

SUMMARY

TRADINN is a project dedicated to traditional companies that face problems with introducing innovative solutions into their business, whose key benefit will be a new quality of innovation support, unlike old support programmes that often result in clients dissatisfaction about used service. The main goal of the project is to develop a strategy for promoting innovation in traditional business that could be implemented by business environment organisations and policy makers all over Europe. The results will be based on the analysis of the problem encountered by traditional companies and on the identification and analysis of innovative solutions successfully developed by such companies from the countries represented by consortium members.

The project consortium

Three specialized business environment organizations from Poland, Bulgaria and Italy are involved in the implementation of the project:

Torun Regional Development Agency (Leader) – POLAND – since 1995 has actively supported local enterprises (mainly SMEs) and thus affects the economic development of the Kuyavian and Pomeranian (K&P) region. It was established by regional and local authorities. Currently, TRDA is the biggest business support organization in K&P province and one of the strongest agencies in Poland. The agency takes part in various events and consultations especially concerning SME support.

Varna Economic Development Agency (Partner) – BULGARIA - the agency was established in 1997 under the program Local Government Initiative of USAID and Varna Municipality to assist the advancement of regional economic development. VEDA aims towards leadership in the establishment of conditions for sustainable social and economic development of Varna and the region. The agency supports the building of the capacity of small and medium-sized enterprises (SMEs) through impartial providing information, consulting services and training. VEDA promotes networking, attraction of foreign investments in the region, and improvement of the local employment opportunities.

Fondazione Fenice Onlus (Partner) – ITALY - is a joint partnership with Consortium ZIP - Industrial Area of Padova (formed by Municipality of Padova, Province of Padova and Chamber of Commerce of Padova), who detains 50%, and the rest is pitched in by civil society. Fondazione Fenice acts as a real ecosystem, basing its endeavors on strong and lasting partnership with local offices of multinational companies, leaders in their market, (Abb, Baxi, Toshiba, Samsung, Schueco), with the 1.600 companies taking part in ZIP Consortium, with local governmental bodies (Municipality, Province in Padova, and other municipalities in Italian North East), with research and education agencies (Enea, Padova University, CNR, Istituto Zooprofilattico delle Venezie, and others) and other specialized entities (Banca Cividale del Friuli, Trade Unions, etc.). Fondazione's main activities can be divided into 4 differently themed areas: Education; Research; Business Services; Technical training.

Source of project financing

The project was financed from the resources of the Horizon 2020 programme within the INNOSUP 5 scheme: peer learning for innovation agencies.

DOP object and target group

The document will gather all data obtained during the project (peer learning meetings, workshops, online consultations). It will include recommendations to improve systems supporting innovations in traditional companies.

Recommendations

The basis to develop recommendations in the field of supporting innovation in traditional companies were the results of taken inventory of current state of art in the field of innovation support for traditional companies and the results of research of needs and opinion as well as innovations successfully implemented in traditional companies.

THE STRUCTURE OF THE DOCUMENT

The authors of this study intended it to fulfil the role of guide and even to serve as an instrument to be used to analyze and develop the services provided, whose recipients are to be firstly traditional companies.

Chapter 2 contains information on the current state of the innovation support system in the states of partners origin

Chapter 3 contains a summary of the survey on the opinions and needs of traditional companies in the field of supporting innovation. Partners verified the opinions of small and medium enterprises acting in traditional economy sectors which are beneficiaries of different innovation support programmes. During the same test the Partner identified innovative solutions implemented (successfully) in those companies.

Chapter 4 contains recommendations worked out during the project meetings, which are a response to the issues identified in Chapter 3:

CHALLENGES

At the stage of writing the application, Partners have already identified several barriers and obstacles related to innovation in traditional companies. They used their experience and information received directly from representatives of traditional companies. The following issues were listed:

- weak connections between traditional companies and national and regional innovation agencies;
- lack of trust and aversion of those SMEs for business environment organizations caused by dissatisfaction with the services received;
- reluctance of entrepreneurs to disclose information about the details of their business activity and used solutions;
- low availability of data regarding innovative solutions used by traditional SMEs.

The research conducted as part of the project and the workshops attended by the partners helped to identify further problems /challenges related to the implementation of innovations in traditional companies:

- high costs related to the development and implementation of innovations, lack of funds for innovative activities;

- time consumption of the innovation implementation process;
- low social awareness of innovative activities and the benefits it can bring for the company, low level of information on innovation, new technologies, markets;
- fear of failure;
- not enough support for innovative employee attitudes, no enough commitment of employees and management;
- low level of personnel competence / lack of qualified personnel.

