

# **5<sup>th</sup> IMS Workshop,**

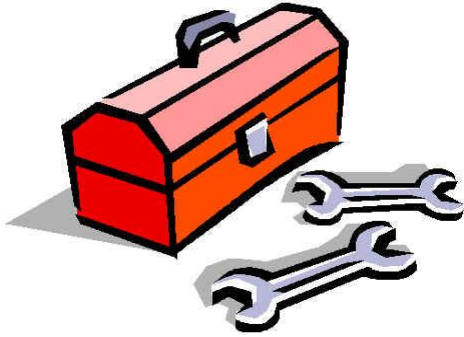
Ankara, March 2017

## **Assessing SME Innovation Capacities**

Methodology used on Turkey in Horizon 2020

Philip Sowden – SME Key Expert

# Philip Sowden



# My role in the project...

## Visit 100 SMEs

- Discuss the business
  - Where has it come from?
  - Where is it now?
  - Where is it going?
- Discuss their business, product and R&D strategies
- Perform company readiness and project readiness reviews using analytical tool
- Discuss specific project ideas
- See where H2020 and/or national funding can help
- Prepare report on findings and recommendations



# Process

- TÜBİTAK provides lists of companies to be invited to participate
- Email sent with link to confidential pre-visit questionnaire for companies to complete on line
- Questionnaires are scored to ensure that most appropriate companies are visited
- Visit arranged
- Report issued
- All for free!!

# Companies

- Ideally high growth, high technology
- Any size up to 250 employees
- Any sector
- Any location – but visits tend to be made in blocks outside Ankara
- Interest in Horizon 2020 – not just for funding, but for participation in European networks
  - Share science and technology
  - Market knowledge
  - Resources
  - Build networks

# Pre-visit questionnaire

- The business – established? Growing?
- Balance sheet – expanding? Profitable?
- Markets – home? overseas?
- New products/services – track record?
- R&D Projects – national? EU?
- Project in mind?
- Ideally score above 50% to qualify
- So far 50 applied from list of 150 invitees; most accepted

# Pre-visit questionnaires

- Difficult to get companies to complete them
- Often show rapid growth in staff, turnover, profitability
- ...but no corresponding increase in R&D spending
- Often have experience of national funding
- Few have experience of EU funding

# The visit

- Discussions held in confidence
- From 1 to 6 staff attend
- Analytical tool used towards end of meeting
- Report prepared
- On-going TÜBİTAK support



# Discussions

- Based on business management and consulting over past 40 years
- I own and run an SME too!
- 3 topics mentioned earlier as a basis for discussion
  - Where is the business today?
  - Where is it going?
  - How will it get there
- ...and always the killer consultancy question – What's the purpose?
- Frank and open discussions
- Searching questions
- Most find the discussions beneficial...

# Analytical tool

- Developed for Turkey in Horizon 2020
- Based on a standard format
- Series of questions scored 1-10
- Accompanying 1-10 score for 'importance'
- Combined scores used for computerised radar diagram plot
- Differences in scoring always prompts further discussion

# Radar diagrams are good for discussion...

- **Scores low** – ‘Why do you score yourselves so low?'; ‘What are you getting wrong?'; ‘Are you being too hard on yourselves?’
- **Scores high** – ‘Are you really so good?'; ‘Are you being honest with yourselves?’
- **Scores all the same** – ‘Are you so consistently good/poor at everything?’
- **Scores vary a little** - ‘Let us see how we can bring the lower scores up?’
- **Scores vary a lot** – ‘There are clearly areas which need urgent action’

# Company readiness

22 questions...

- Designed to produce an overall assessment of the company's
  - current level of technology management
  - product/technology strategy
  - project management processes
- Each qualified with a second score for 'importance to the business'
- Results in an 'opportunity index' to indicate priority areas for future improvement

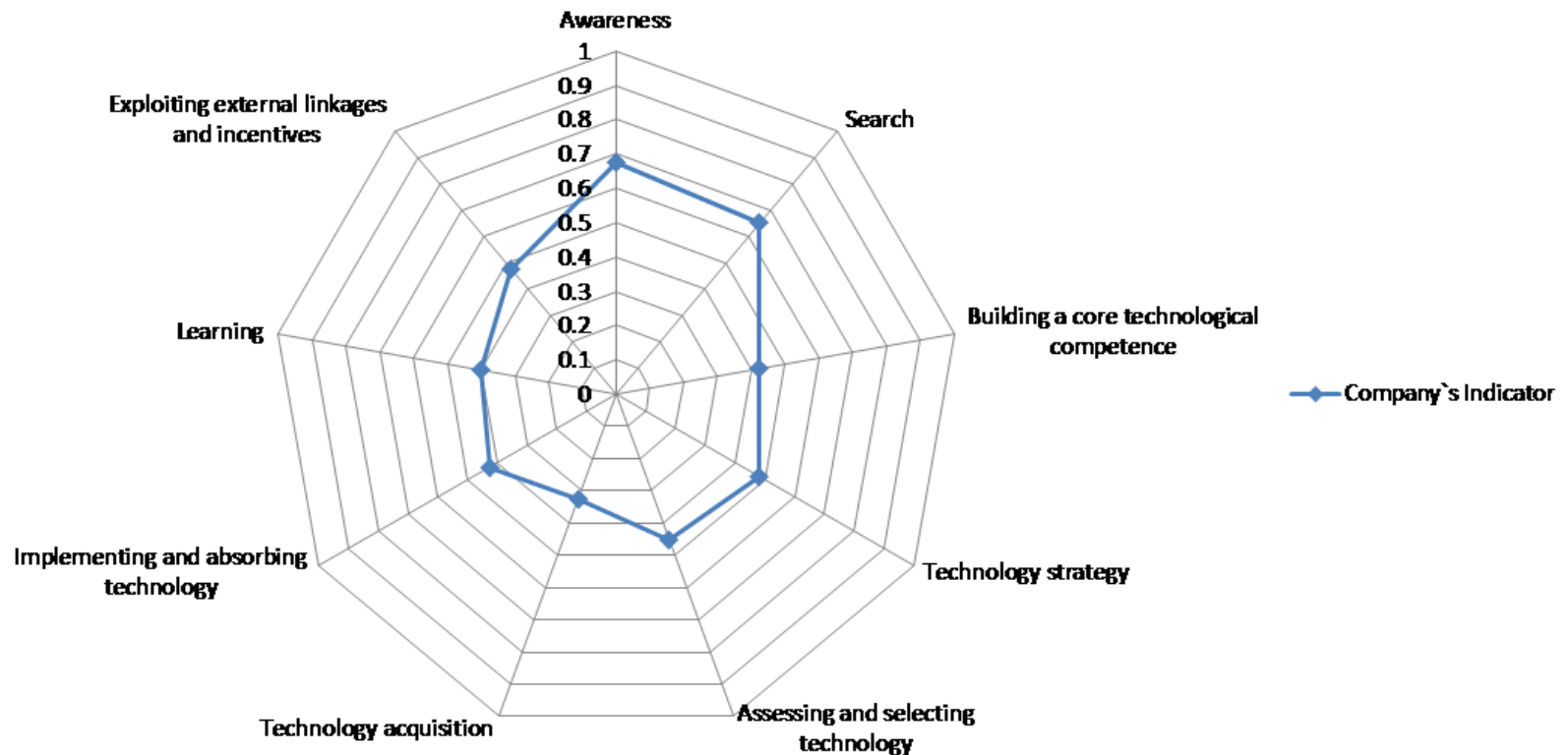
# Project readiness

20 questions...

