

# Integrating Design Into Regional Innovation Policy.

SEE Policy Booklet  
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# Executive Summary

At the First European Innovation Summit in October 2009, the President of the European Parliament, Jerzy Buzek, asserted: 'Europe is aiming to become the leading knowledge-based economy. However, innovation excellence is lost somewhere between R&D and the market.' In light of this, and as Member States come to terms with the combined impact of globalisation, the recession and the shift from manufacturing to service-based competitiveness, innovation policy across Europe is undergoing a period of transition. The traditional drivers of innovation (R&D and product development) are being supplemented by a broadening of the scope and depth of innovation. Both the 2006 Commission Communication *Putting knowledge into practice: A broad-based innovation strategy for the EU* and the 2009 Staff Working Document *Design as a driver of user-centred innovation* have recognised this trend: 'while technological innovation is important, there is at least as much scope for non-technological innovation, for example through changes in business models, better design and process organisation.'<sup>1</sup> This wider interpretation of innovation constitutes a qualitative and quantitative shift from technology-driven innovation towards user-centred innovation, and attributes greater strategic importance to the role of conventionally peripheral components of the innovation process like design and creativity.

Following this rationale, this SEE Policy Booklet seeks to highlight a series of six priorities, based on this broader perspective, which are consistently identified as pre-eminent across innovation policy agendas in Europe. These objectives have been drawn out in order to:

- stimulate demand for innovative products and services,
- foster an innovative environment using policy instruments, and
- remove barriers to innovation.

Stimulating demand for innovation can be achieved through 'public procurement' and public services as catalysts for 'innovation in services'. Fostering an innovative environment requires policy intervention in order to provide protection through 'intellectual property rights' and forging closer links between academia and industry by promoting 'collaborative clusters and networks'. Removing market barriers to innovation refers to creating favourable conditions for 'lead markets' to emerge, for example 'eco-innovation' and sustainability, as well as 'broadening the scope of innovation' in order to address societal challenges and champion a user-centred approach to innovation.

**Design** can contribute to achieving these strategic priorities by integrating the user experience into the innovation process and using multidisciplinary methods and expertise to synergise diverse consumer demands with significantly improved products, processes, services and systems.

# Introduction

As a network of eleven European partners, SEE is dedicated to achieving regional strategic priorities for innovation through integrating design and creativity. The aim of the SEE project is to pool knowledge, share experiences, stimulate debate, develop new thinking and build expertise in order to contribute to innovation, entrepreneurship, sustainability and regional social and economic development.

In order for Europe to enhance its competitiveness, we need constantly to reinvigorate the innovation process by expanding on the conventional driving forces in order to speed up the commercialisation of ideas. Prioritising investment in R&D, technological transfer and product development needs to be supplemented by sustainable economic and social public policy measures. The Commission has progressively come to recognise that 'non-technological aspects of the innovation process, such as design, are increasingly important for getting more innovative products and services in the marketplace'.<sup>2</sup>

As a result, at the first project workshop (held in Lyon in June 2009), the SEE partners collaborated with their respective government representatives or regional policy-makers in order to explore the opportunities and obstacles for advancing innovation. The design practitioners and policy-makers participated in two exercises designed to fuse the expertise and divergent perspectives

of sectoral stakeholders and government representatives. The first exercise provided an overview of innovation policies in the SEE partner regions and the extent of the provisions for design. In the second exercise the two groups identified concrete ways in which design and creativity could further the impact, capacity and effectiveness of innovation policy.

Based on the overview of national and regional innovation policies, the partners identified the strategic priorities for innovation from the principal policy documents in their countries and regions. These strategic priorities for SEE partner regions were contrasted with the strategic priorities for innovation identified by the European Commission in the *Broad-based Innovation Strategy*.<sup>3</sup> From this comparative analysis, six key priorities emerged as the most salient on the agenda:

## Key: SEE Policy Priorities

Innovation in Services	●
Public Procurement	○
Collaborative Clusters & Networks	+
Lead Markets & Eco-innovation	▲
Intellectual Property Rights	—
Broadening the Scope of Innovation	◆

<sup>2</sup> Commission Communication *Reviewing Community innovation policy in a changing world*, 2 September 2009, COM(2009)442, p. 6.

