



FEEDBACK REPORT ON ENTREPRENEURIAL DISCOVERY PROCESS

8
Mar.
2018

Peer eXchange & Learning Workshop
Magdeburg (Germany)

Representatives from Saxony-Anhalt (DE), North Karelia (FI), Estonia and Jämtland Härjedalen (SE) presented their current work on Entrepreneurial Discovery Process (EDP) for Research and Innovation Strategies for Smart Specialisation Strategies (RIS3) in a Peer eXchange & Learning Workshop organised by the Smart Specialisation Platform (S3 Platform) of DG JRC. The presentations and following peer discussions provided the basis for this report.

CONTENTS

Part 1 Workshop findings and key lessons	2
Part 2 PXL Questions and Recommendations.....	5
[Saxony-Anhalt]	5
[Jämtland-Härjedalen]	8
[North Karelia].....	11
[Estonia].....	13
Annex Peer eXchange & Learning - PXL.....	16
[About this Report].....	16

PART 1 | WORKSHOP FINDINGS AND KEY LESSONS

KEY LESSONS

- A better understanding of SMEs innovation needs (through surveys, focus groups, interviews, etc.) along with new and more effective communication strategies are required to achieve greater SMEs' engagement in a continuous EDP.
- Restructuring the debate around societal challenges and their possible solutions, rather than science or technological developments and trajectories, may promote a greater participation of civil society groups, citizens and other public bodies (other than the ones normally involved in science and innovation policies) in EDP activities.
- An effective continuous EDP relies on the strategy's progress information coming from a well-designed and functioning monitoring system as well as other policy intelligence tools (mapping techniques, foresights, regional positioning in global value chains, etc.....). Public authorities need to build capacities on these aspects.
- Monitoring systems (indicators, data collection strategies, etc.) need to be designed according to the specific characteristics (objectives, policy mix, resources, etc.) of each RIS3 and territorial context.
- There is a need to promote a continuous dialogue on RIS3 development among different stakeholders to keep their interest on the process.
- The introduction, experimentation and assessment of "soft policy" instruments, promoting collaboration among different actors and the strengthening of innovation ecosystems, and pilot initiatives may play a central role in EDP activities.
- EDP needs to be structured around a set of rules and procedures that can ensure transparency, open access and wide participation in the process.
- Capacity building in EDP is central for promoting greater stakeholder engagement and an effective coordination of this process by public authorities.
- Provide policy instruments and incentives focused on SMEs innovation needs rather than on research organisations' interest.

This report summarises the debate and outcomes of the PXL workshop on Entrepreneurial Discovery Process (EDP) for Smart Specialisation Strategies held in Magdeburg (Germany), on 8 March 2018. *Further information on the PXL methodology, the structure of the PXL workshops, the objectives and the expected outcomes of this approach are available in Annex.*

The workshop aimed at exploring the EDP experiences in Saxony-Anhalt (DE), North Karelia (FI), Estonia and Jämtland Härjedalen (SE)¹.

Before the peer-review sessions, presentations were given by an external expert and DG JRC team. These talks provided some conceptual and empirical insights that helped frame the "Entrepreneurial Discovery Process (EDP)" topic.

Jan-Philipp Kramer (Prognos AG, Head of Brussels Office) presented the results of a detailed analysis of the RIS3 experience in Germany thus far. In particular, he discussed some evidence on EDP activities and the existing differences in the governance settings for RIS3 in five Länder along with an overview of the state of the art of the strategies' implementation and revision in Germany.

In her presentation, Elisabetta Marinelli (Territorial Development Unit, DG JRC, European Commission) illustrated the results of a survey carried out in 2017². The presentation provided information on how the quadruple helix has taken part in the EDP, insights on the relationship between the different actors and the public body responsible for the EDP and empirical validation of the EDP as a continuous process.

Finally, Fabrizio Guzzo (Territorial Development Unit, DG JRC, European Commission) briefly presented the PXL methodology and the organisation of the parallel sessions.