- Considers 6 key topics
  - Process
  - Finance
  - Co-operation
  - Technology
  - Markets
  - Risks
- Again each is qualified with a second score for 'importance to business'
- Results indicate areas of concern or comfort

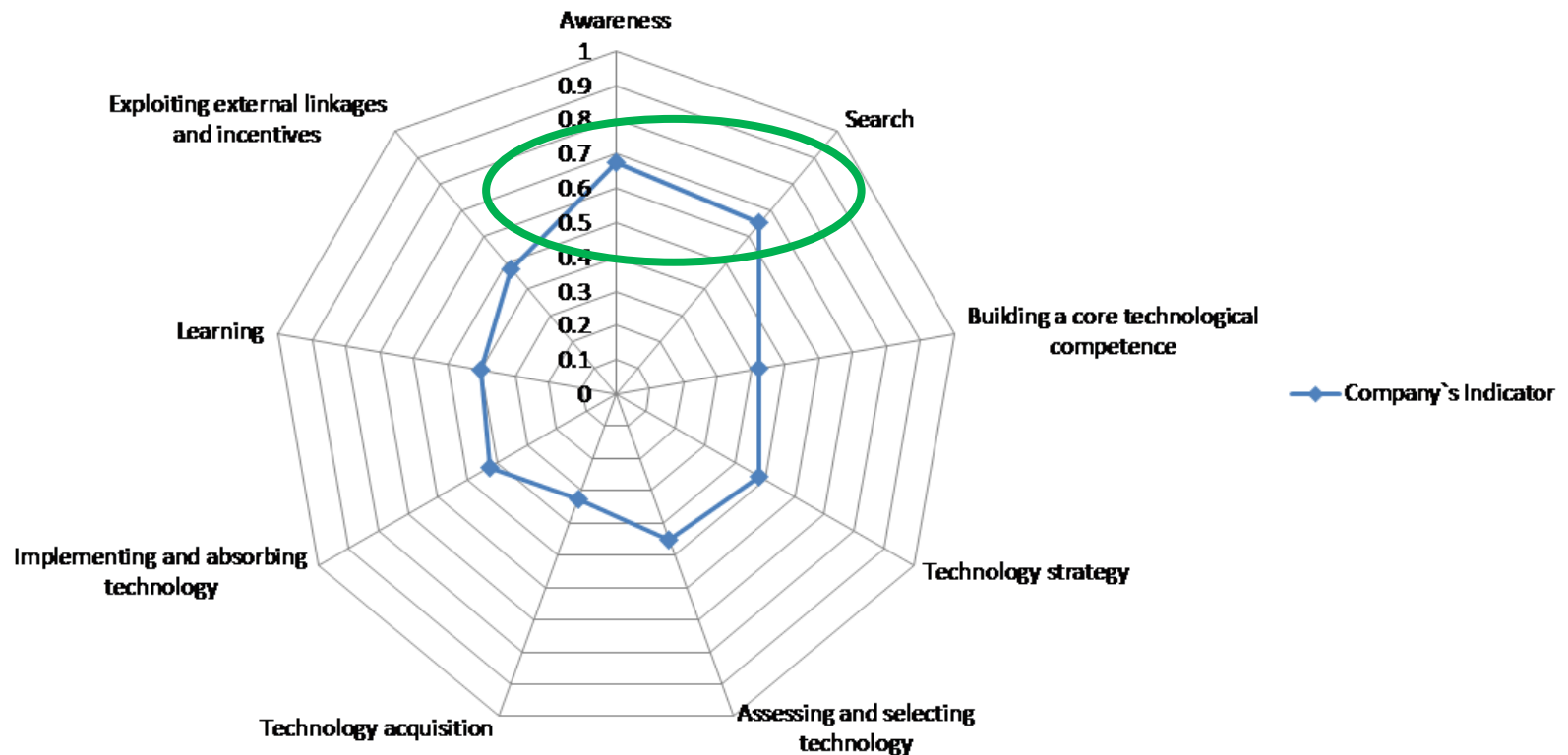