<sup>3</sup> Commission Communication *Putting knowledge into practice: A broad-based innovation strategy for the EU*, 13 September 2006, COM(2006)502 pp. 4-16.

## Strategic Priorities for Innovation Policy in the EU and SEE Partner Regions / Countries<sup>4</sup>

<b>EU</b> Putting knowledge into practice: A broad-based innovation strategy for the EU <sup>5</sup>	Innovation in Services	Public Procurement in Support of Innovation	Collaborative Clusters & Networks	Lead Markets & Eco-innovation	Intellectual Property Rights	Skills & Education	Standardisation in Support of Innovation	Efficient Regulation & Legislation	Environment Conducive to R&D Investment		
	●	○	+	▲	—						
<b>Flanders / Belgium</b> Flanders Innovation Policy 2009-2014	Innovation in Services	Public Procurement (Innovative Procurement)	Knowledge Triangle (Education - Research - Industry)	Sustainability	Intellectual Property Rights	Broadening Scope of Innovation	Standardisation	Output-orientated Government Spending	Open Innovation		
	●	○	+	▲	—	◆					
<b>Denmark</b> InnovationDenmark 2007-2011	Service Innovation	Service Design	Academia & Enterprise Links	Sustainability	Intellectual Property Rights (inc. Design, Patents & Trademarks)	User-driven Innovation	Education Programmes on Innovation	Investment in Human Capital	Commercialisation of Science	International Science & Innovation Collaboration	
	●	●	+	▲	—	◆					
<b>Estonia</b> Research & Development & Innovation Strategy 2007-2013	Competitive R&D	Innovative Entrepreneurship	Long-term Development Policy-making	Innovation Society	Human Capital	Public Sector Innovation & R&D	Enterprise Innovation Capacity				
						◆					
<b>Finland</b> Government's Communication on Finland's National Innovation Strategy to the Parliament 2009	Competence Base	Innovation System	Internationally Competitive Training & Higher Education System	Internationalisation of Innovation	Strong & Networked Innovation Centres	Broad-based Innovation Activity	Environment to Support Growth Businesses	Strengthening Demand & User Orientation	Central Government Corporate Steering & Systemic Approach	Resources for Innovation Activity	
						◆					
<b>Rhone-Alps / France</b> Regional Economic Development Plan 2005-2010	Innovation & Creativity Culture	Optimise Research Efforts	Clusters & Research - Innovation Links	Sustainability	Patent Rights	Design	Focus on Information & Communication Technologies	Encourage Entrepreneurial Spirit			
			+	▲	—	◆					
<b>Ireland</b> Innovation in Ireland Policy Statement 2008	Innovation in Services & Emerging Sectors	Public Procurement	Networks, Clusters & Gateways	Partnership & Workplace Innovation	Intellectual Property Protection & Management	Entrepreneurship & Business Expansion	Skills Development	Knowledge Transfer	Competition & Better Regulation		
	●	○	+		—						
<b>Tuscany / Italy</b> Regional Competitiveness & Employment Programme 2007-2013	Product Development & Research	Public Procurement	Academic / Industrial Links	Lead Markets & Sustainability	Technology Transfer	Innovation in Public Services					
		○	+	▲		◆					
<b>Poland</b> Operational Programme Innovative Economy 2007-2013	R&D for New Technologies	Electronic Administration	Knowledge Triangle (Education - Research - Industry)	R&D Infrastructure	Intellectual Property Rights	Design	Capital for Innovation	Innovation Investments	Innovation Diffusion	Internationalisation of Polish Economy	Information Society
			+		—	◆					
<b>Slovenia</b> [No Innovation Policy] <sup>6</sup>	Technology & Development in Companies	Human Resources for R&D in Companies	National Innovation System	Environment & Services for Innovation	Finance for New & Early-stage Innovative Companies						
<b>Catalonia / Spain</b> Catalan Government Action Plan for 2009	Technology & Manufacturing Transfer	Product Development & Research	Competitiveness	Sustainability	Non-technological Innovation						
				▲	◆						
<b>Wales / UK</b> One Wales 2007-2011 <sup>7</sup>	Living Communities	Healthy Future	Prosperous Society	Sustainable Environment	Learning For Life	Fair & Just Society	Rich & Diverse Culture	Strong & Confident Nation			
				▲							

<sup>4</sup> Partners in Belgium, France, Italy, Spain and Wales have focused on their regional policies and development programmes rather than national policies.