TRADINN project has developed a specific 2-days workshop where participants have discussed the results emerging from the questionnaires fulfilled by around 15 traditional companies in each involved country (Bulgaria, Italy and Poland), and about the specific experiences of each partner in implementing innovation actions in its region. The workshop has conducted with the participation of an external expert from an Italian Business support organization that stimulated the debate and brought more elements of discussion.

ROLE OF INNOVATIVE AGENCIES AND DIFFERENT BUSINESS ENVIRONMENT INSTITUTION IN INNOVATION ACTIVITIES

Main responsibility for support innovation activities lay on innovative agencies as main actors particularly established for these kinds of activities. However, it is very important to involve a wide range of organizations that can play different roles and contribute to create a favourable environment for the development of meaningful and effective interventions. That approach assures access to wider group of traditional companies which exploit the offer of different business environment institutions, not always innovative agencies.

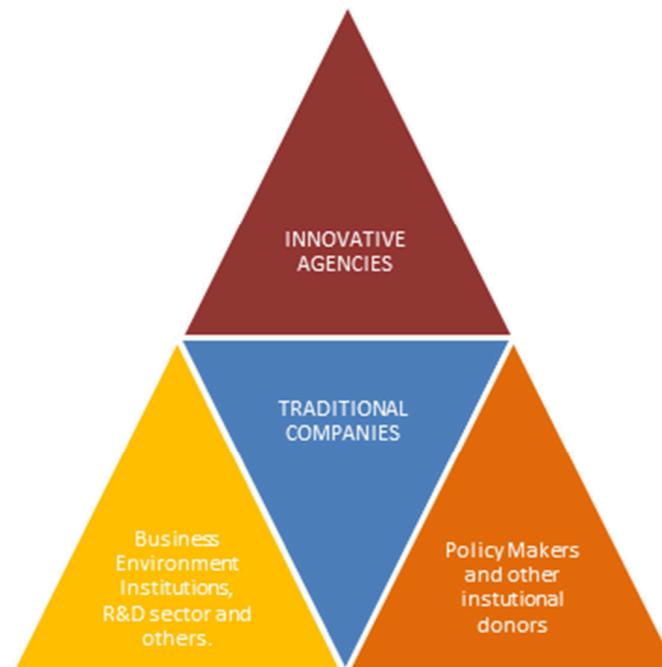
The above conclusion goes in line with the TRADINN project goals. The problem of facing issues with introducing innovative solutions into their business by traditional companies, which solving was one of the TRADINN project goals, should be the starting point for specific innovation policies. This implies that the whole innovation cycle should be taken into account, including all the different actors in the innovation chain: industry, academia, public and private financing organisations, NGOs, society and citizens, politicians, policy-makers etc.

More specifically, the discussion among project's partners have brought to the identification of the following actors which should be involved in the innovation support among traditional companies as well as the innovative agencies:

- Business Environment Organisations (local development agencies, public and private; chambers of commerce; accelerators and incubators);
- Research centres (Universities);
- Trade associations;
- Media;
- Advisors and consultancy companies;

As separate group should be considered policy makers and institutional donors.

Actors of innovation support system



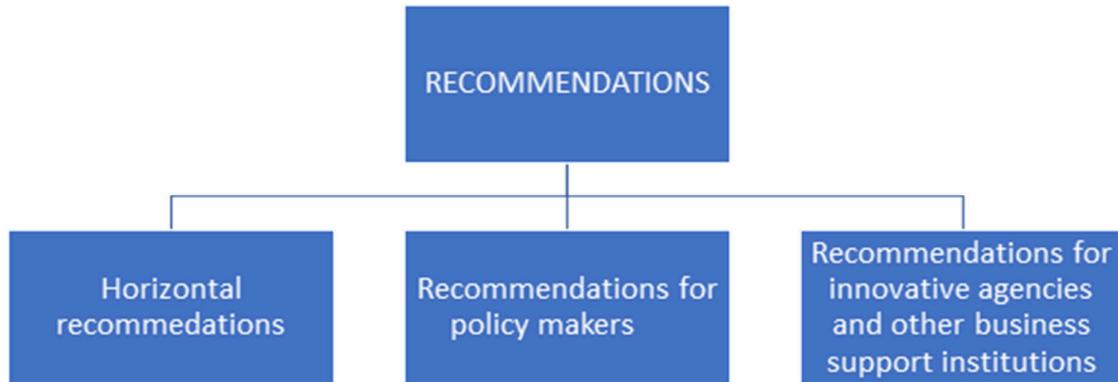
RECOMMENDATION

Basing on the information gained from:

- the inventory of instruments and tools,
- research on the needs of traditional companies,

the TRADINN partners have discussed and agreed that all recommendations apply in the first row to innovative agencies. Since it was also said that different types of actors should also be involved each category of business environment institutions was matched with specific recommendations. Some recommendations are considered as horizontal that is why they regard to all types of organization.

