



# **KEN 2011**

**Human Capital Development for Knowledge Economy**

## **A New Role for RDAs**

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*6 June 2011 - Maribor*

# EURADA: HISTORY

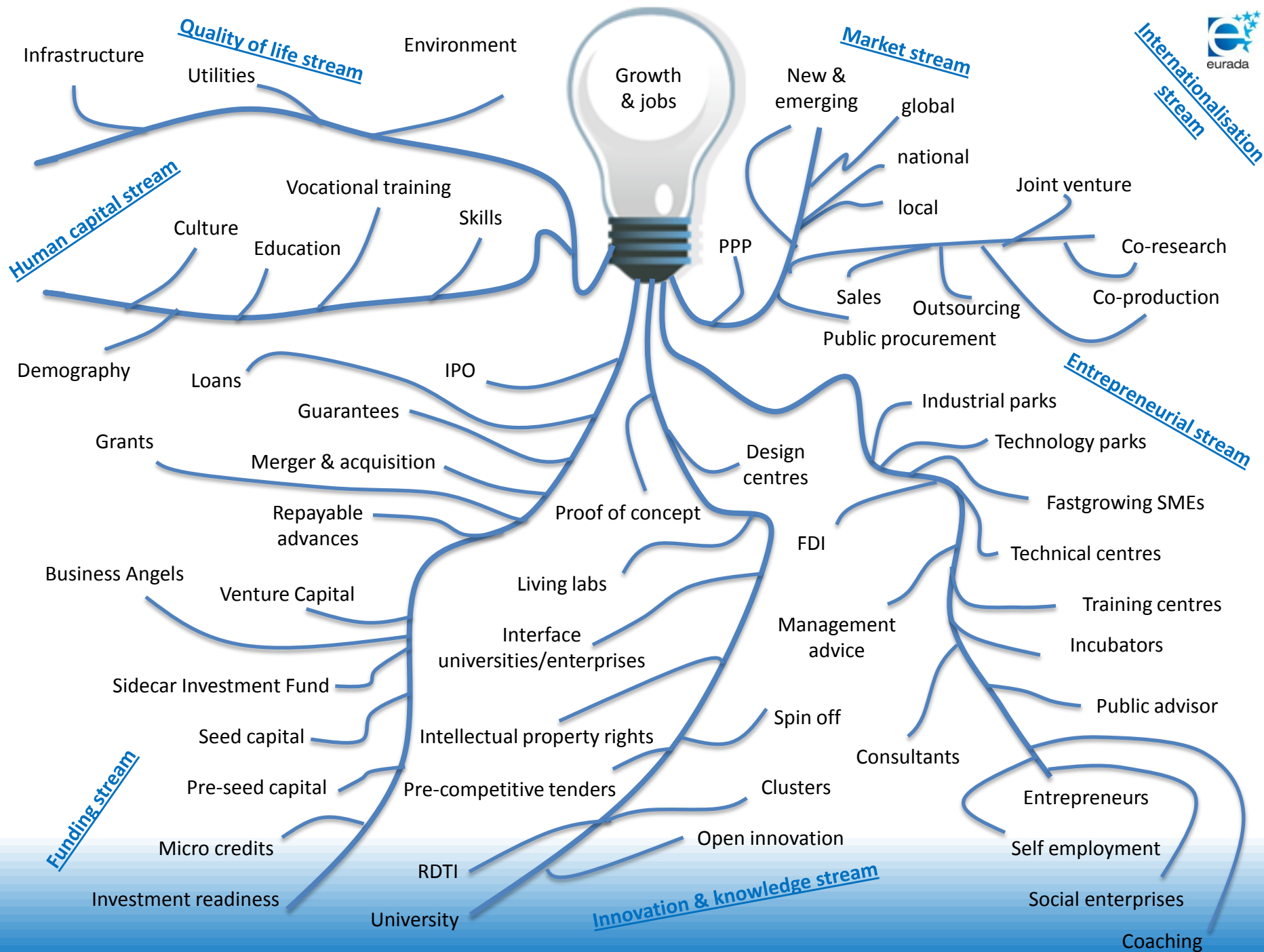
- Creation: December 1991
- 130 members mainly in EU countries
- 3 staff members
- Budget: ± 450.000 € / year
- Members are public or semi-public organizations under private law, but having public missions and strong links with regional authorities. The public missions are in the field of regional strategy and services support to enterprises.