<sup>5</sup> Commission Communication **Putting knowledge into practice: A broad-based innovation strategy for the EU**, 13 September 2006, COM(2006)502.

<sup>6</sup> In the absence of a comprehensive innovation policy at national level in Slovenia, the priorities have been extracted from the agendas of the Ministry of Economy (Directorate for Entrepreneurship and Competitiveness) and the Ministry of Higher Education, Science and Technology (Directorate for Technology), both of which are responsible for preparing measures in support of innovation.

<sup>7</sup> In the absence of a specific policy for innovation in Wales, the 'One Wales' document prevails, as it represents the consensus between the Coalition Government parties about the country's priorities.

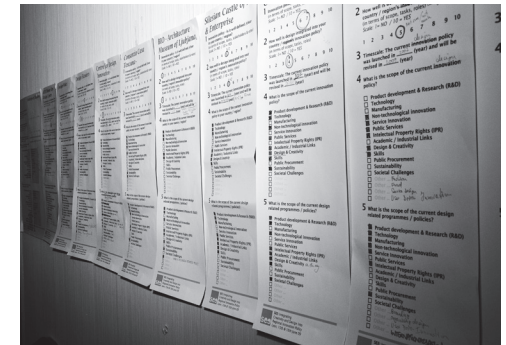
# Introduction

For each of these priorities, this Booklet seeks to outline why the issue is critical for enhancing the performance of regional innovation policy by presenting the latest information on the drivers and obstacles, exploring how design and creativity can be used to address the issue, providing illustrative case studies and putting forward policy proposals. The primary objective of this booklet is to present the strategic role that design and creativity can play in achieving policy priorities for innovation.

This publication is targeted at policy-makers across Europe, particularly within the SEE partner regions. Some proposals may not apply to certain regions but may be pertinent for others. Moreover, please note that terminology may vary. The absence of standard definitions for design, creativity and innovation has resulted in obstacles in the public policy process as well as in a practical context. Therefore, for the purpose of this booklet, the following definitions have been employed:

**Innovation** – is the implementation of a new or significantly improved product (good or service) or process, a new marketing method, or a new organisational method in business practices, workplace organisation or external relations.<sup>8</sup> According to the European Commission, innovation is a key driver of competitiveness and economic growth, and part of the solution to environmental and social challenges.<sup>9</sup>

**Design** – is a tool for the realisation of innovation. It is the activity of conceiving and developing a plan for a new or significantly improved product, service or system that ensures the best interface with user needs, aspirations and abilities, and allows for aspects of economic, social and environmental sustainability to be taken into account.<sup>10</sup>



SEE Thematic Workshop: Integrating creativity and design into regional innovation policy (Lyon, 15-16 June 2009)