# Example – company readiness

## COMPANY'S PARTICULAR STRENGTHS AND WEAKNESS

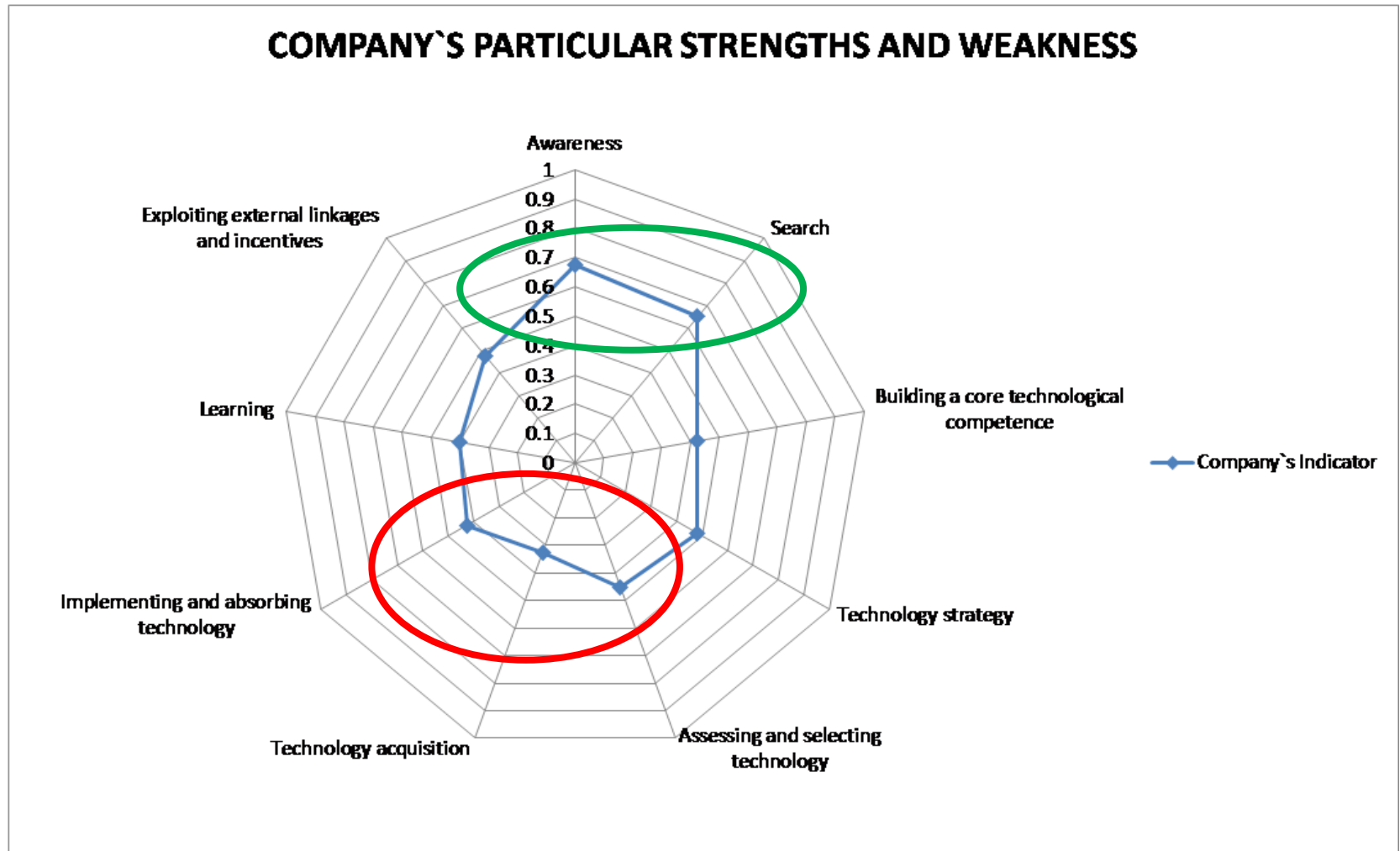


# Example – company readiness

## COMPANY'S PARTICULAR STRENGTHS AND WEAKNESS



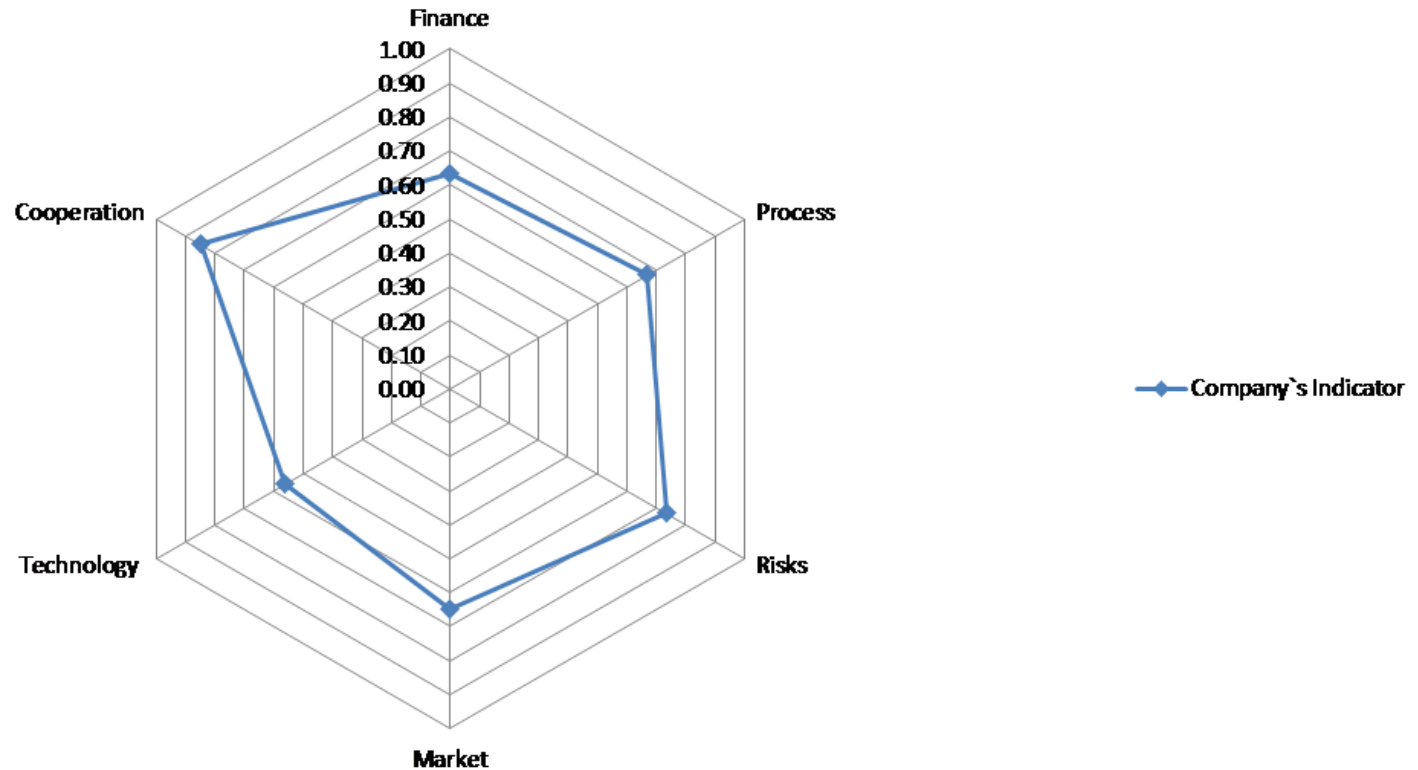
# Example – company readiness





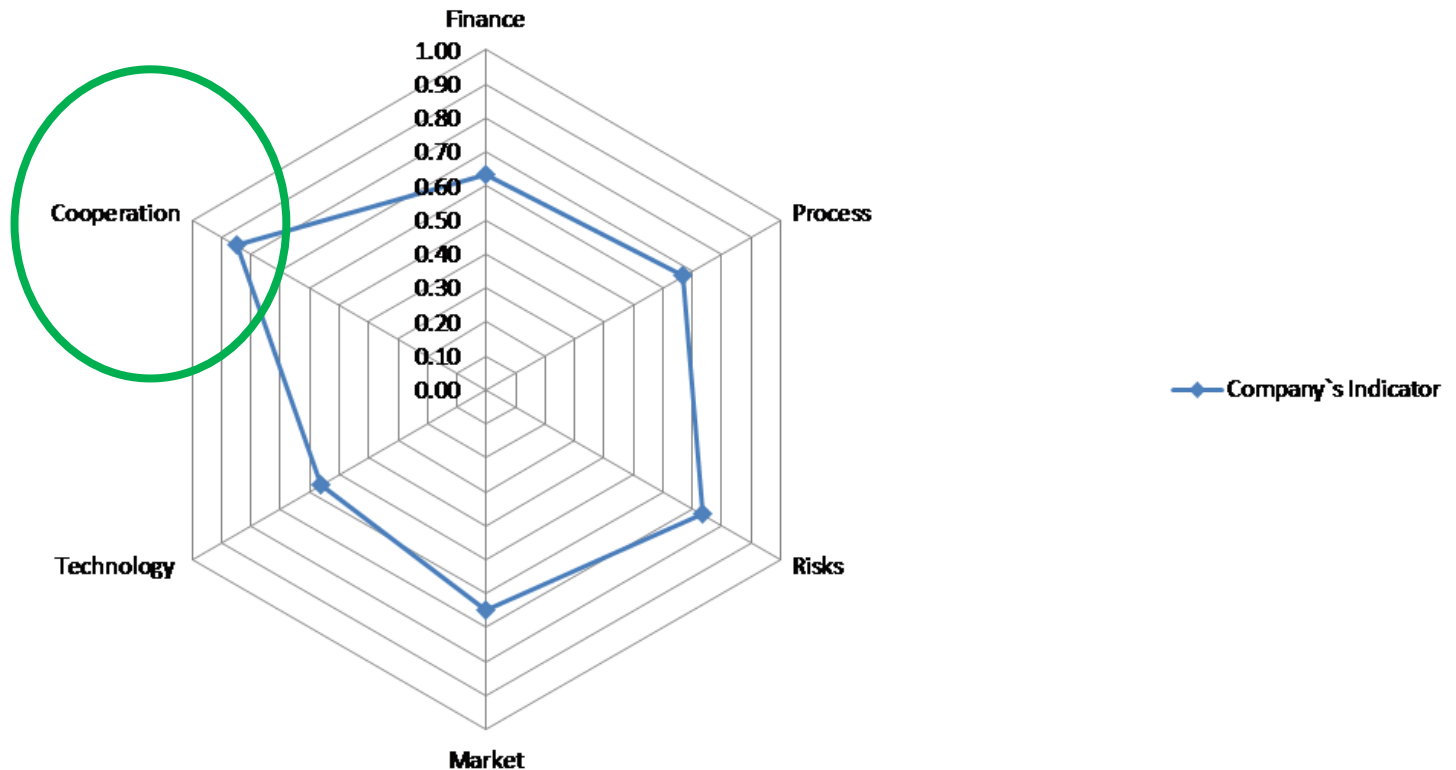