Several challenges in relation to EDP and priority-setting emerged during the PXL sessions.

Firstly, the rather abstract nature of the EDP (and priority setting) idea makes it difficult to form a common understanding on the concept and its practice among the community of academics, policy makers and practitioners.

Secondly, the operationalisation of the EDP concept is not an easy task and poses quite complex challenges to national and regional authorities. It is in fact highly demanding in terms of policy intelligence, governance arrangements and institutional capabilities. Generally countries and regions that score poorly on these aspects are those that are most likely to face the biggest challenges. The organisation and coordination of EDP activities require an important role of the public sector as well as clear rules to ensure wide access, equal possibility to influence the process by all relevant stakeholders and transparency.

¹ The presentations and background documents are available at:

<http://s3platform.jrc.ec.europa.eu/-/peer-exchange-and-learning-pxl-workshop-on-the-entrepreneurial-discovery-process-edp-?inheritRedirect=true&redirect=%2Fs3-implementation-pxl>

² Marinelli E., Perianez-Forte I. (2017) Smart Specialisation at work: The entrepreneurial discovery as a continuous process, Publications Office of the European Union, Luxembourg, 2017, ISBN 978-92-79-74377-1, doi:10.2760/514714, JRC108571. Available at: http://publications.jrc.ec.europa.eu/repository/bitstream/JRC108571/jrc108571_marinelli_perianez_jrc108571.pdf

Further, stakeholders' engagement (namely SMEs and civil society groups) in EDP activities is very difficult to achieve, in particular in sparsely populated regions. And, even if stakeholders participate in the process at the beginning, it is then very challenging to keep them engaged in a continuous EDP. Once priorities have been selected, actors tend to lose their interest and the processes of knowledge creation, information sharing and eliciting, mutual learning and trust building tend to fade away.

Finally, a continuous EDP requires the existence of a well-designed and functioning monitoring system. Information on the strategy's progress should be made available and provide useful inputs for the EDP. However, to build a sound monitoring system and effectively use monitoring findings are not simple activities.

In the peer-review sessions, around 40 participants (coming from 12 different countries and representing around 14 regions and 4 countries) shared their experiences on EDP activities and outcomes. Different methodologies and organisational arrangements for EDP were debated. Experiences and proposals on how to support stakeholders' engagement were shared along with initiatives related to the experimentation of "soft policy" instruments to promote collaboration between research organisations, business sector and public authorities.

The issues/questions posed by the representatives of Saxony-Anhalt (DE), North Karelia (FI), Estonia and Jämtland Härjedalen (SE) fostered a lively debate in the smaller group discussions during the PXL sessions. Specific recommendations and lessons learnt for each question are presented in detail in Part 2 of this report.

PART 2 | PXL QUESTIONS AND RECOMMENDATIONS

[SAXONY-ANHALT]

Questions/issues posed by the region for peer discussion

QUESTION 1	What are your experiences with methods to keep up stakeholders' motivation?
QUESTION 2	What are your best practice examples in terms of linking RIS 3 and ESIF in your region?
QUESTION 3	How do you deliver RIS 3-results to the public (PR work)?

During peer discussions, participants were divided in three groups/tables, all of which had representatives from various EU Member States and regions. A facilitator from DG JRC was present to steer the work. Each table was offered to choose one of the questions prepared by the representatives. A summary of these discussions is presented below.

EVOLUTION OF QUESTION 1

QUESTION	What are your experiences with methods to keep up stakeholders' motivation?
	
RECOMMENDATIONS	Peer regions shared their experiences on involving stakeholders' in the EDP and keeping their motivation. In particular, representatives from Poland described their practices with sectoral policies (i.e. by RIS3 priorities), including meetings with SMEs

focused on their needs/potential and aimed at finding solutions for SMEs problems.