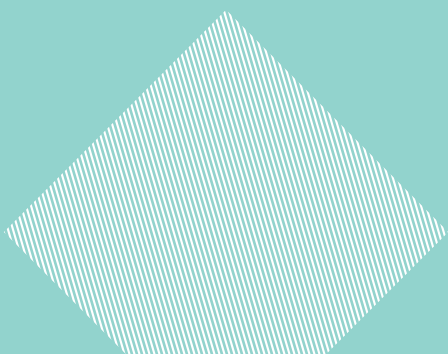
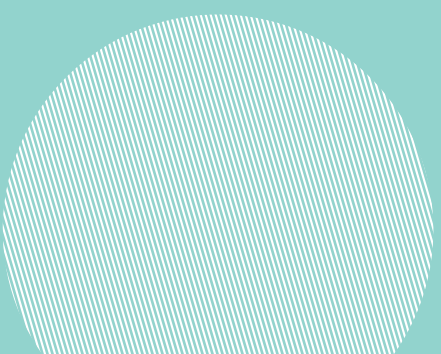
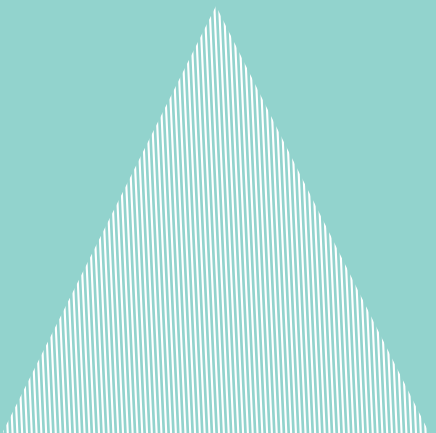
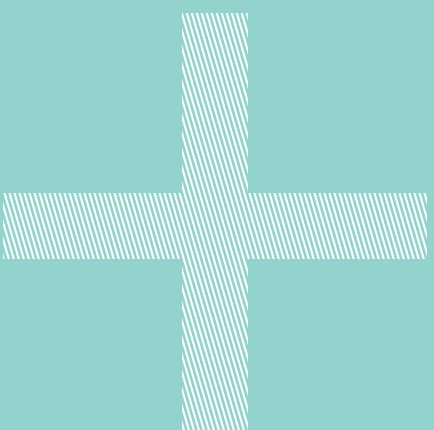
<sup>8</sup> Oslo Manual - Guidelines for Collecting and Interpreting Innovation Data, Organisation for Economic Co-operation and Development, 3rd Edition, 2005.

<sup>9</sup> Commission Staff Working Document 'Design as a driver of user-centred innovation', 7 April 2009, SEC(2009)501, p. 5.

<sup>10</sup> Definition proposed in the EU Consultation 'Design as a driver of user-centred innovation', DG Enterprise & Industry, April 2009.

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# Innovation Policy Priorities



The European Commission and national governments in several of the SEE partner countries have identified innovation in services as a strategic priority for innovation, as the European services sector plays an increasingly vital role in the economy and constitutes two-thirds of employment and GDP in the EU.<sup>11</sup> The Commission has stated that 'services innovation is one of the key drivers of economic prosperity and is crucially important for the renewal of the European economy'.<sup>12</sup> However, service innovation remains relatively underdeveloped in national and regional policies, most notably as regards innovation in public services and the gap in provision of service design expertise in the private sector.

The 2009 Commission Staff Working Document *Challenges for EU support to innovation in services* denotes the main challenges as broadening the knowledge base for services (expanding research on service concepts and better networking between research and business communities), adapting innovation support mechanisms to companies' specific needs (customising advice and emphasising non-technological, user-driven innovation support) and activating demand for innovative service concepts (using public services and public procurement as tools to incite wider demand).<sup>13</sup> By extending the approach to service innovation, where the customer features even more prominently, services can benefit from a conscious design process. Service design is a holistic approach analysing how users interact with a service and applying creative techniques to identify the best solution for the benefit of both user and producer. Although the field of service design is

relatively new, best practice methodologies are emerging to help organisations evaluate existing services, create new added-value services and change their organisational culture to better deliver and support services. In order to close the gap in the provision of service design expertise in the private sector, intervention is needed to stimulate growth through knowledge transfer from academia as well as to create demand through service design in public services.

### Case Study: Service Design for MS Services (UK)

In 2007, following the closure of the local multiple sclerosis (MS) clinic, which left 400 MS patients without medical care, the Ealing Primary Care Trust commissioned the service design consultancy LiveWork to devise a reinvigorated care system. By observing fifteen MS patients, evaluating the impact of their condition on their daily lives and consulting a wide range of stakeholders, the designers were able to rethink entrenched assumptions on service delivery. A series of solutions was proposed in order to build a flexible system with the capacity to provide each individual with access to an MS service tailored to their specific requirements. The resulting service brought the care into the community and provided people with direct access to the clinician or therapist that they needed within a dedicated MS team that integrated the National Health Service, local MS Society and Social Services. Consequently, the new service has improved the quality of life for patients and reduced the number of patients requiring hospital treatment.<sup>14</sup>

### Policy Proposals

- Instigate research on service innovation concepts to raise awareness in the public and private sectors, enhance expertise and build a body of knowledge comparable to that supporting traditional R&D.
- Facilitate the transfer of knowledge on service innovation concepts to the private sector by enhancing academia–industry links.
- Encourage non-technological approaches to innovation by extending innovation support mechanisms to user-driven processes like service design in order to respond better to business and customer requirements.
- Increase demand for innovative service design solutions in the private sector by piloting service design programmes in public services.

