



# Everybody innovates

## How a broader view of innovation presents opportunities for Flanders

The ageing population, migration, the rise of new economic superpowers and the growing importance of the service sector pose major challenges for Flanders. Our economic fabric can meet these challenges – provided that our policy defines concepts like ‘economic growth’ and ‘innovation’ much more broadly.

# “Sensitisation, support, education and the development of relevant knowledge networks can all contribute to open innovation in Flanders.”

Ten years ago, innovation was synonymous with technology in an industrial context. But today, this narrow definition is no longer sufficient for meeting the challenges of a rapidly changing world. As non-technological innovation is becoming more and more important, it also deserves more resources. Innovation must become a broader concept – a matter for everyone.

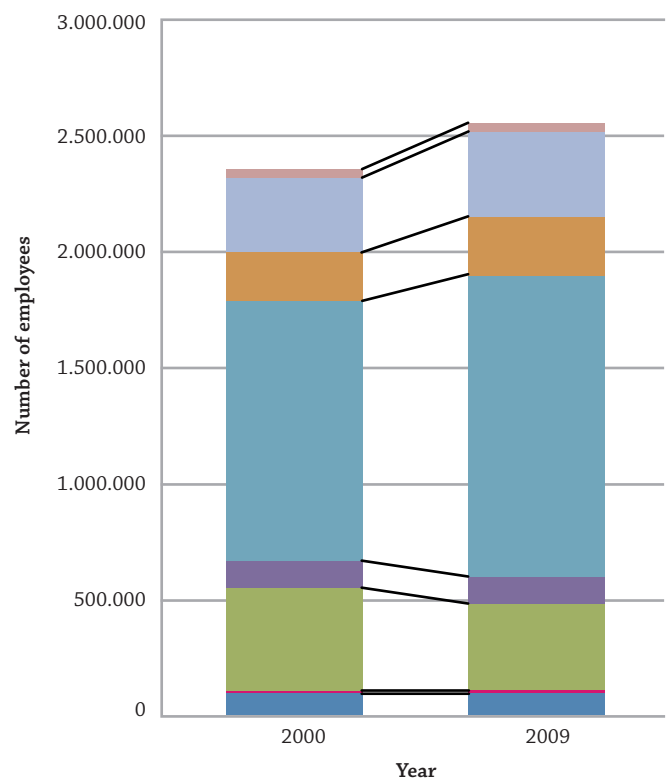
Several factors impel us towards a broader conception of innovation. There is the importance of the service sector, which accounts for a large percentage of employment in Flanders, but is still largely under the radar of innovation policy. Furthermore, innovation is not just an issue for companies – the entire society can become more creative and enterprising.

Innovation is being interpreted more and more broadly in the traditional business world as well. Customers no longer wait for products to appear, but solutions. Speed and the right combination of knowledge are becoming increasingly important, making collaboration indispensable. Innovative solutions not only apply to the realm of products, but also to business models and market approaches.

This new context is compelling all organisations (whether they are for-profit or non-profit, public or private, young or old) and all sectors (including healthcare, education, welfare, government, culture, etc.) to display more creativity and entrepreneurship. And entrepreneurship is broader than the conventional meaning – it now includes the capabilities to translate ideas into concrete solutions. Entrepreneurial creativity is a task for everyone – for every employee in a company, but also in government, in education, in the non-profit sector, and so on. All sectors and all Flemish citizens must be involved in this, because a truly innovative Flanders presupposes that everybody innovates.

## Opportunities in the service sector

Flanders has enough resources to generate the necessary economic growth, but these resources are not always applied in the right way. Our policy does not pay enough attention to the sectors in which the most jobs are created – in particular, the service sector. No less than 75% of the Flemish population works in services. So, more growth opportunities for this sector benefit the entire Flemish economy.



- Non-marketable services – Domestic services
- Non-marketable services – Government and education
- Healthcare and social services
- Market services
- Construction
- Manufacturing industry
- Energy
- Agriculture

Figure: Job creation in Flanders 2000-2009

Source: Work and Economy Data from the Flemish government

Taken together, social profit and government account for 32% of Flemish employment. Between 2005 and 2007, the total number of jobs in these sectors increased five times the rate in the rest of the economy – among other reasons, thanks to the *dienstencheques* (services cheques) system. However, the government not only creates these jobs, which answer a real need; after the start-up phase, it also creates a limitation on filling them, through limited funding and rigid regulations.

In order to rectify this situation, and to actively give these service sectors more growth opportunities, policy must work hard on sorting out and professionalising. ‘Sorting out’ is defining what can be better handled by the market and what belongs to the government’s range of duties. Then, the sectors that are less suited to the market – and thus those that the government should continue to finance – must become more businesslike. Professionalisation comes down to assigning greater responsibility – for example, by making subsidies more dependent on attaining certain results.