# Example – project readiness

## COMPANY'S PROJECT READINESS STRENGTHS AND WEAKNESSES

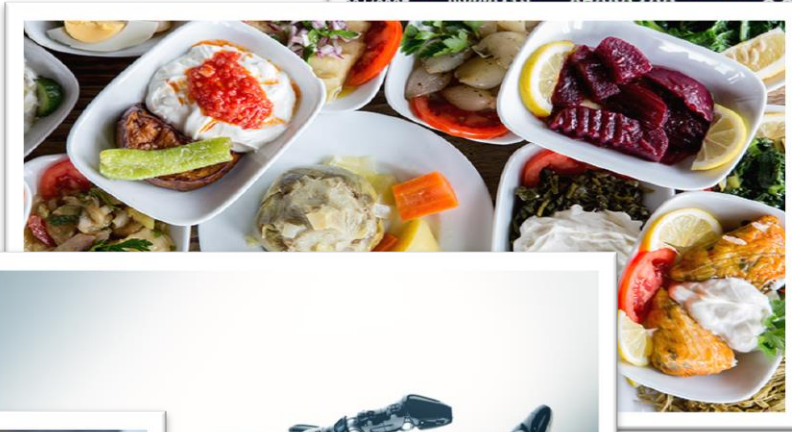
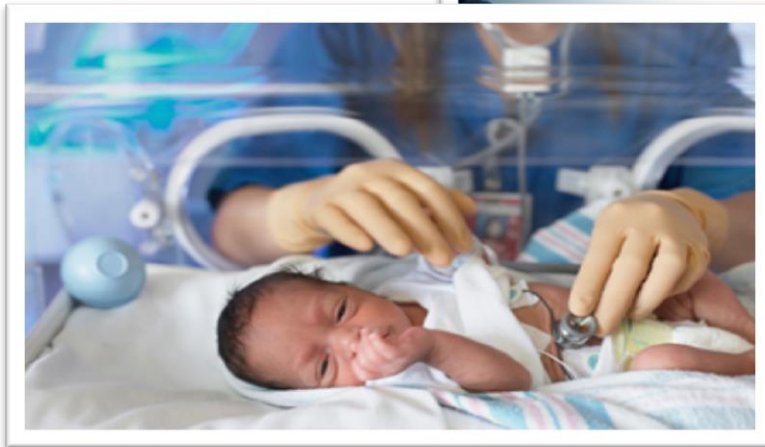


# Example – project readiness

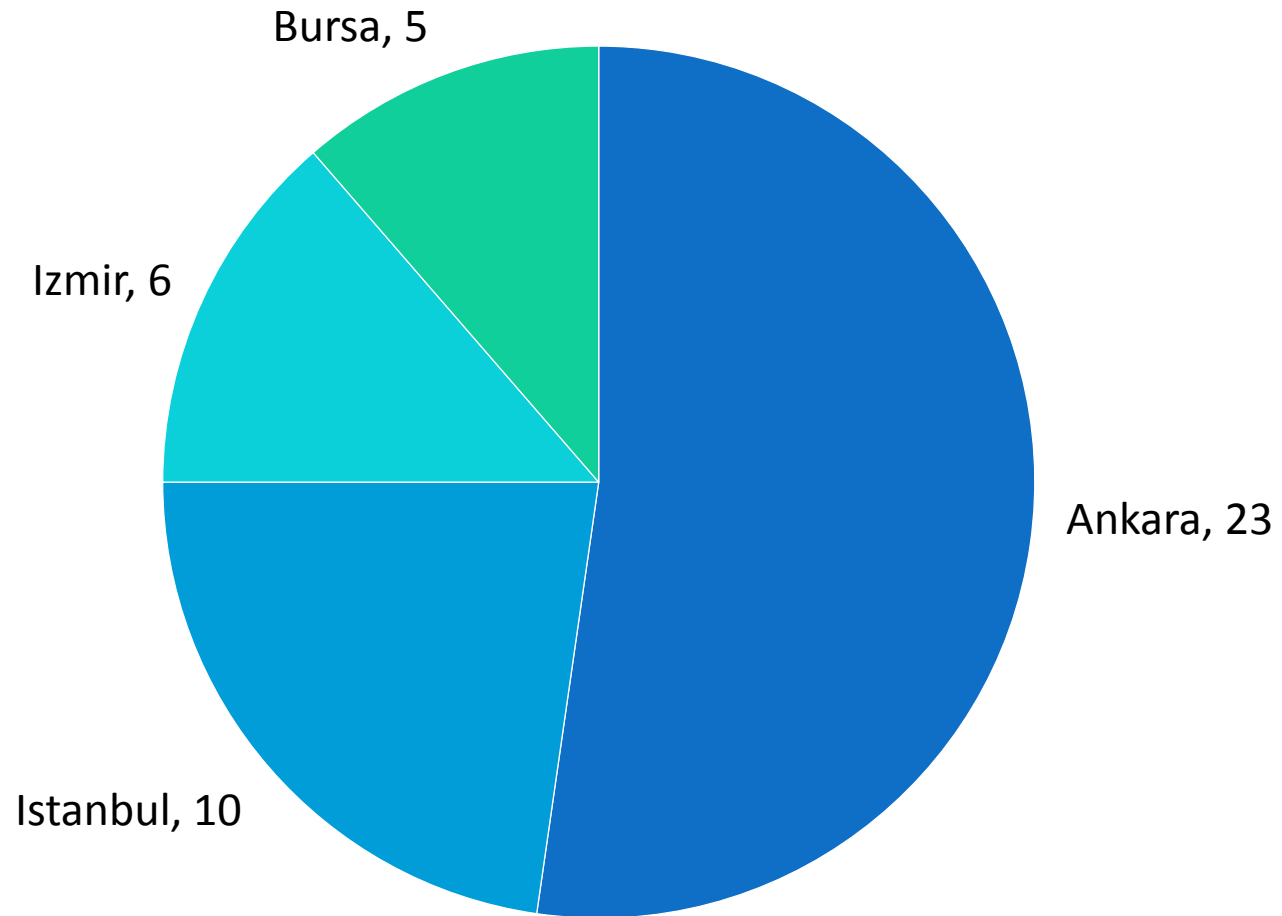
## COMPANY'S PROJECT READINESS STRENGTHS AND WEAKNESSES