<sup>11</sup> European Commission Directorate-General for Enterprise & Industry: [http://ec.europa.eu/enterprise/policies/innovation/policy/innovation-services/index\\_en.htm](http://ec.europa.eu/enterprise/policies/innovation/policy/innovation-services/index_en.htm).

<sup>12</sup> Commission 'European Services Innovation Memorandum' November 2007.

<sup>13</sup> Commission Staff Working Document 'Challenges for EU support to innovation in services – Fostering new markets & jobs through innovation' 9 September 2009, SEC(2009)1195, pp. 3-4.

<sup>14</sup> For more information visit: <http://www.livework.co.uk/our-work/NHS>.

# Public Procurement

Public procurement has been identified as a strategic priority for innovation action across Europe as incentives in public procurement can stimulate innovation. The 2006 Commission report *Creating an Innovative Europe* urged Member States' governments to 'use public procurement to drive demand for innovative goods, while at the same time improving the level of public services'.<sup>15</sup> Following this rationale, it is critical to encourage the intelligent application of public procurement and public services as disseminators of innovative practice.

The figures for public procurement across Europe are considerable; for example, the document *Accelerating the SME economic engine: through transparent, simple and strategic procurement* states that in 2008 'public procurement, estimated at over £175 billion per annum, represents approximately 13 percent of UK Gross Domestic Product and is a substantial proportion of the economy'.<sup>16</sup> In essence, public procurement can be a powerful mechanism for disseminating innovative practice. Design can enable governments to use public procurement to achieve innovation targets as well as to improve the procurement process and promote sustainability. Currently, the use of design in public procurement is under-exploited due to lack of awareness and a tendency to focus on the cheapest solutions rather than the best quality. Better design buying in public procurement as well as designing a better public procurement process would result in services and infrastructures that are more user-centred, efficient, innovative and of better quality. The public sector should set the bar for the effective

application of design by making the procurement process more transparent, valuing design, creativity and innovative solutions, respecting intellectual property issues and encouraging fair competition.

## Case Study: Sustainable Purchasing in Tuscany (Italy)

Following the 1992 Rio de Janeiro United Nations Conference, the local administrations in Tuscany created a network to apply the sustainable development principles of 'Agenda21'. The Agenda21 network has activated five working groups on several subjects linked to sustainability, including sustainable purchasing. This group has produced a manual called 'Green Public Procurement'<sup>17</sup> for the diffusion of green purchasing practices in order for local authorities to promote sustainable innovation. This has become an important tool for local SMEs in responding to public sector calls, as the guide sets out a comprehensive list of criteria relating to sustainability and ecodesign for assessing tenders. By privileging these added-value components, the manual has resulted in increased participation by local companies in the procurement process; for example, the Fattorini furniture company developed a collection of school furniture in accordance with the manual criteria for green purchasing, and has subsequently won tenders at the national level having developed an entire collection of ecodesign furniture products for children.

## Policy Proposals

- Strive to increase demand for innovative goods and services through the procurement process and public services.
- Set up mechanisms to design better procurement processes with particular emphasis on encouraging innovative solutions in the way the tender is pitched.
- Ensure best practice in innovation buying by including appropriate indicators to evaluate tenders (greener procurement, price versus added value and greater emphasis on design orientated features such as ergonomics and materials).
- Recognise that innovation and design are not commodity items and do not fit traditional procurement processes, so the effective management of creative expertise is required.

<sup>15</sup> Independent Expert Group on R&D & Innovation *Creating an Innovative Europe*, EUR 2005, pp. 1-2.

<sup>16</sup> HM Treasury *Accelerating the SME economic engine: through transparent, simple & strategic procurement*, November 2008, p. 3.

<sup>17</sup> To view the manual 'L'ABC degli Acquisti Verdi Pubblici' (available in Italian) visit:  
[http://ag21.comune.fi.it/retetoscana/strumenti/d\\_quaderni\\_rete.htm](http://ag21.comune.fi.it/retetoscana/strumenti/d_quaderni_rete.htm).

