of individual enterprises, but of interlinked companies. The “domino effect” will create a push and a pull demand for better Innovation Management and better Innovation Management support. This in turn will improve the sustainability of the regional or even national economy.

The dynamics of this approach is demand driven and less driven by public funding where beneficiaries often don’t see an actual demand for themselves. This increases the likelihood that companies will embed Innovation Management improvements into their regular management activities on a sustainable basis and not just because there is publicly funded support.

7.3.11 IMP³ROVE RESEARCH ON DEMAND

Insights on the Innovation Management performance of SMEs from specific industries, specific age or size classes as well as from specific countries or regions can be provided if a statistical relevant number of these SMEs have completed the IMP³rove Assessment. Research results on the performance of these SMEs in the various dimensions of Innovation Management are presented on demand. In addition, impact of Innovation Management support in Europe can be assessed based on the IMP³rove experience in establishing an international network of Innovation Management support providers for SMEs. Examples of IMP³rove research results are provided on the IMP³rove platform www.improve-innovation.eu.
Assessing the Need for Research on SMEs’ Innovation Management Performance

To customize the support programme for SMEs a better understanding of the barriers and drivers of Innovation Management and competitiveness is recommended. A hypotheses-driven approach will lead to the key questions that the IMP³rove “research on demand” should address. This could be a specific issue such as internationalisation or design management as driver for innovation and competitiveness or the comparison of an SME population in one country with that of another country. With several thousand data sets the IMP³rove database disposes of the largest database on Innovation Management at SMEs.

Scoping the Focus of the IMP³rove Research on Demand

Together with the representatives of the IMP³rove – European Innovation Management Academy the focus of the IMP³rove Research activities as well as the level of detail will be defined. It will also be defined whether there is already a sufficient number of valid datasets available in the IMP³rove Benchmarking database. If not, then the recruiting of SMEs in this area is recommended prior to the research activities.

Steps to IMP³rove Research on Demand

Usually there is an initial key question related to Innovation Management and competitiveness that needs an answer. The better this question is defined the more specific the IMP³rove Research can be designed. The team of the IMP³rove – European Innovation Management Academy will help in defining the key questions and the underlying hypotheses that need to be addressed by the IMP³rove Research results.

Benefits of IMP³rove Research on Demand

IMP³rove Research studies provide up-to-date insights on Innovation Management performance and activities of SMEs. The IMP³rove studies have further developed the knowledge on drivers and barriers of Innovation Management at SMEs. These studies can also provide insights on the effectiveness and efficiency of innovation support measures in order to derive conclusions and recommendations for increasing the effectiveness of future support programmes. The insight that some years ago many policies focused on the front end of the innovation process neglecting the focus on results from Innovation Management led to the refinement of support programmes. Now they are putting a stronger focus on measuring the increase of competitiveness of SMEs from those support programmes.

7.3.12 Examples for IMP³rove-based Innovation and Competitiveness Programmes

IMP³rove-based innovation and competitiveness programmes have been established in different ways and intensity across Europe and beyond. In the following some examples are described in more detail.
In UK, Scottish Enterprise a support service provider for SMEs and member of Enterprise Europe Network, has 15 trained IMP³rove Guides since 2011. They support SMEs in improving their Innovation Management performance and competitiveness. Scottish Enterprise linked with other EU funded programmes such as Eco-IP to gain access to SMEs via clusters in the area. With the IMP³rove Assessment areas for improving the SMEs’ competitiveness can be identified and systematically developed.

In Serbia, the Enterprise and Innovation Project, which was part of Serbia's process of application for EU membership in 2009, had three main elements: development of expertise in the Ministry of Economy and Regional Development, development of innovation policies and assistance to 150 enterprises. To assist in all these elements the project team chose to use the IMP³rove assessment and methodology.

The project aimed to make available assistance in developing businesses to 150 companies. The IMP³rove Assessment was used as a selection tool to target that assistance to the companies that could make best use of it. This did not mean that the most innovative companies were supported, but that the assistance that was available could be targeted at the companies, which would make best use of it.

At the beginning, there was doubt that a tool developed in the European Union and predominantly in Western Europe, to the old member states, would be applicable to an economy in transition. This doubt could only be resolved by testing the assessment in Serbia. However, the fact that it had been used in Bulgaria, Romania and Hungary did tell in its favour.

The most supportive institution was the Serbian export promotion agency. They had contact with many Serbian firms with views to the outer side of the country. They made available their database of companies and assisted in the promotion of improving to those companies.

The first step was to train Serbian experts in the use of the IMP³rove Assessment. It enabled the Serbian experts, who could go to companies, to help with the IMP³rove Assessment, and then deliver support to the SMEs in the next stage. However, the training did take some time. There had to be a formal training, and then a set of pilot assessments conducted jointly with an accredited EU expert.