Representatives from other regions in Germany explained their practices in creating working groups to (a) identify topics for regional calls, (b) develop proposals for policy measures and (c) deliver solutions across RIS3 themes.

The Northern Netherlands Alliance suggested to focus on improving the innovation environment as a way to commit stakeholders, enlarging the number of companies (especially SMEs) connected to the innovation system and using digital technologies (that is particularly important for sparsely populated areas).



LESSONS LEARNT

The main lesson in this debate was that reciprocity is crucial if trust is to be built, so stakeholders need to get something in return for their involvement.

Platforms and brokerage events emerged as good tools for sustaining stakeholders' engagement.

EVOLUTION OF QUESTION 2

QUESTION

What are your best practice examples in terms of linking RIS 3 and ESIF in your region?



RECOMMENDATIONS

Linking RIS3 to ESIF requires:

- a good governance with high-level inter-institutional links and strategic engagement with the ERDF Managing Authority (MA).
- strengthening the link between RIS3 and Lead Market Competitions policies (i.e. a new generation of cluster-based policies)
- improving the alignment of objectives across different institutions towards RIS3 (MAs, different ministries, regional investment banks, chambers of commerce and new institutions/organisations such as digital innovative communities).



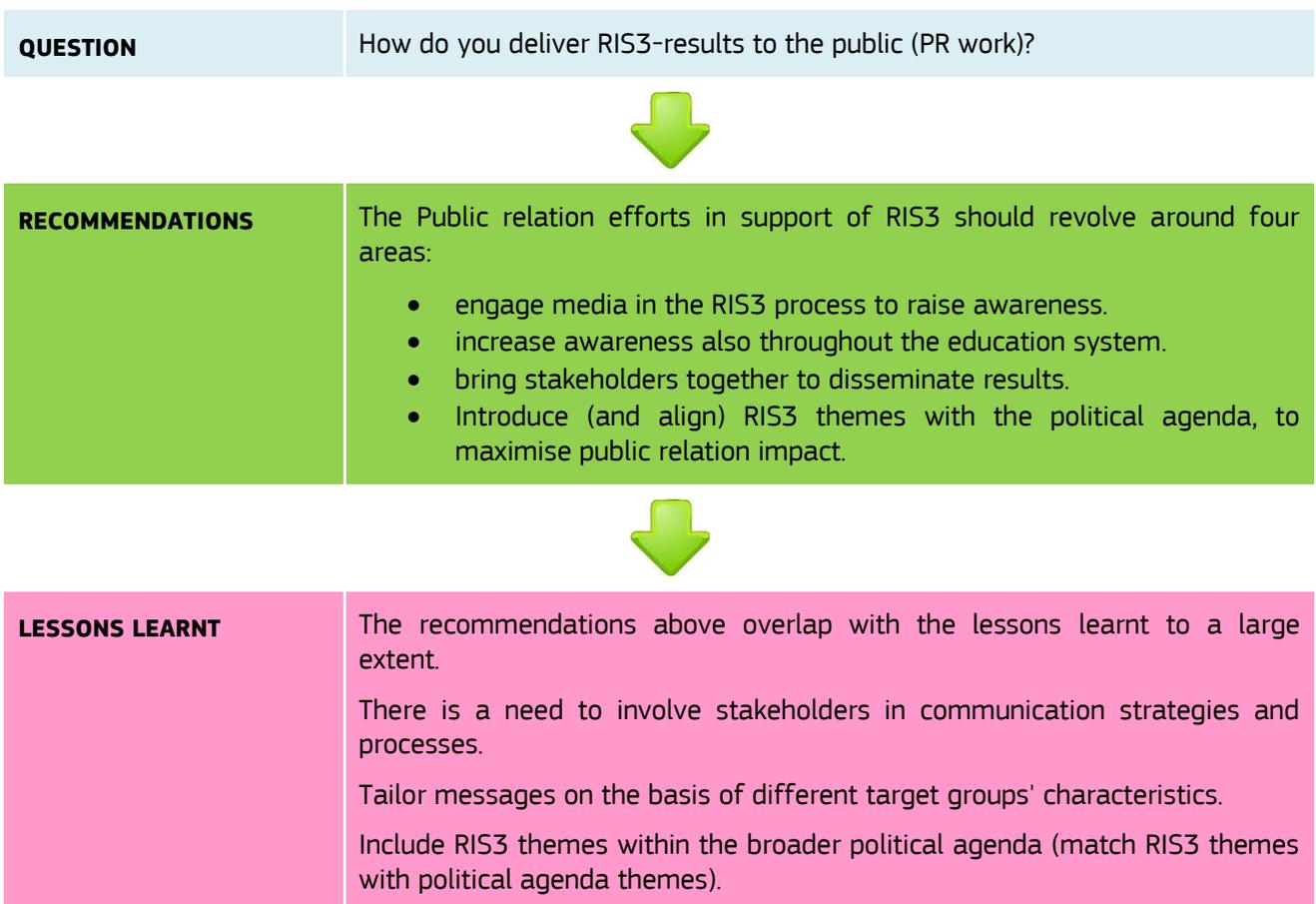
LESSONS LEARNT

Three points emerged from the discussion, as lessons learnt:

- The RIS3 is best served if it is considered as an umbrella strategy (beyond ERDF and being considered just an ex-ante conditionality for Thematic Objective 1 funds).
- European Regional Development Fund (ERDF) calls should have RIS3

	<p>compliance checks and include an ex-ante assessment of innovative potentials. Calls should be, for the most part, priority-specific.</p> <ul style="list-style-type: none"> • It would be good if in the future the RIS3 ex-ante conditionality was extended to the European Social Fund (ESF) and other Thematic Objectives of the EU Cohesion Policy.
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EVOLUTION OF QUESTION 3



[JÄMTLAND-HÄRJEDALEN]

Questions/issues posed by the region for peer discussion

QUESTION 1	How do we (as Regional authority) continuously create value and motivate our entrepreneurs to participate in the EDP?