# **RDAs in Europe: observations**

- No European model
- Their existence and their recognition depend on
  - Regional governance
  - Decentralisation/regionalisation of the country
  - Local partnerships
  - Financial means
  - Political debate, what type of support for endogenous development?

# ROLE OF RDAs

- Advice to the design and implementation of regional strategy
- Support to local entrepreneurial infrastructures (incubators, industrial parks, technopoles, technological centres, ...)
- Non-financial support to SMEs (advice, audits, ...)
- Financial support to SMEs (grants, loans, equity, guarantees, ...)
- Foreign direct investment attraction
- Support to internationalisation
- Management of regional networks (clusters, enterprise-university platform, ...)



# Attractiveness factors

Sectorial intensity	Knowledge base	Quality of life	Enterprise competitiveness
<ul style="list-style-type: none"><li>• enterprise stocks</li><li>• research centres</li><li>• export capability</li><li>• n° of foreign enterprises</li><li>• industrial estate</li><li>• utilities</li><li>• external connectivity</li></ul>	<ul style="list-style-type: none"><li>• quality of education</li><li>• skills availability</li><li>• language proficiency</li><li>• R&amp;D, innovation culture</li></ul>	<ul style="list-style-type: none"><li>• housing</li><li>• culture</li><li>• leisure</li><li>• environment</li></ul>	<ul style="list-style-type: none"><li>• location</li><li>• wages</li><li>• clusters</li><li>• access to markets</li><li>• workforce development</li><li>• incentives</li></ul>

# EURADA: MISSION

- Dialogue with EU administration
- Exchange of information concerning economic development and management of RDAs
- Platform for partners search
- Promotion of the concept of regional development and RDAs
- Being at the “forefront” of new ideas in economic development.