As policy makers are much different from other types of organizations involved in innovation system (including innovative agencies) the recommendations have been finally divided into three groups as shown on the scheme below.



Horizontal recommendations

Horizontal recommendations for business support organization:

- Support for business environment organizations to provide consultancy services and other support activities.
- Funding for specific training on innovation - related items.
- Building awareness of the importance and evaluation of clear innovation strategy in traditional companies.
- Helping companies be aware of what are the key benefits of collaboration.
- Building innovation culture through education and training.
- Creating awareness on the existing innovation support services.
- Not using too technical language in communication.
- Listening carefully to the needs of companies.
- Third party role to give objective point of view to the innovation to put in place (research centres, consultants, etc.).
- Facilitating collaborations between stakeholders (webinar and guidelines about tools).
- Understanding a company's market approach (Market leader or Product cheaper).

Recommendations for policy makers, innovative agencies and other business support institutions

Recommendations described in this part apply to specific types of organizations and institutions but also answer specific challenges derived from provided inventory and research.

CHALLENGES	RECOMMENDATION	TARGET GROUP
General opinion that innovation is difficult to implement and time consuming in traditional companies	Promoting and communicating best practices of innovative actions successfully implemented in traditional companies;	Business Environment Institutions: Innovative agencies, Development agencies, Chambers of commerce, Trade association
	Organization of regional competitions for innovative traditional companies;	Business Environment Institutions: Innovative agencies, Development agencies, Chambers of commerce, Trade association
	Innovation management coaching/Innovation management advisory services;	Business Environment Institutions: Innovative agencies, Development agencies Advisors and consultancy companies
	Creating knowledge and awareness about benefits related to innovation activities;	Business Environment Institutions: Innovative agencies, Development agencies, Chambers of commerce, Trade association Advisors and consultancy companies
	Identifying of roadmap for innovation for traditional companies;	Business Environment Institutions: Innovative agencies, Advisors and consultancy companies
Insufficient of support for innovation in traditional SMEs regarding: - funding for innovative activities, - tax and other financial incentives,	Better description of target groups of advisory services;	Business Environment Institutions: Innovative agencies, Development agencies Advisors and consultancy companies
	Technical assistance in preparation of project proposals (training or advisory services);	Business Environment Institutions: Innovative agencies, Development agencies Advisors and consultancy companies

- unclear information that support instruments are also targeted at traditional companies	Designing specific funding instruments and tools for traditional sector incorporating traditional companies to innovation ecosystem;	Policy makers and institutional donors
	Creating knowledge and awareness about tax credit and other fiscal benefits related to innovation activities;	Business Environment Institutions: Innovative agencies, Development agencies
	Designing specific financing tools for traditional sector;	Policy makers and institutional donors
	Expanding tax credit to wider range of activities and sectors;	Policy makers and institutional donors
	Simplify bureaucracy;	Policy makers and institutional donors
Low awareness among traditional companies of possible benefits of innovative activities;	Supporting the creation of business associations - enterprises operating in various types of cooperation networks are more likely to use the support;	Business Environment Institutions: Innovative agencies, Development agencies, Chamber of commerce, Trade association
Low level of knowledge on innovation, new technologies, markets;	Encouraging the establishment of consortia among companies, researchers and others, that can last over time, with similar market approach and business plan;	Business Environment Institutions: Innovative agencies, Development agencies, Chamber of commerce, Trade association
Fear of failure;	Organization of events devoted to good practices, failure analysis, exchange of experiences;	Business Environment Institutions: Innovative agencies, Development agencies

	Creating “Innovation Hubs”;	Business Environment Institutions: Innovative agencies
	Awareness and training on Intellectual Property Rights;	Research centres (universities)
<p>Low innovation culture:</p> <ul style="list-style-type: none"> - not enough support for innovative employee attitudes, - not enough commitment of employees and management - low level of personnel competence / lack of qualified personnel 	Rising the level of knowledge and skills of companies staff (management and employees);	Business Environment Institutions: Innovative agencies, Development agencies, Chamber of commerce, Trade association
	Conducting an innovation management audits covering issues like: organisation culture, strategy, business model, processes, etc.;	Business Environment Institutions: Innovative agencies, Chamber of commerce, Trade association
	Promoting Open Innovation (collaboration);	Research centres (universities)
	Motivating to innovation as the best way to build a better future;	Media

NEW SMEs INNOVATION SUPPORT PLAN

The carried out project activities have brought to a better understanding of the innovation support actions that are needed while focusing on traditional companies. Every partner contributed to the preparation of a renovated approach, that will have a common objective and it should be adapted to the different national and regional contexts, to be developed into practice.

A new innovation support plan should be based on specific actions that contribute to the creation of an “innovation ecosystem”, involving different kinds of private and public institutions, companies and consulting services.