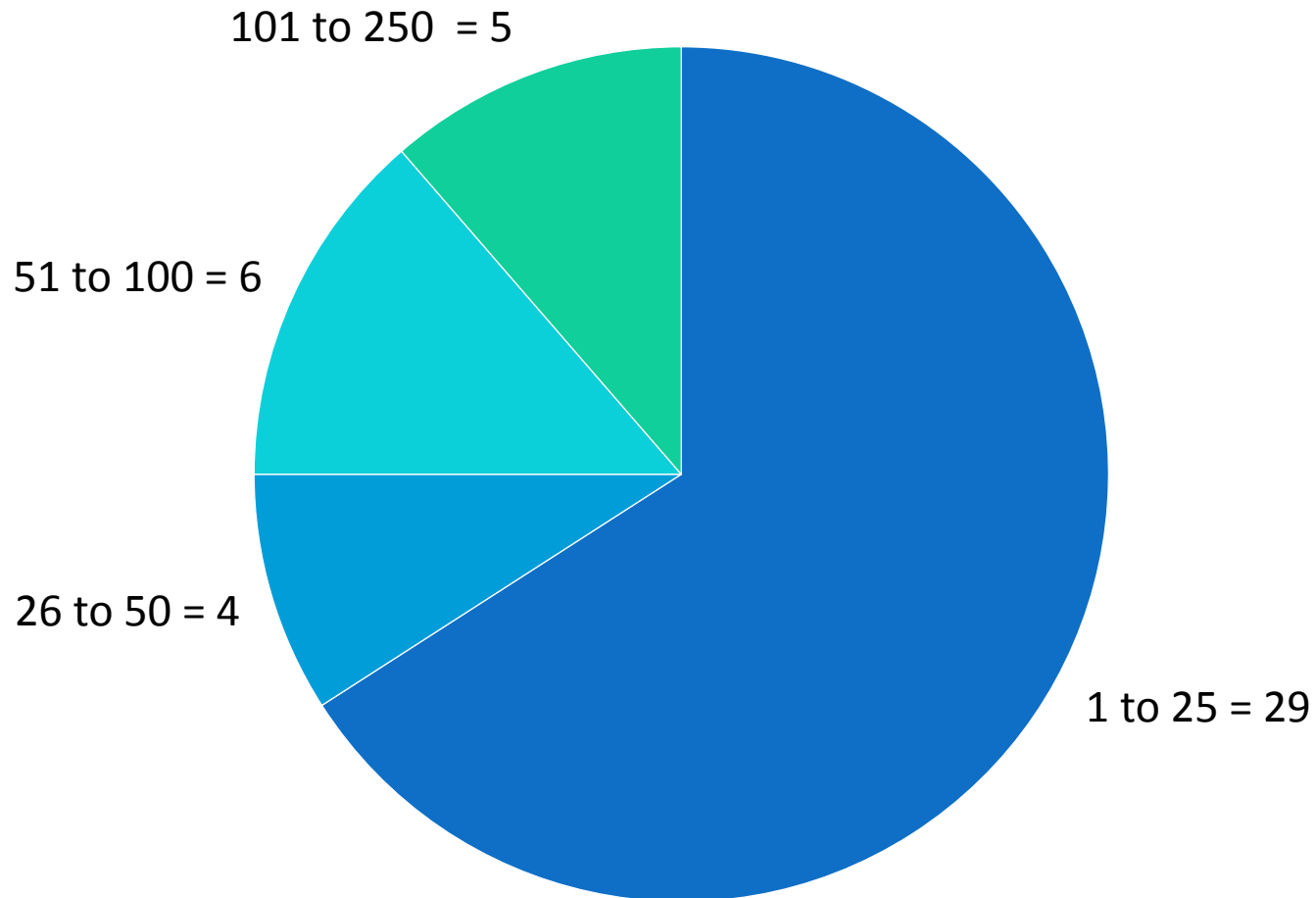
# We have seen 44 very different companies!