A surprise was the high response rate from Serbian enterprises. About one of three of the enterprises approached wanted to undertake the assessment. This was for a variety of reasons. In some cases, the potential for gaining assistance from the state was important; in others, the prestige of an EU approved tool was convincing; for some others there was a genuine interest in gaining an insight into improving their performance.

One of the problems which resulted from the high response rate was the limited capacity to service all the companies. It was therefore necessary to stagger contracts with the companies and to recruit more experts to service them.

An analysis of the responses of the Serbian companies showed a similar profile to that of EU companies. Their main difference lay in the results aspect, where the hurdles faced by Serbian companies in exporting were significant. Reporting the profiles back to Serbian companies and demonstrating their similarities with companies in the EU was encouraging.

The profiles of the companies are also being fed into the Ministry of Economy and regional development and may be useful in formulating priorities for the implementation of the law on innovation.

IMP³rove is being used as a tool for assessing companies and as an instrument for embedding knowledge and expertise on innovation in the business support infrastructure in Serbia. It was also a small element in assisting Serbia in its trajectory for membership of the European Union.

In France, the national innovation agency, OSEO, issued innovation vouchers under the KIS-PIMS project. These vouchers enabled selected SMEs to buy consulting services in order to strengthen the business plan for their innovation. Within this project about 25 French SMEs were supported during the IMP³rove Assessment to identify and address their needs for more systematic Innovation Management performance. KIS-PIMS aimed at designing and implementing new funding schemes for innovative service companies, with a focus on SMEs, belonging to clusters located in France, Austria and Finland.

In Germany, the support programme “go-inno” launched by the Federal Ministry of Economics and Technology is a voucher programme that aims at a systematic preparation of an innovation project at an SME. This includes the analysis of national and international market potential, search for suitable cooperation partners for SMEs especially from academia as well as support during the implementation. Accredited support providers also include trained IMP³rove Guides. They supported the SMEs in innovation audits based on the IMP³rove Assessment as it also provides a com-
In Hungary, the National Development Agency has announced an innovation and competitiveness programme for SMEs in 2011. Vouchers are provided to SMEs for support based on a scoring model. A score of 100 has to be reached to be eligible for this voucher programme. By submitting a validated IMP³rove benchmarking report 20 out of 100 scores can be achieved. This puts the IMP³rove Assessment in a very prominent position.

For the National Development Agency also the qualification of the support providers is essential. Therefore, they intend to launch a training programme for this target group. The aim is to have 200 local IMP³rove Consultants trained at least on Expert level I available to assist the SMEs in the IMP³rove Assessment and during the improvement phase when the identified gaps have to be filled.

In Egypt, ITIDA the Information Technology Industry Development Agency decided in 2009 to use the IMP³rove Assessment to select the best small and medium sized IT companies for a special support programme. Staff members of ITIDA were trained in the IMP³rove Approach to support the SMEs. The agency then also organized breakfast meetings where they addressed key issues for the various dimensions of Innovation Management that are covered in the IMP³rove Assessment. Thus they increased the knowledge about Innovation Management at SMEs and at the same time gained insights in the Innovation Management performance and competitiveness of SMEs in the IT sector.

In Australia, the Queensland University of Technology (QUT), School of Design, in Brisbane decided to collaborate with the Queensland Manufacturing Institute (QMI) to help SMEs improve their competitiveness. More than 10 staff members of the QMI are trained IMP³rove Guides. With financial support of the national government SMEs are assisted during the IMP³rove Assessment and then also during the phase of improvement of their competitiveness. For the QUT the results from the IMP³rove Assessments build the basis for further research on Innovation and Innovation Management related issues. By joining forces between an academic institution and an agency with access to SMEs an innovation eco-system is developed based on IMP³rove as a common approach. This helps to align the activities of the different players and allows for effective learning in the area of Innovation Management.

### 7.4 List of Abbreviations

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<td>BU</td>
<td>Business Unit</td>
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<tr>
<td>DG</td>
<td>Directorate General</td>
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<td>EU</td>
<td>European Union</td>
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<td>IP</td>
<td>Intellectual Property</td>
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<td>KIS</td>
<td>Knowledge Intensive Services</td>
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<td>KPI</td>
<td>Key Performance Indicator</td>
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<td>R&amp;D</td>
<td>Research and Development</td>
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<td>RoS</td>
<td>Return on Sales</td>
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<td>SME</td>
<td>Small and Medium-sized Enterprise</td>
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<td>SqM</td>
<td>Square Meter</td>
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<td>USP</td>
<td>Unique Selling Proposition</td>
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