QUESTION 2	How do we build critical mass and knowledge based on the new concepts of Entrepreneurial Regional Innovation System (ERIS) and the Data Envelope Analysis (DEA)-model?
QUESTION 3	How do we, in the best way, support the implementation of public interventions in the Entrepreneurial Regional Innovation System (ERIS) model?

During peer discussions, participants were divided in three groups/tables, all of which had representatives from various EU Member States and regions. A facilitator from DG JRC was present to steer the work. Each table was offered to choose one of the questions prepared by the representatives. A summary of these discussions is presented below.

EVOLUTION OF QUESTION 1

QUESTION 1	How do we (as Regional authority) continuously create value and motivate our entrepreneurs to participate in the EDP?
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RECOMMENDATIONS	<p>Experiment new communication strategies and channels to reach out to companies (e.g.: use of opinion leaders, innovative communicative approaches, such as storytelling - example from Ukraine).</p> <p>Provide support measures to regional SMEs, tailored their specific innovation needs (support to non-R&D innovation rather than R&D innovation).</p> <p>Design <i>ad hoc</i> policy instruments supporting collaborative activities between companies and research organisations in which SMEs are expected to have a leading role in the project (example of the Open Innovation Call in Northern Netherlands to strengthen the regional innovation eco-system and</p>
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international networks).



LESSONS LEARNT

Need to better understand entrepreneurs' needs and mind set.
 Need to experiment innovative approaches to stimulate the interest of SMEs and build trust.
 Provide policy instruments and incentives focused on SMEs innovation needs rather than on research organisations' (scientific and technological) interests (e.g. support to SMEs participation in international networks, instruments supporting the structural collaboration between companies and research and technology organisations).
 Improve communication strategies and channels ("translate policy language into entrepreneurial language") to enhance businesses' participation in EDP.
 Use front-runners as testimonials to engage more SMEs in EDP activities.