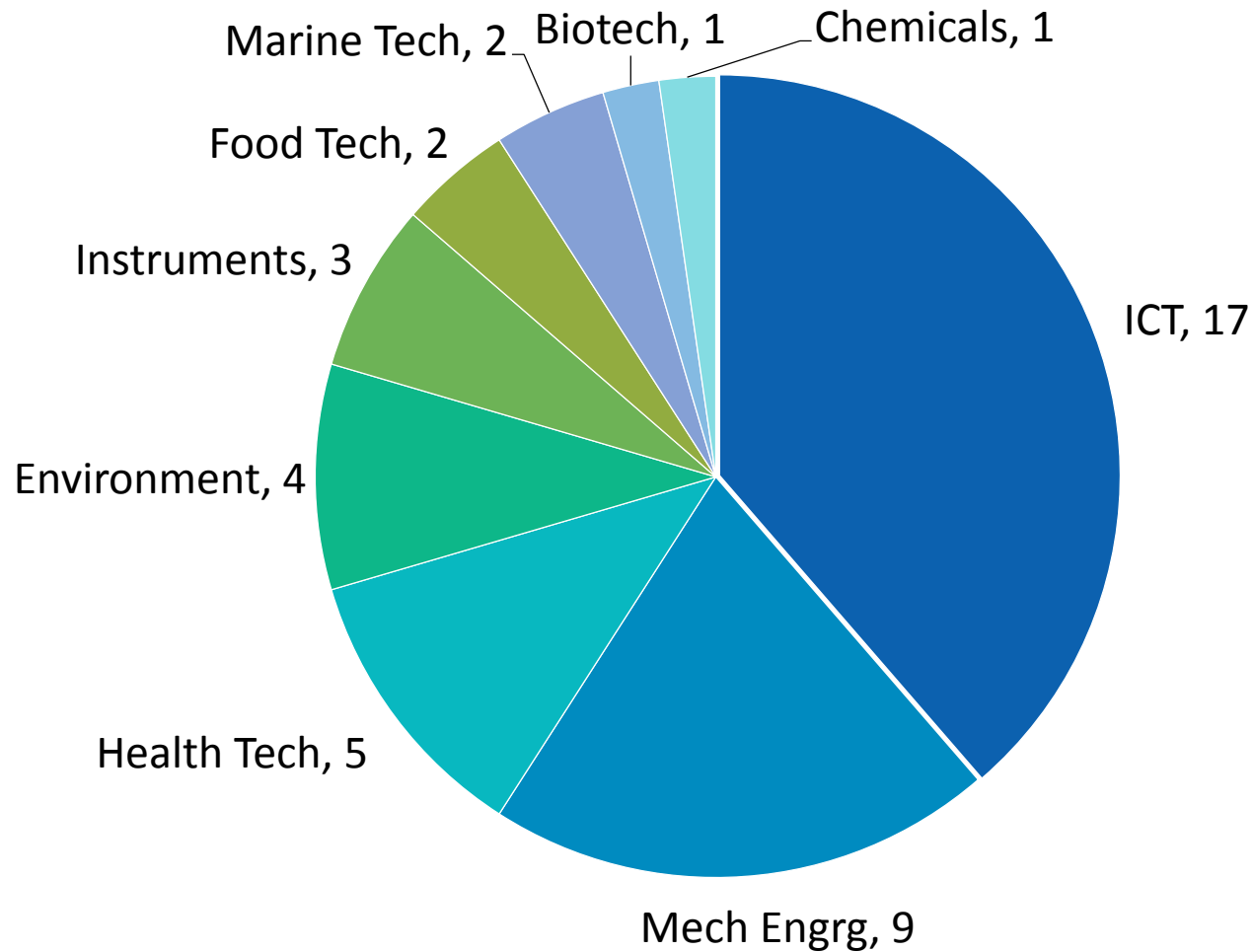
# Location of companies



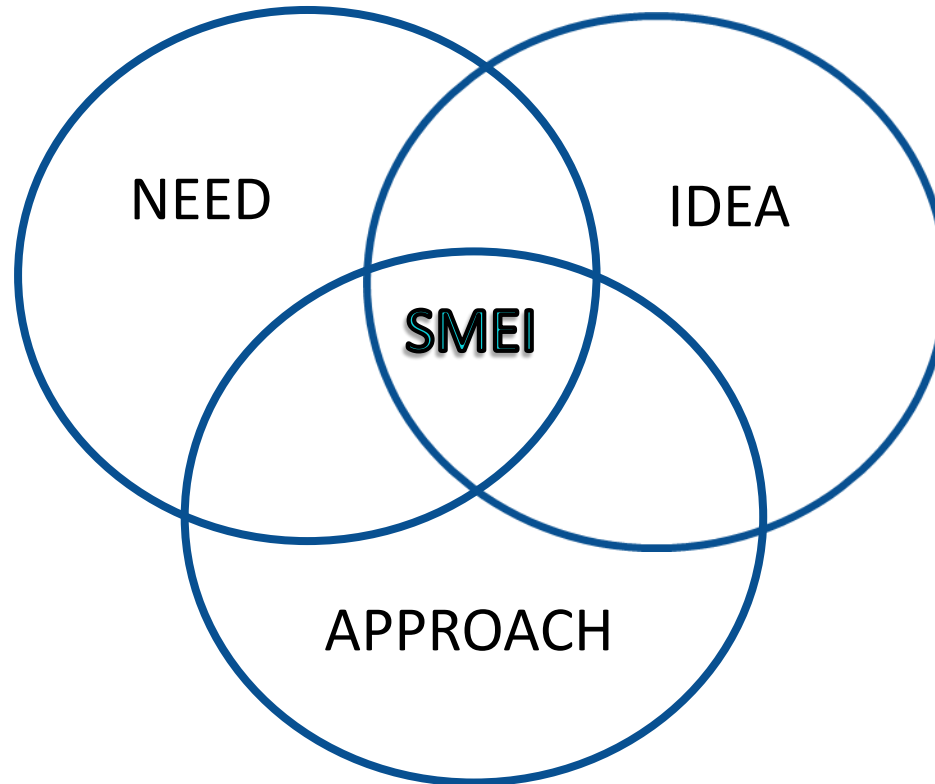
# Numbers of employees - average 38 (23)