# REGIONAL ECONOMIC DEVELOPMENT

## What is it about?

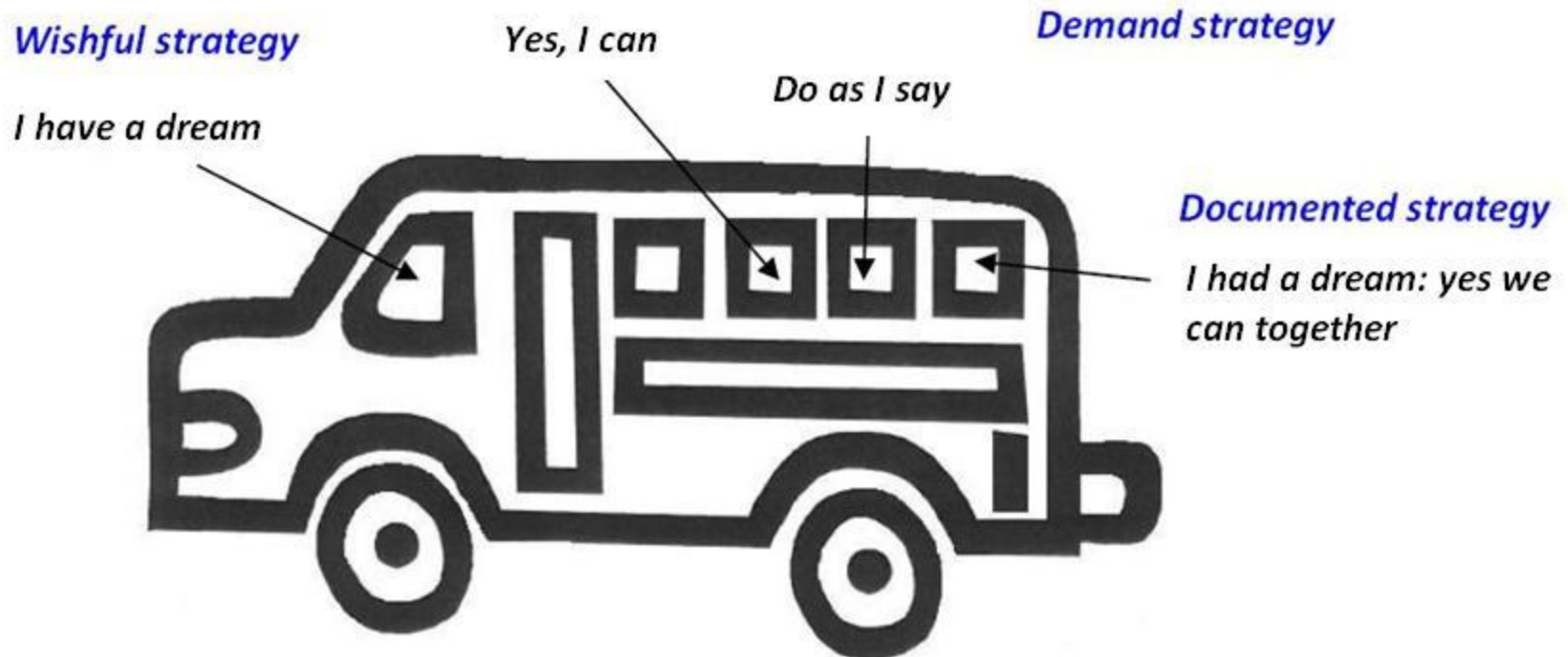
- In short: « 4 Ps »
  - **P**lace: county, region, city, neighbourhood
  - **P**eople: citizens, entrepreneurs, investors, students, tourists, shoppers, congress attendees, ...
  - **P**erspectives: quality of life, growth, jobs, revenues, experiences, social inclusion
  - **P**roductivity: enterprises, innovation, investments, skills, competition.
- In reality: Governance



## **How to share the vision and the implementation process ?**

- Leadership
- Consensus building
- Value chain analysis
- Investment willingness
- Investment readiness
- From grants to financial engineering