# Collaborative Clusters & Networks

The EU's strategic priorities for innovation attribute significant importance to nurturing the interconnectivity of industry (particularly SMEs) and research through collaborative clusters and networks. The March 2008 European Council Presidency Conclusions emphasised the imperative of improving 'science-industry linkages and world-class innovation clusters and the development of regional clusters and networks'.<sup>18</sup> Strengthening the R&D potential of European regions by fusing expertise from universities, research institutes, SMEs and related economic actors, in order for clusters to maximise investment utility, is crucial for creating recognised poles of international excellence.

As design and creativity are key components of innovation, integrating these sectors into innovation clusters will enhance entrepreneurial dynamism and contribute to building a knowledge-based economy in Europe. Representatives from these sectors will facilitate the flow of expertise by broadening the scope of the innovation process. The Commission Communication *Towards world-class clusters in the EU* stresses that 'Europe does not lack clusters'. However, 'persistent market fragmentation, weak industry-research linkages and insufficient cooperation within the EU mean that clusters in the EU do not always have the necessary critical mass and innovation capacity to sustainably face global competition and to be world-class'.<sup>19</sup> During the SEE project, the notion of incorporating

industry (SMEs as well as the design and creativity sectors) and academia (universities and research institutes) into collaborative clusters emerged as an important issue. 'The – often unplanned – intense formal and informal contacts and exchange of business information, know-how, and technical expertise within clusters can lead to technological spill-overs and the development of new and often unexpected ideas and new creative designs, products, services and business concepts that improve the innovation performance of businesses'.<sup>20</sup>

## Case Study: Catalan Textile Clusters (Spain)

In the early 1990s, the Catalan Government recognised that in order for the region's textile industry to remain competitive, an initiative needed to be implemented to link all the players in the supply chain (from yarn, through design, to final product). Between 1993 and 1997, three textile clusters were set up in order to prevent the fragmentation of the sector by harnessing traditional industry with a channel control strategy. Within two years, the 'Programa de Marques de Canal'<sup>21</sup> enabled over fifty companies from related sectors to internationalise their products by facilitating strategic reflection including market intelligence, total branding, design, retailing, supply chain management and logistics in order to secure high margins, speed up time to market and integrate customer-centric business thinking. Although manufacturing has been outsourced abroad, the region has

retained the higher value-added activities such as design, marketing, retail, distribution and logistics. From this initiative has emerged the second largest textile exporter from Spain, Mango, which has opened 900 stores in 72 countries. The region's textile industry has transformed from being production driven to being market driven, as the cluster companies have been able to share information in order to react to consumer demands, market fluctuations and evolving distribution channels.

## Policy Proposals

- + Provide clusters with the critical mass and resources to face global competitiveness and become recognised centres of excellence including creative input such as design expertise.
- + Encourage close links between industry (SMEs and creative sectors) and academia (universities and research institutes) to create world-class hubs of excellence in target sectors.
- + Implement cluster policies at regional and national level and promote trans-national networks within Europe, which encourage the integration of design and creativity through partnership agreements.

<sup>18</sup> *Presidency Conclusions of the Brussels European Council, 13-14 March 2008, 7652/08, p. 6.*

<sup>19</sup> *Commission Communication, 'Towards world-class clusters in the European Union: Implementing the broad-based innovation strategy', 17 October 2008, COM(2008)352, p. 5.*

<sup>20</sup> *Commission Staff Working Document 'The Concept of Clusters & Cluster Policies & their Role for Competitiveness & Innovation', Europe INNOVA / PRO INNO Europe paper N° 9, SEC(2008)2637, p. 14.*

<sup>21</sup> *For more information consult the Catalan Clothing Industry Report 'European Cluster Mapping Project: Identification, analysis and monitoring of business clusters in Europe', 18 January 2008, in the European Cluster Observatory.*

# Lead Markets & Eco-innovation

The Commission has emphasised the imperative of capitalising on Europe's competitive advantages, particularly lead markets, and within that eco-innovation and sustainability, including recycling, renewable energies, sustainable construction and sustainable consumption. D-G Enterprise and Industry has stated that 'these markets are highly innovative, respond to customers' needs and depend more than other markets on the creation of favourable framework conditions through public policy measures'.<sup>22</sup> In this context sustainability refers not only to a product, service or system's life cycle and its ability to endure through time, but also a strategic long-term approach to the future.