Evolution of Question 2

QUESTION 2

How do we build critical mass and knowledge based on the new concepts of Entrepreneurial Regional Innovation System (ERIS) and the Data Envelope Analysis (DEA)-model?



RECOMMENDATIONS

Design *ad hoc* calls.
 Launch period surveys to periodically assess companies 'needs and the evolution of the regional production tissue.



LESSONS LEARNT

There is a large number of invisible champions within SMEs that need to be discovered, supported and brought into the policy making process.

Evolution of Question 3

QUESTION 3

How do we, in the best way, support the implementation of public interventions in the Entrepreneurial Regional Innovation System (ERIS) model?



RECOMMENDATIONS	<p>Make sure that contacts with SMEs are not managed (owned) by a single person. These contacts should be shared within the regional authority.</p> <p>The current innovation system seems to work quite well. Do not get trapped in implementing a specific model (such as the Entrepreneurial Regional Innovation System (ERIS) model).</p> <p>Design policy instruments to better serve regional SMEs innovation needs and to reach out companies in sparsely populated areas.</p> <p>Create technology transfer (liaison) offices within the regional university system to support science-production collaboration and direct SMEs to R&D activities that are relevant for them.</p>
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LESSONS LEARNT	<p>The importance of improving communication strategies and channels to get entrepreneurs involved in the policy making process.</p> <p>The need to promote a continuous dialogue on RIS3 development among the different stakeholders to keep their interest on the process.</p> <p>Improve access to existing knowledge, available in other places and research organisations, to strengthen regional firms' competitiveness.</p>
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[NORTH KARELIA]

Questions/issues posed by the region for peer discussion

QUESTION 1 How to engage (rural/peripheral) SME 's in innovation initiatives? How to capitalize research results?

QUESTION 2 What new methods could be used when monitoring and evaluating the outputs of RIS3 and EDP?

During peer discussions, participants were divided in two groups/tables, all of which had representatives from various EU Member States and regions. A facilitator from DG JRC was present to steer the work. Each table was offered to choose one of the questions prepared by the representatives. A summary of these discussions is presented below.

EVOLUTION OF QUESTION 1

QUESTION 1 How to engage (rural/peripheral) SMEs in innovation initiatives? How to capitalise on research results?



RECOMMENDATIONS

- Create innovation assistants to work in SMEs and build a bridge between the firm and researchers.
- Create avenues for companies with similar problems to cooperate.
- Facilitate research initiatives in companies (master thesis, etc.).
- Promote entrepreneurship, through new educational tools and engagement with business developers.
- Connect local SMEs to Global Value Chains to tap into knowledge and capabilities not available in the region.
- Find ways for big companies to share their facilities for open innovation (with firms and universities) and to collaborate with small firms.



LESSONS LEARNT	<p>Two issues emerged as important:</p> <ul style="list-style-type: none"> • Mentality and attitude towards entrepreneurship should be changed, through education, policy incentives and other instruments. • There is a need to identify good practices of already existing innovation hubs. A special interest developed towards digital means as a way to build-up the critical mass of SMEs engaged in the innovation process.
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Evolution of Question 2

QUESTION 3	What new methods could be used when monitoring and evaluating the outputs of RIS3 and EDP?
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RECOMMENDATIONS	<p>The region of North Karelia appears to have a complete monitoring system. The regional monitoring system has several of the elements discussed in the JRC Massive Online Open Course (MOOC) on monitoring RIS3.</p> <p>The region found the following suggestions useful:</p> <ul style="list-style-type: none"> • To adopt questionnaires on beneficiaries before and after receiving the policy support (grant, loan, voucher, etc.) to see if the latter had any effect. The model follows the approach discussed in the Puglia case-study, in the MOOC itself. • To include qualitative research in monitoring
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LESSONS LEARNT	<p>Participants learnt about the different tools for monitoring.</p> <p>There was great interest in the Puglia approach, described in DG JRC MOOC, as well as an increased in awareness of the importance of stakeholders' participation in monitoring.</p> <p>The importance of integrating different methodologies and data sources in RIS3 monitoring activities.</p>
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[ESTONIA]