# Governance and strategy

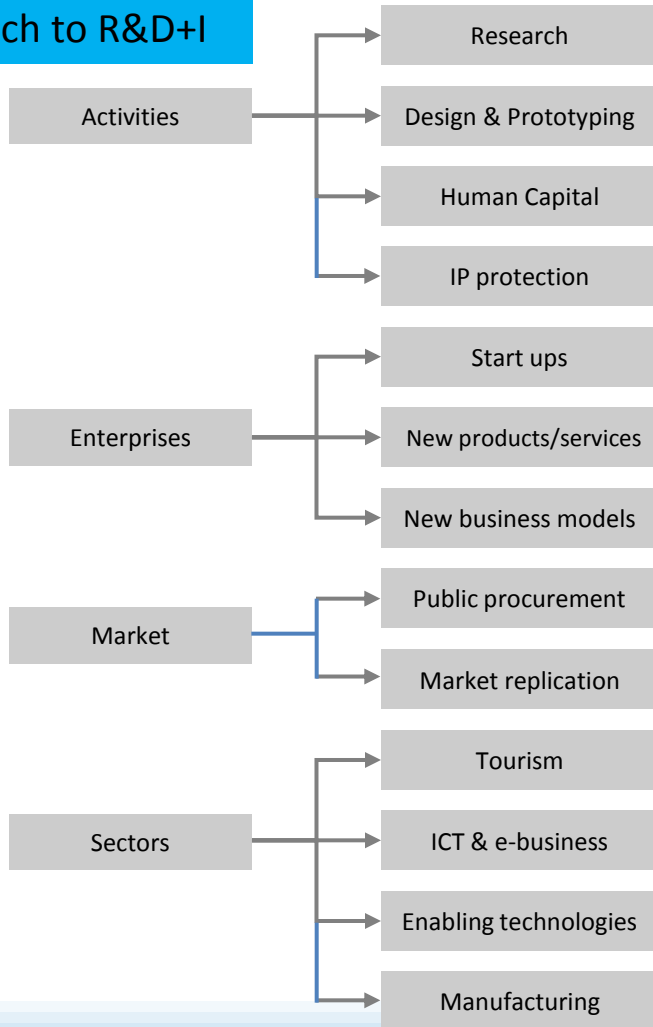


# Assets review

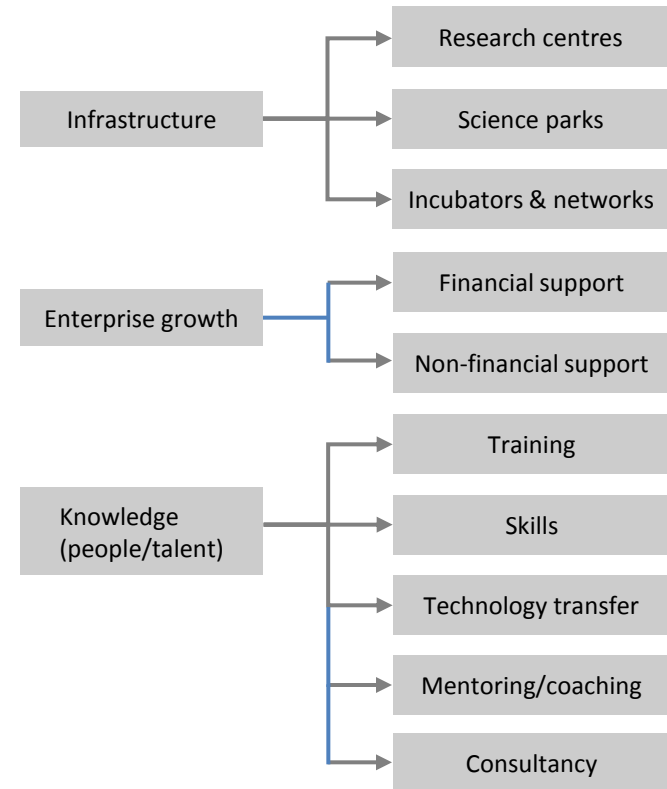
- Infrastructure (tangible and intangible)
- human
- financial
- social
- R&D
- Innovation
- Natural and cultural
- Sustainable development
- Institutional and administrative
- Attractiveness

# The dimensions of support for R&D+I

## 1. Approach to R&D+I



## 2. Nature of the support



### 3. Delivery mechanism

#### **Direct**

- Grants
- Loans
- Reimbursable advance
- Equity
- Coaching
- Technology transfer
- Proof of concept
- Internationalisation
- Market replication
- Audits

#### **Indirect**

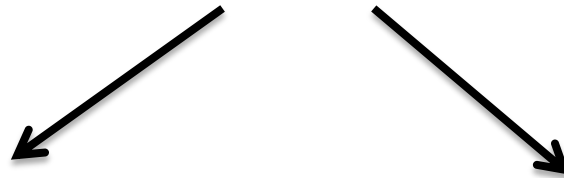
- Cluster
- Infrastructures
  - Incubator
  - Science parks
  - Research centre
  - Technology centre
  - Demonstration centre
- Pre-commercial procurement

## SME typology

- Newly-developed companies
- Spin-outs and spin-offs of large businesses, research centres and universities
- Start-ups (less than five years in existence)
- Locally-rooted companies (micro-businesses and craft companies)
- Entrepreneurial growth companies
- Innovative businesses and companies leveraging RTD outcomes
- Companies in the process of being transferred
- Subcontractors
- Companies at risk of bankruptcy
- Multinationals
- Social enterprises