The Commission Communication *Reviewing Community innovation policy in a changing world* has further stressed that lead markets, eco-innovation and sustainability enable European industries to 'position themselves at the upper end of the global value chain, making Europe the world market leader in energy and resource efficient products and technologies and equipping us with the means needed for global action'.<sup>23</sup> Achieving regional commitment to a sustainable, innovation-friendly society requires collaboration between the public and private sectors: businesses need to demonstrate their corporate social responsibility and regional governments need to play a lead role in creating demand for sustainable innovation through the procurement process and promoting resource-efficient products and services. The Commission has stated that public authorities can facilitate industry-led innovation in lead markets by creating the conditions for a successful market uptake of innovative products and services

in areas such as e-health, eco-innovation and eco-construction.<sup>24</sup> When considering policy intervention in lead markets, design is increasingly emerging as the crucial interface between sustainability and innovation practice. The design process encompasses a strategic understanding of the multi-stakeholder context associated with sustainability, creating an integrated approach to innovation.

## Case Study: Accredited Ecodesign for Office Furniture (UK)

In recent years sustainable procurement demands have significantly increased and the office furniture sector has found itself under scrutiny regarding the environmental performance of its products. In Wales, the furniture manufacturer Orangebox was looking to optimise its production in order to meet these demands, an objective that was achieved by adopting Cradle to Cradle (C2C) standards. C2C is a holistic approach to product and systems development aimed at efficient and waste-free results. This certification-oriented approach assists companies in developing products that can be perpetually recycled and 'reincarnated', a goal obtained through the analysis and replacement of chemical materials used in the product and production process.<sup>25</sup> Orangebox obtained C2C accreditation for its Ara Task Chair, after demonstrating a prolonged-life product and a system that ensures recyclability at the end of the life cycle. The company was encouraged to take up this process by the Ecodesign Centre, an organisation that works to enable industry to implement effective ecodesign in Wales.<sup>26</sup>

## Policy Proposals

- ▲ Improve supply and demand for lead markets through micro activities that encourage eco-innovation and sustainable design.
- ▲ Raise awareness of sustainable issues in society and the benefits of ecodesign for industry by improving formal and non-formal education systems.
- ▲ Facilitate learning and build sustainable innovation capacity in companies.
- ▲ Create demand for design and sustainable innovation through public procurement.

<sup>22</sup> European Commission Directorate-General for Enterprise & Industry: [http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/index\\_en.htm](http://ec.europa.eu/enterprise/policies/innovation/policy/lead-market-initiative/index_en.htm)

<sup>23</sup> Commission Communication 'Reviewing Community innovation policy in a changing world', 2 September 2009, COM(2009)442, p. 4.

<sup>24</sup> European Commission Directorate-General for Enterprise & Industry: [http://ec.europa.eu/enterprise/policies/innovation/policy/index\\_en.htm](http://ec.europa.eu/enterprise/policies/innovation/policy/index_en.htm)

<sup>25</sup> For more information see MBDC Cradle to Cradle Certification: <http://www.c2ccertified.com/>

<sup>26</sup> For more information see Ecodesign Centre for Wales: <http://www.ecodesigncentre.wales.org/>

# Intellectual Property Rights

Regional governments across Europe are increasingly recognising how intellectual property rights (IPR) can be used effectively to consolidate successful innovation. Similarly, the Commission has acknowledged that ‘an adequate legal framework to protect knowledge properly is a precondition for an innovative society’.<sup>27</sup> IPR systems play a significant role in helping businesses to gain and retain their innovation-based advantage.