In addition, the policy must much more vigorously mobilise the preconditions under which creative processes thrive. This entails the 4 Is: institutions, infrastructure, inspiration, image. With regard to institutions (or institutes): there is a need for sorting out and professionalisation (*see box*). Infrastructure – accessibility, ICT and knowledge – demands a pro-active approach that capitalises on the evolutions in the service sector. To raise inspiration, we need to abandon traditional teaching and educational methods and create room for experimental learning. New forms of collaboration among culture, science and economy also offer additional opportunities. Finally, our image must be that of a genuinely open and tolerant region, where diversity is a key element for creative renewal.

## Innovation for and by everyone

Entrepreneurial creativity consists of successfully identifying and creatively exploiting new opportunities – which can be in the economic as well as in the social, cultural, institutional, ecological (and more) domains. Not only companies, but the whole society can develop entrepreneurial creativity. Therefore, the policy must not limit itself to supporting start-ups and traditional technological innovation. It must target a wide range of organisations (profit and non-profit, public and private, young and old) in diverse sectors (healthcare, education, welfare, government, culture, ...).

In current organisations, more attention must be given to *intrapreneurship*: initiatives that employees take to create and exploit new opportunities. Many companies do not succeed in developing the right corporate culture for this, because the exploration of new activities inevitably creates tensions or because the intrapreneurs leave the company to become independent entrepreneurs. Nevertheless, a creative culture – in which intrapreneurship enjoys lots of opportunities – only benefits organisations.

More attention should also be paid to social entrepreneurs. Social entrepreneurship has a lot in common with traditional entrepreneurship, but its primary goal is to change society. Social entrepreneurship can produce excellent results and deserves more attention from research, government and the regular economy.

To become a truly innovative society, the necessary skills must be acquired early on. Of course, education plays a crucial role in this. Topics like creativity, sense of initiative, problem-solving thinking, and the willingness to take risks can be part of all fields of study, from pre-school to post-university education. The accent must be on action, with an emphasis on new teaching methods (internships, gaming, ...). And each target audience merits its own approach.

## Products are out, solutions in

Having a good product in-house is not enough to be competitive. In no time, in fact, consumers no longer consider it unusual. So, product innovation produces only a temporary competitive advantage. As a consequence, the view in which technology is the most important ingredient of innovation is outmoded.

Creating innovation is also no longer the monopoly of corporate R&D departments. Each part of the value chain can be the subject of innovation. Examples are organisational aspects and the way in which the market is approached. Furthermore, innovation is no longer only for industry – it's for the service sector as well. These new forms of innovation are not yet measured in Flanders, so policy cannot be sufficiently geared to them.

More and more, competitiveness is based on speed and the right combination of knowledge. Open innovation – by which one's own limitations can be transcended through collaboration with others – is absolutely necessary for engaging in this competition. The market is changing too: customers are requesting solutions for their problems first of all. These solutions must become the starting point for innovation – much more so than the available technology.

How might policy support this new type of innovation? Convenient 'best practices' and relevant models can convince SMEs that they too can participate in this arena. In addition, knowledge networks are crucial for open innovation. Companies need to know what relevant knowledge is available elsewhere before they can call on it. That's why supporting open innovation begins with the development of well-functioning networks.

## No innovation without creativity

True innovation is only possible when a whole organisation, and all of the employees, are engaged. This engagement is necessary for the two tasks that each creative organisation must carry out simultaneously: 'keeping the business going' while developing and implementing new ideas (so that the business can be kept going tomorrow as well).

HR policy with a focus on innovation is less a question of recruitment than of organisation. When an organisation creates the room and the context for innovation, the majority of the employees are able to realise their creative potential. Creating room includes not only giving employees the opportunity but also encouraging them to nurture inspiration, to think up ideas, to formulate proposals and

to try out new things. The right context also enables the good ideas to be selected and developed into innovative solutions. Life-long learning and new forms of collaboration are essential to these things. Furthermore, an innovative corporate culture attaches more value to attempting and persevering than to results alone.

This is where the policy has an important sensitising task. Dozens of organisations and initiatives are ready to help entrepreneurs in their search for more creativity. But sometimes, confronted with this extensive offering, companies can no longer see the forest for the trees. That's why the abundance of guiding and supporting activities needs to be made more transparent and accessible. Good coaches, who are skilled in the available tools and who speak the language of the organisations, can make the difference.

Finally, education needs to sharpen the creative capacities of all individuals. It must not focus primarily on transferring knowledge and conformism, but on developing creative skills.

## Recommendations for a region in which everybody innovates

- > The service sector is extremely important for Flanders, not in the least for the employment that it creates. However, the growth of this sector is smaller than its true potential. By largely focusing attention on technological production sectors, the government is overlooking opportunities here.
- > Innovation is more than technology. Non-technological elements are becoming increasingly important for our innovative capabilities. Sensitisation, support, education and the development of relevant knowledge networks can all contribute to open innovation of this type.
- > Sectors that are not strictly economic – such as culture – also contribute to our growth and to innovation. So they deserve attention too.
- > The Flemish business community is important, but it doesn't exist in isolation. It's connected with other elements, such as legislation or the output of the creative sector. Attention must be focused here as well.

### Reference:

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