# THE KNOWLEDGE CHALLENGE

1. Creation of new knowledge
  - Technology
  - Service innovation and/or non-technological innovation
2. Commercialisation of new products/services based on new knowledge



## Knowledge-based region

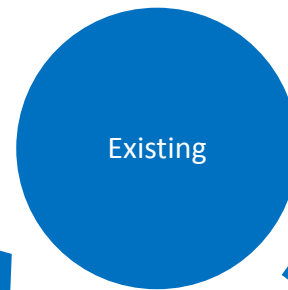
- technology leaders
- start-ups
- gazelles
- licensing

## Others

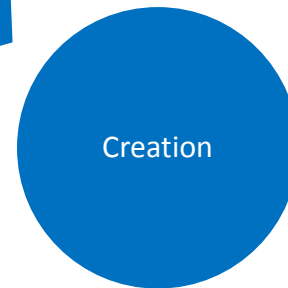
- access to knowledge
- absorption of knowledge
- diffusion of knowledge

# KNOWLEDGE CYCLE IN A REGION

- Relevance of RDTI
- Outsourcing
- Offshoring
- Delocation



- People
- Traditions, know-how
- Patents



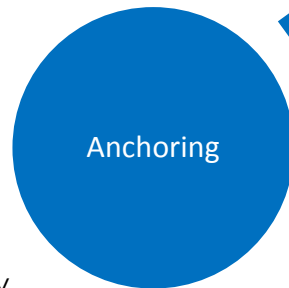
- Research
- Experimentation
- Living labs
- Imitation
- Adaptation



- Foresight
- Market intelligence
- Stakeholder interaction



- Licensing
- Innovative products/services
- Start-ups
- Clusters



- Partnership
- Knowledge transfer
- Talent attraction
- Knowledge take-up by enterprises





# REGIONAL FINANCIAL AND EQUITY VALUE CHAIN

## OFFER

Entrepreneur's own resources and re-investment capacities

Funding

### Grants

- Loans on trust
- Loans
- Micro-credits
- Reimbursable advance
- Proof of concept
- Guarantees
- Crowd funding
- Technology transfer
- Leasing
- Factoring
- Export credits

Equity

- FFF
- Business Angels
- Mezzanine
- Pre-seed
- Corporate venturing
- Venture capital
- University Spin-off
- Seed capital
- IPO

Benefit in kind

- Incubators
- Clusters
- Coworking space
- Enterprise hotels

## DEMAND

- Investment readiness
- Prize/sponsorship
- Proof of concept
- Technology transfer fund
- Risk Sharing Facilities

## PRE-REQUISITES

Risk taking investors:  
Private, public

Infrastructure:  
business angels, networks, incubators, etc.

Intermediaries:  
advice, investment readiness, tutorship, rating, assessment

Human capital:  
Professional fund managers, state aid experts

Taxation holidays:  
Business Angels, research activities, etc

## OFFER

## REGIONAL NON-FINANCIAL VALUE CHAIN

**Entrepreneurs  
own skills and  
resources**

Infrastructure

Incubator, industrial estates, science parks,  
soft landing offices

Advise & audit

Business plan, innovation capacity, export readiness, IP  
protection & valorization, self assessment, regional  
intelligence, benchmarking, info days

Matchmaking,  
networking &  
clusters

Fairs, university/enterprise club, investment readiness,  
living labs, open innovation, meet the buyers &  
intercluster events

Knowledge & skills

Training, skills observatory, talent attraction, PhD  
outplacement, coaching, technology transfer

Product improvement

Prototyping, quality management, design, e-business,  
productivity improvement through ICT, R&D+I