The main actions can be summarized as follows:

1. Events:

Public events are the starting point for an innovation support plan, open to the largest number of companies. They represent the first contact point between business support organizations and traditional companies. Webinars, online and offline training days, workshops and seminars, are strong tools to raise awareness and knowledge about innovation, to promote the existing support tools, and to collect valuable information about companies’ needs and expectations.

2. Database creation

Business support organizations should create databases of initiative, events, good practices, external experts, training courses, financing opportunities related to innovation promotion and support. Collecting the relevant information will give the organizations the opportunity to find out and approach the most relevant stakeholders in their territory / region in order to strengthen the relationship with them.

3. Hackathons for selected industries

Hackathons have become increasingly popular in recent years as a modern tool for innovation. It is a concept in which solutions for complex problems, products, and services are developed within a short time. The word hackathon is a combination of the words "hack" and "marathon" where hack stands for experimental, creative problem solving with a playful approach and marathon stands for the duration of the event. The hackathon has its origin in software and hardware engineering, but the concept is now also successfully applied in other industries for developing innovative solutions. A hackathon lasts between 24 and 48 hours and is dedicated to a specific topic or challenge. The participants work in small groups in a unique environment that encourages creative thinking and leads to surprisingly innovative new concepts, ideas, and prototypes. The result of the hackathon is a finished prototype for an innovative product, service or business model.

A hackathon is a great opportunity to develop and introduce new solutions. The method is not only profitable for corporations or companies in the technology industry, but it can also make sense for smaller companies and companies from other sectors, such as traditional companies, to take part in a hackathon.

4. Funds connecting with trainings

Training is crucial to help traditional companies to access funding opportunities for their projects and ideas. Training should provide knowledge about existing opportunities at regional, national and European level, and it also should provide technical skills to identify, develop and submit project proposals to different funding agencies and programs. Considering that most of the funding programs are oriented towards innovation, traditional companies have to be trained on changing their business approach in order to match with the programs' requirements.

5. Innovation support

Ensuring innovation support (in the form of funding, early stage financing, training, incubation, advisory and other services, etc.) taking into account the whole innovation cycle and different actors i.e. SMEs (with their managers/innovation units/employees), innovation agencies, NGOs, R&D and public institutions, motivating and raising their common interest towards cooperation and networking for innovation. (examples: competition for SMEs - collaboration with University and Business Angel)

6. Expanding the leverage of the public and private investment

Expanding the **leverage of the public and private investments** in innovative actions and initiatives, which contribute to employment & growth and have added value. (leverage money from different sources, complementary funding to EU funds in the form of private/local/regional funds. EU promoting combined fundings (when you have some private money (loan, crowdfunding) apart of EU fundings. EU funding instrument will allow in the 2021 - 2027 framework programme, complementary blended financing, a great opportunity for those companies that need an extra financial boost. As is often the case, many start-ups are struggling to find high-risk capital required to reach the stage where private sector investors are needed to step in. This applies to many traditional companies that are willing to introduce innovative actions in their business. This additional funding opening up can make a big difference to innovative companies who need further investment to expand their project. At the same time, this opening represents a great opportunity for the financial sector, especially for alternative investment models such as equity crowdfunding, mini bonds, etc.

7. Developing tax credits and incentives

Developing tax incentives to support investments in R&D and innovation, especially for traditional companies. A tax credit is an amount of money that taxpayers are permitted to subtract, euro for euro, from the income taxes that they owe.

Tax credits are more favourable than tax deductions or exemptions because they actually reduce the tax due, not just the amount of taxable income.

Tax credit can:

- support and incentivize Italian companies investing in new capital goods, both tangible and intangible, functional to the technological and digital transformation of production processes;

- stimulate private spending on Research, Development and Technological Innovation supporting competitiveness and promoting digital transition processes, circular economy and environmental sustainability
- stimulate the investments in personnel training on subjects relating to technological and digital transformation of companies.

Summary

During the project we tried to find a solution to one of the problems of traditional companies which are difficulties in implementing innovation. Our main goal was to develop a strategy for promoting innovation in a traditional companies that could be implemented by business environment institutions and policy makers. After identifying problems and challenges we focused on preparing recommendations addressed to specific institutions influencing the building of the innovation ecosystem. The recommendations were developed into a new plan to support innovation in traditional companies

It should be emphasized that close cooperation between institutions offering support is extremely important in creating an innovative ecosystem and changing the approach to innovation among entrepreneurs operating in traditional industries. It is certainly important to create a clear system of financial support, a clear division of competences of individual units and a comprehensive support for traditional business. Companies that do not have much experience in seeking and using the available support often become discouraged after the first failures and give up on further seeking support in implementing innovations, which is why it is necessary to change the form of reaching them to a more active one.