Questions/issues posed by the region for peer discussion

QUESTION 1	How to balance different interest groups?
QUESTION 2	How to keep EDP continuous?
QUESTION 3	Monitoring progress of growth areas

During peer discussions, participants were divided in three groups/tables, all of which had representatives from various EU Member States and regions. A facilitator from DG JRC was present to steer the work. Each table was offered to choose one of the questions prepared by the representatives. A summary of these discussions is presented below.

EVOLUTION OF QUESTION 1

QUESTION 1	How to balance different interest groups?
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RECOMMENDATIONS	<p>Suggestion to this specific issue from two different experiences: Thüringen (Germany) and Centre-Val de Loire (France).</p> <ol style="list-style-type: none"> 1. In Thüringen EDP activities are carried out through working groups composed of representatives from the business sector (40%), research organisations (30%), cluster organisations and other intermediate bodies (30%). Representatives are selected/nominated by the public sector. Working groups define specific action plans for RIS3 priority areas. Open access and wide participation in EDP is ensured by the existence of 10 <i>ad hoc</i> forums. These forums are intended to serve as open laboratories for exploring and discussing specific topics and support the activities of the working groups. 2. In Centre Val de Loire EDP is mostly guided by entrepreneurs. They propose RIS3 priorities that are then discussed with other stakeholders.
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LESSONS LEARNT	<p>The effectiveness of EDP may be enhanced by the existence of a well-organised and functioning working groups along with clear and transparent rules and procedures that can ensure wide participation</p> <p>The efficacy of EDP requires governance and institutional quality and an effective steering role played by public authorities.</p> <p>Need to better communicate rationale and incentives, namely to businesses, for participating in EDP and pilot initiatives.</p> <p>Need to involve stakeholders form all the Quadruple-helix.</p>
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Evolution of Question 2

QUESTION 2	How to keep EDP continuous?
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RECOMMENDATIONS	<p>Design and provide specific incentive mechanisms to keep stakeholder engaged in the process.</p> <p>Involve all relevant stakeholders from the beginning and keep them informed about strategy's progress and results.</p> <p>Engage stakeholders in the design of policy measures and calls for proposals.</p> <p>Build capacity among stakeholders in relation to EDP activities to increase their level of engagement.</p>
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LESSONS LEARNT	<p>Need to adapt the design and organisation of EDP activities on existing institutional and governance structures (and make the best of it).</p> <p>The existence of an effective and clear governance structure since the beginning of the process contributes to keep stakeholders engaged in a continuous EDP exercise.</p>
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Evolution of Question 3

QUESTION 3	Monitoring progress of growth areas
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RECOMMENDATIONS	<p>The progress of priorities defined at sub-sectoral level and cross-sectoral priority areas are often difficult to monitor through data coming from official statistics (problems with the level of aggregation of data, timely availability of data, etc.). The following suggestions were provided.</p> <p>Explore the use of different data sources (e.g. <i>ad hoc</i> surveys, etc.), other than official statistics, to monitor RIS3 (see Northern Netherlands' experience in RIS3 monitoring – surveys, collaboration with Groningen University for monitoring activities, etc.).</p> <p>Use EDP meeting to collect data and feed-back from all relevant stakeholders.</p>
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LESSONS LEARNT	<p>To build specific competences on RIS3 monitoring within the public administration is central for an effective collection and use of monitoring results.</p> <p>The existence of a well-functioning and qualified RIS3 monitoring group can enhance the effectiveness of monitoring activities and the use of monitoring findings to improve strategies and policy measures.</p> <p>Monitoring systems (indicators, data collection strategies, etc.) need to be designed according to the specific characteristics (objectives, policy mix, resources, etc.) of each RIS3 and territorial context.</p>
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ANNEX | PEER EXCHANGE & LEARNING – PXL

[ABOUT THIS REPORT]

PXL Methodology

Peer eXchange and Learning (PXL) is a methodology for reviewing specific elements of innovation strategies for Smart Specialisation (S3) and territorial development strategies and tackling the associated implementation challenges. It is an important instrument currently offered by the S3 Platform of the European Commission to EU Member States and regions.