## DEMAND

Pre-commercial procurement

Market replication

Technology demonstration center

## PRE-REQUISITES

**Human capital:**  
Public & private  
qualified advisors

**Intermediaries:**  
No wrong door network

**Infrastructures:**  
tangible & intangibles

**Delivery schemes:**  
Vouchers  
Grants  
Equity  
Non-financial support

# REGIONAL BLUEPRINT



# Smart Specialisation Strategy

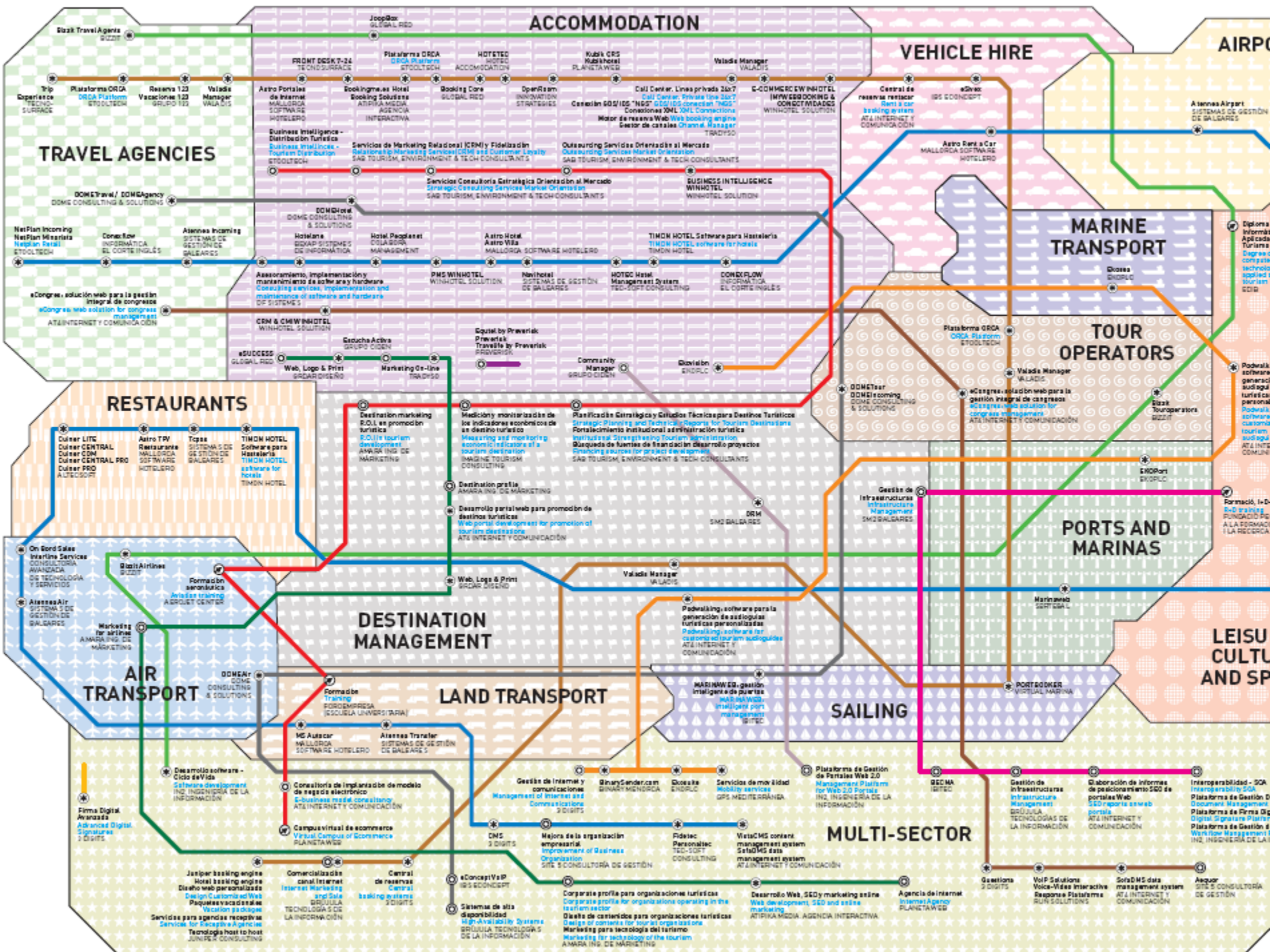
## The Concept

“ As most regions and institutions cannot reach the frontier of science and innovation, they would be better to search for a suitable specialization in the global competitive landscape. It is most likely that this specialization will take place along applications, exploiting business segments, niches, or markets that require adaptation of general technologies to specific user needs.”