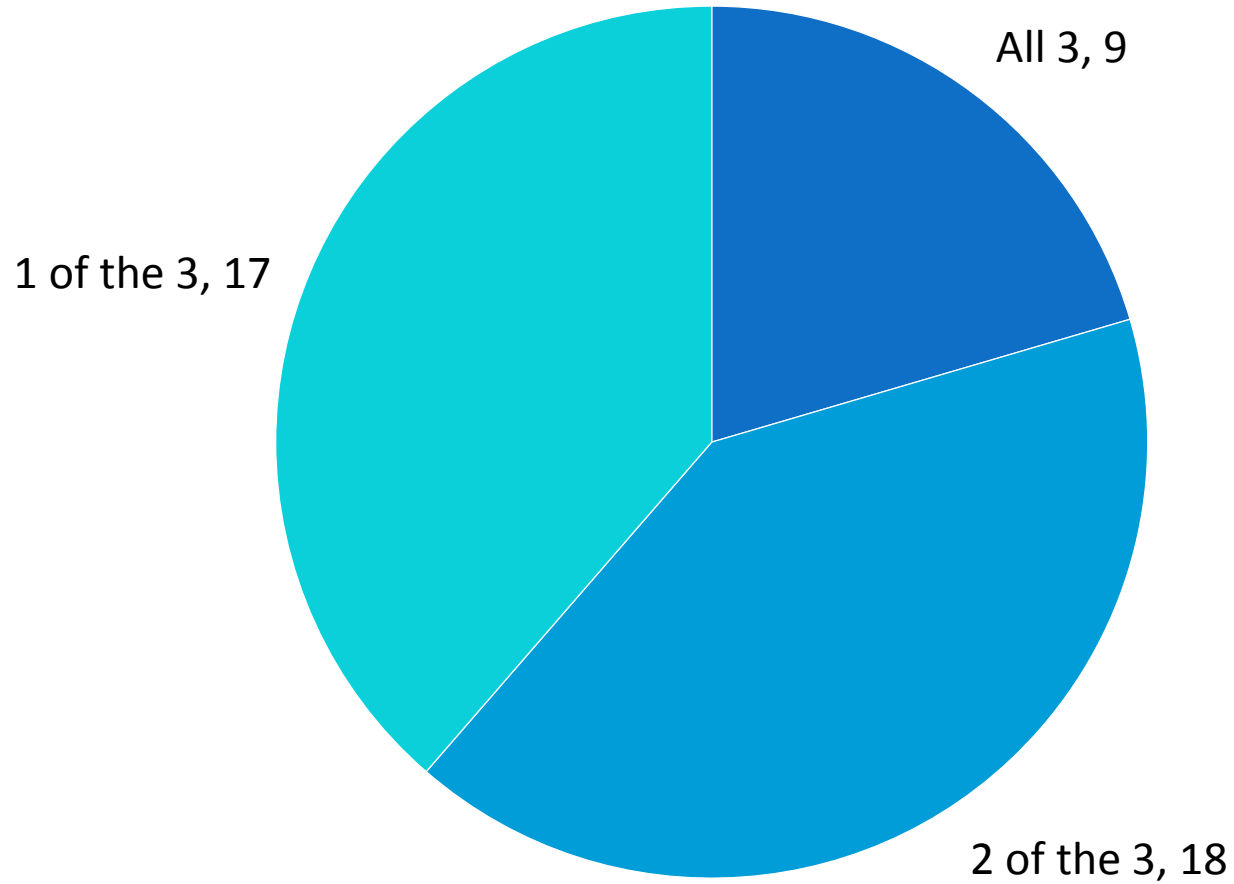
# Sectors



# To have the strongest chance of funding....

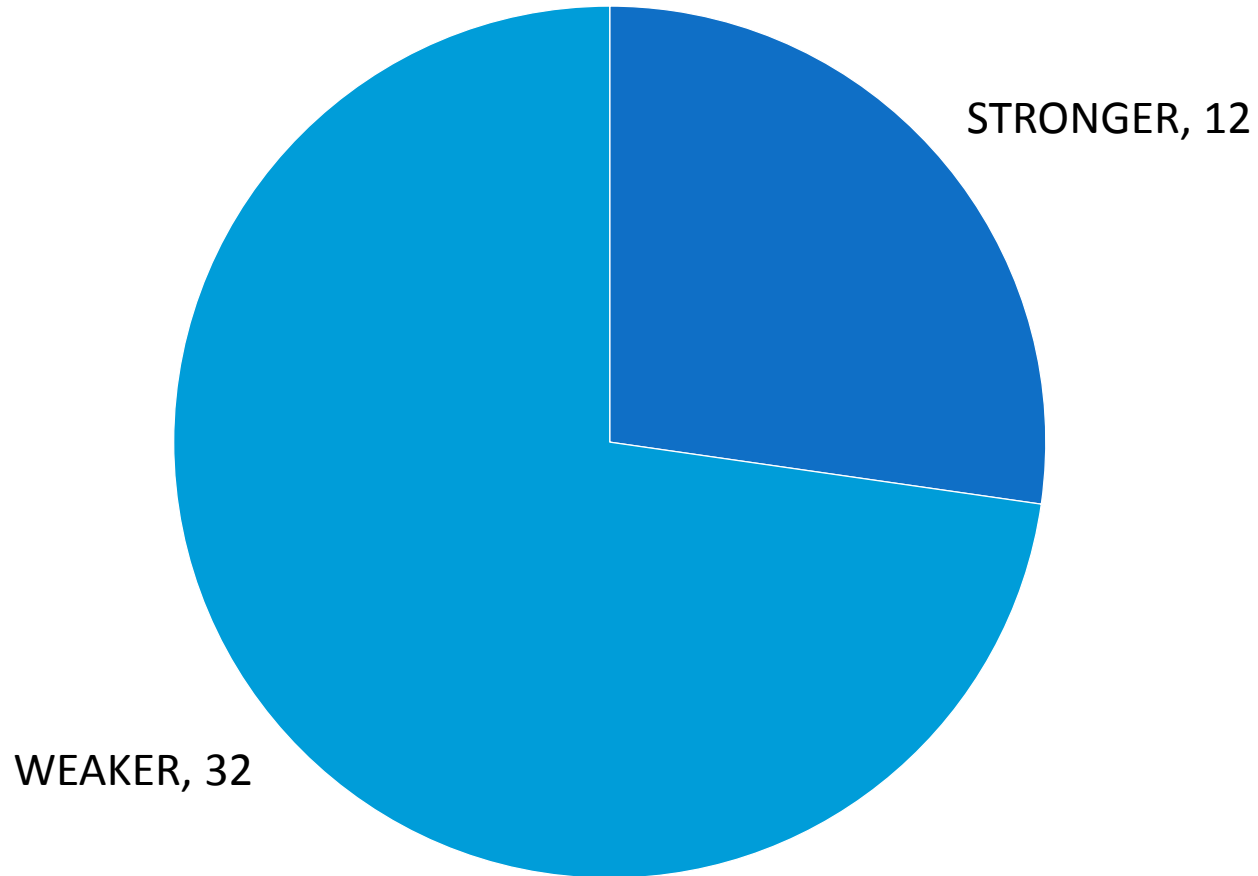


# How did they do?

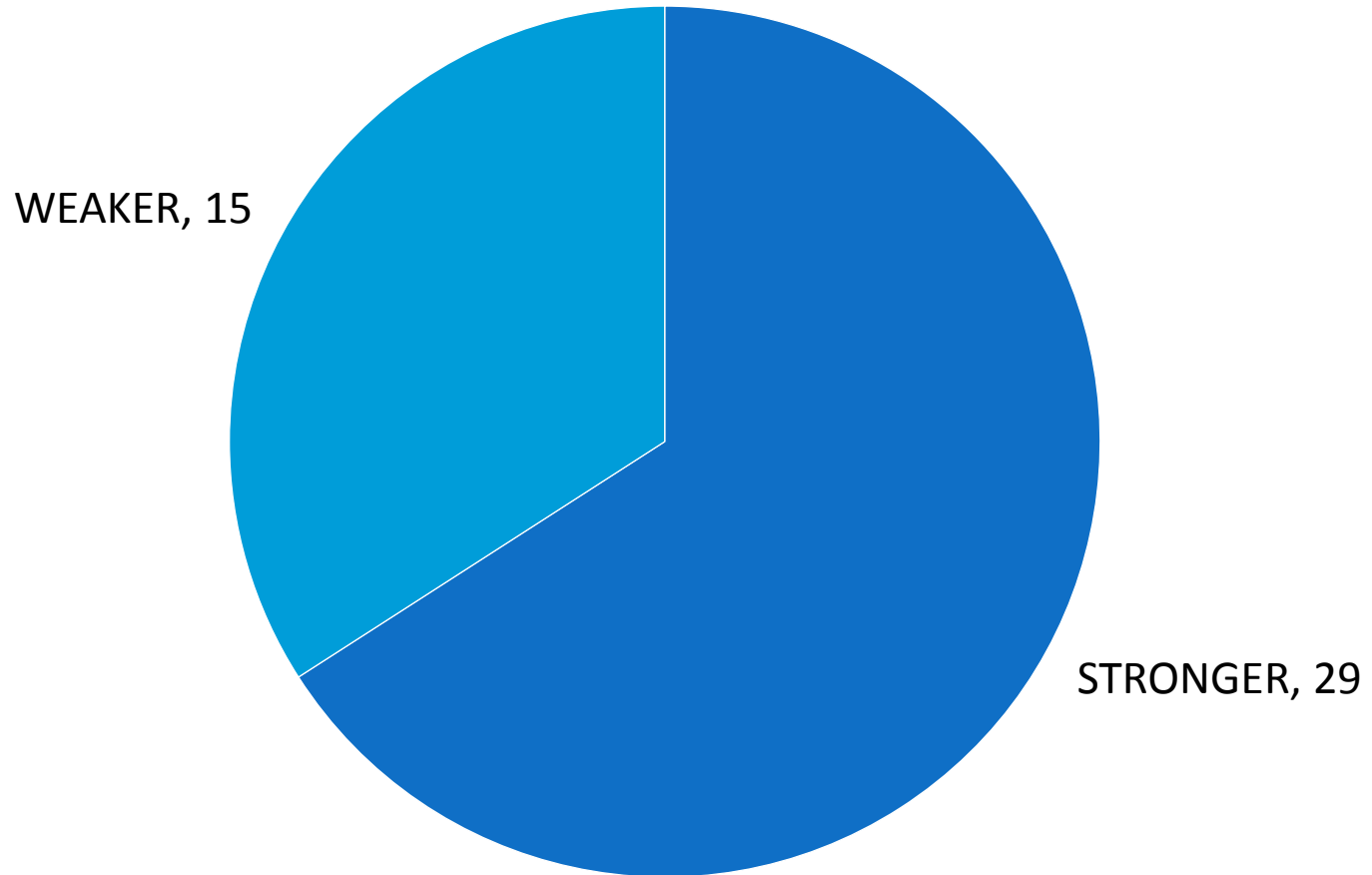




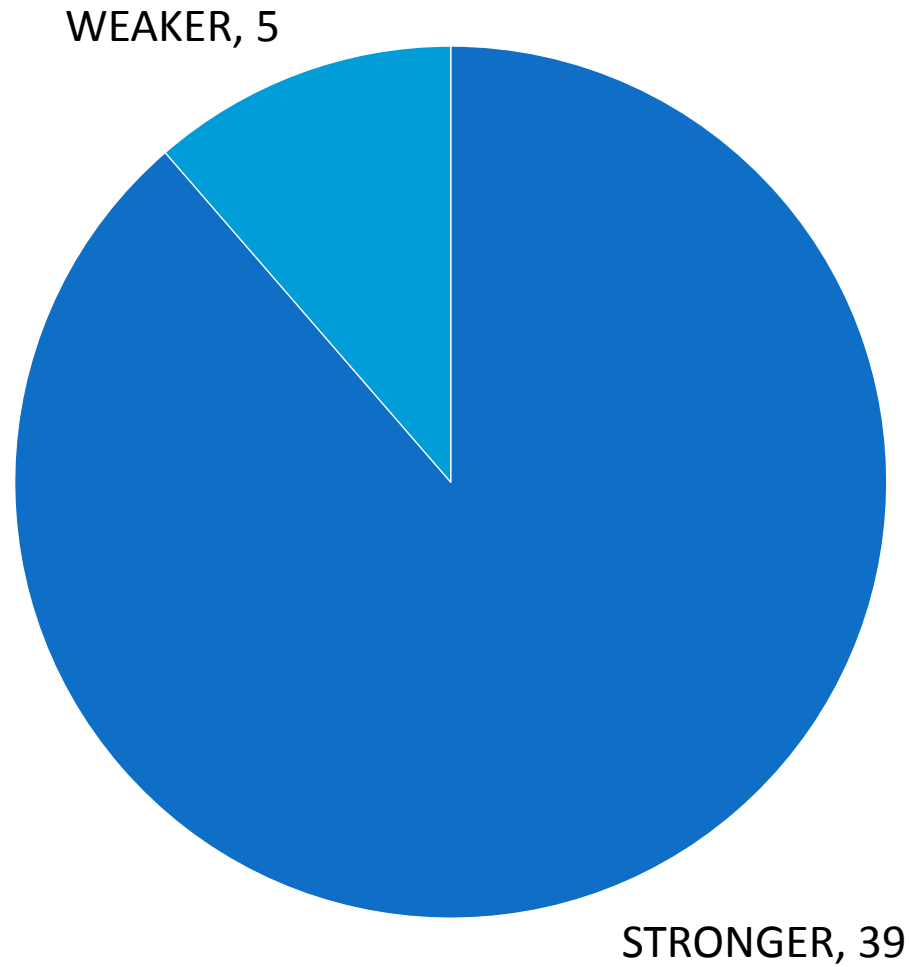
# Key aspects – IDEA



# Key aspects – NEED



# Key aspects – APPROACH



# Most companies lack a strategic view....

- Mainly trade in home market
- Good growth over past years
- Often little awareness of what's out there
- Low investment in marketing, product development or R&D
- Often managed wholly by technical people
- See R&D programmes as a source of funding – not how to get new products into the market

# ....resulting in:

- No formal business strategy
- No product/service strategy
- No strategy for R&D
- Simply respond to customer requirements – the customer takes over the control
- Poor spread of management skills
- Technology and R&D is what really excites them!

# We must always remember...

- What is innovative to one company or person may be commonplace – or rocket science – to another
- Innovation is usually associated with products but it also applies to services and processes
  - On line insurance
  - ‘just In Time’ supply chains
- R&D and innovation isn’t necessarily the right course or the first course of action for everyone
- If they are not fully behind it, strategies and innovation will not happen
- Family businesses are special cases....

# The analytical tool in reality...

- Companies see it as a competition and tend to score too high
- Many are not aware of their failings
- They have few comparisons
- Discussion tends to highlight the main innovation issues
- There is no substitute for experience!
- However, the tool is a useful exercise to prompt discussion and get company 'buy-in' to the findings

If you know of any companies who could benefit, please let us know – we will pass them on to TÜBİTAK



Thank you for listening - any questions?