PXL builds on the well-established peer-review approach of the S3 Platform. It supports transnational learning by bringing together regions and countries for an exchange of knowledge and experience, mutual learning and the exploration of ways in which innovation and development strategies can be effectively implemented, adjusted and revised.

PXL creates an open and trusted learning environment where practical and conceptual issues can be discussed and explored through the experience of individual regions and countries. It engages peers and experts in focused discussions on important issues that the regions and countries under review raised and guides them to distil a range of collective suggestions and lessons into a coherent picture.

PXL especially aims to tackle the challenges emerging during the transition from strategy design to implementation. It does so by: (1) focusing the discussion among regional and country representatives, experts and European Commission staff around a *thematic frame* which is typically a single theme, process or element of the strategy; (2) preferentially targeting a community of policy makers and practitioners who are at the stage of transforming planned objectives into results through concrete actions.

PXL Workshop

A PXL workshop has a single thematic frame (e.g. governance settings, priority definition, monitoring, policy mix, etc.). It runs over one full day and includes peer review of two to four regions and/or countries. Individual PXL sessions focus on one region or country and last around one and a half hour.

The workshop is opened by one or more expert presentations and a debate around the framing topic. This opening session should set the scene and provide a broad set of views, approaches and insights for the individual PXL sessions. The debate can take the form of a dialogue between experts who will alternately provide arguments in support of and against common practices or believed-to-be-good practices in the field defined by the workshop's framing topic. This type of dialogue would help to stimulate the following discussion to go beyond traditional formulations of problems and solutions.

The workshop continues with individual PXL sessions. A presentation of each region or country's current work on the thematic frame is generally followed by a Q&A session. Specific issues identified by the regions and countries under review are then discussed at individual tables in two iterations, which ensure that participants can: *work together* to understand the actual problems; *propose solutions* to these

problems by discussing what worked well and what did not work; and *learn together* how to deal with new policy issues in new contexts.

An S3 Platform team member facilitates each PXL session in line with the participatory leadership approach. Such a participative approach encourages all participants to share or participate in the discussion and to identify key messages. It allows engaging participants in a dynamic and creative discussion, which benefits both the regions and countries under review and their peers.

PXL sessions are followed by a final session during which all participants (experts, representatives of the regions and countries under review, peers, and European Commission staff) summarise the results of the sessions, and discuss individually and mutually lessons learnt. At this point, the regions and countries under review have the opportunity to respond to any feedback collected throughout the workshop. Finally, they share their main insights with peers and may mention any short- to mid-term plans to apply them.

Building on the general structure described above, the format of the workshops is tailored according to the topic's requirements and needs expressed by regions and countries.

Objectives and Expected Outcomes

Regions and countries volunteer to be reviewed in an attempt to source both critical and well-timed advice addressing specific issues they are currently facing in the implementation of innovation and development strategies. Regional and national policy makers may also view PXL workshops as a good opportunity to build their networks of counterparts across Europe.

PXL sessions aim to achieve the following outcomes: (i) to better *understand* the thematic frame of the whole PXL workshop; (ii) to *provide* general feedback to each region and country under review; (iii) to *examine* the specific issues presented by each region and country under review and propose how they could be tackled or solved; and (iv) to *build up* awareness and knowledge about problems that are common across Europe.

During the workshop, the S3 Platform team collects any relevant information and data covering different elements of each PXL exercise. A brief summary/feedback report is drafted and circulated by the S3 Platform team as a final output of the workshop.