Source: “The role of Community research policy in the knowledge-based economy.”  
Expert group report DG Research

# What is Smart Specialisation?

- Not a simple industrial specialisation of Region X in tourism or fisheries
- But it suggests for region X to specialise **in R&D and innovation** in the sector of tourism or fisheries
- Smart specialisation provides strategies and roles for any regional economy
- Most advanced regions invest in the invention of generic technologies, others invest in ***the co-invention*** of applications of the generic technology in one or several important domains of the regional economy



# What is Smart & Specialisation?



- place evidence-based: **SWOT**
- no top-down decision, but **bottom up partnership approach**
- global perspective on potential **competitive advantage & potential for cooperation**
- **source in knowledge, technologies, talent and investors**
- **priority setting in times of scarce resources**
- **excellence in something specific**
- accumulation of **critical mass**
- not necessarily focus on a single sector, but **cross-sectoral approach**

⇒ best way to exploit territorial potential through innovation  
⇒ **foster interregional comparative advantage**



# Smart Specialisation Strategy

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## Regional Economic Intelligence (1)

### What is it?

A system helping take documented decisions based on the evolution of local & international context and the regional competitiveness position. Collecting indicators and predicting trends.

### Which objectives?

Taking better decisions thanks to the position in the business environment and the flow of knowledge and investment.  
Understanding the drivers of specialisation.

# Smart Specialisation Strategy

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## Regional Economic Intelligence (2)

### How?

Balancing efficiency (growth) and resilience (adaptability to crisis) through diversity and interconnectivity

### In practice

Doing SWOT analysis, reviewing value chain, improving decision process and involving key leaders, foresight, strategic policy intelligence, selection of potential winners,...

# Enterprise Competitiveness "Sandwich" Theory

Niche

iApple   Peugeot 3008   Dyson   Nespresso

Mass

Dell

Acer

Nokia

Mercedes

Low Cost

Dacia

Easy Jet

Ryanair

ZTE

# Regional Competitiveness "Sandwich" Theory

## Niche

Toulouse, Cambridge, London, Milano...

Knowledge creators

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## Mass

Wallonia

Nord-Pas-de-Calais

Midlands

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## Low Cost

Cantabria, Madera, Andalusia, ...

Knowledge absorbers

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# What can Public Bodies do?

- Mapping of key stakeholders (i.e. VC Funds, Angels associations, researchers, TT offices, etc)
- Business segmentation
  - Based on stage
  - Based on capital requirement
  - Based on innovation typology
- Involve key regional capital providers in the regional value chain
- Helping SMES to understand the process of finance/innovation
- Support SMEs in their financial/capital/innovation requirements and signposting SMEs to the right investors/clients (public/private)
- Prepare the SMEs for equity investment/innovation by developing experience in business plan reviewing
- Investing in equity regional funds
- Database of success track record
- Database of “early innovation adopters” and players (open innovation/labs)
- Networking between key stakeholders
- Develop regional intelligence

# Questions for the Debate

- Are there different types of specialisation?
- How to design such strategy?
- How to steer the relationship between the specialised stakeholders (clusters, universities, funding intermediary organisations, investors, enterprises,...)?
- How to encourage specialisation and enable structural changes?
- How to measure the specialisation(s) and to monitor emerging specialisation capabilities? Is it possible to create them?
- What if extreme concentration is the current specialisation?



# **Thank you for your attention!**

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