IPR are not only available for technological innovation through a combination of patents, copyrights, industrial designs and trademarks, but also for new trends in management, services and systems. The memorandum from PRO INNO Europe on *Removing barriers for a better use of IPR by SMEs* asserts that IPR are instruments for leveraging commercial value from creativity, innovation and invention, and that policy measures are needed in order for SMEs to make better use of these instruments. Currently, SMEs are generally more inclined to use trade secrets rather than IPR as a form of protection due to the high cost and complexity of the IPR system.<sup>28</sup> While IPR-related costs and the complexity of the process could hamper innovation, if used strategically IPR can become a dependable source of new, additional or higher revenue for SMEs. The PRO INNO memorandum recommends that IPR be considered as integral to business planning, but stresses that intellectual assets are insufficiently understood by SMEs as compared with their major competitors.<sup>29</sup> The costs associated with IPR also discourage

academics from commercialising their IPR, which could be achieved through alternative schemes like collaboration with industry and royalties rather than up-front fees.

## Case Study: IP Scan Project in Flanders (Belgium)

From December 2008 to November 2010, the Flemish Government’s Enterprise Agency is delivering a project co-financed by the European Regional Development Fund (ERDF) called the ‘IP scan’, which provides Flemish SMEs with a free consultation service on intellectual property rights management.<sup>30</sup> The Enterprise Agency designed an ‘IP scan’ to identify individual SMEs’ IP strengths and weaknesses in order to propose a course of action for optimisation. Following the scan, if further IP expertise is required (relating to copyright, branding, models, confidentiality, IP clauses in contracts etc.), additional advice up to the value of 1,200 Euros will be subsidised by the ERDF. The project aims to raise SMEs’ awareness of IP assets and how to exploit them. The ERDF proposed that 200 SMEs participate in the IP scan and that 150 external recommendations be obtained.

## Policy Proposals

- Raise awareness of the role of IPR in consolidating innovative practice, particularly amongst SMEs, followed by the effective provision of support and expertise in IPR.
- Enable academics to commercially exploit their IPR through collaboration with industry and exploring alternative schemes like royalties rather than up-front fees.
- Pilot IPR consultation schemes in order to enable SMEs to protect their innovation and design investments.
- Facilitate access to patent information in order for SMEs to build on combined expertise via user-friendly online tools.

<sup>27</sup> Commission Communication ‘*Reviewing Community innovation policy in a changing world*’, 2 September 2009, COM(2009)442, p. 10.

<sup>28</sup> Report for D-G Enterprise & Industry ‘*Memorandum on removing barriers for a better use of IPR by SMEs*’, June 2007, PRO INNO Europe, p. 4.

<sup>29</sup> Report for D-G Enterprise & Industry ‘*Memorandum on removing barriers for a better use of IPR by SMEs*’, June 2007, PRO INNO Europe, p. 5.

<sup>30</sup> For more information see Agentschap Ondernemen (available in Flemish): <http://www.vlaio.be/>

# Broadening the Scope of Innovation

The Lisbon Agenda (2000) was a response to Europe's ailing capacity to innovate relative to its main competitors. The limited success of this strategy has raised questions concerning the accepted rationale behind current innovation policies and sparked renewed interest in more diverse drivers of innovation, in an attempt to enhance competitiveness as well as to resolve complex political and social issues. By broadening the scope of innovation and exploring alternative approaches to innovation practice, Europe can regain its competitive edge, enjoy economic growth and drive societal change.

Early in 2009, the Commission launched a consultation process on *Design as a driver of user-centred innovation*, which illustrates how design is gaining pan-European recognition as the process that links user needs to innovative outcomes. Design research has its roots in ethnography. Thus, with an in-depth understanding of the problems facing individuals and communities regarding specific societal challenges, design can ultimately result in innovative solutions to even the thorniest of issues.<sup>31</sup> As innovation focus shifts to the real needs of real users, the concept of innovation expands to incorporate design and a myriad of opportunities open up for individuals, businesses and regional economies.<sup>32</sup> Despite this being relatively new territory, more and more examples of the positive impacts of community-based, user-centred design are accumulating at a rapidly increasing pace. Education, transportation, health care, urban and rural planning – new

approaches to design thinking have already made innovative contributions to nearly all areas of public sector services as well as to addressing broader societal issues.<sup>33</sup>

## Case Study: Design Against Bike Crime (UK)

The UK government has been progressively increasing the application of design in projects against crime. The project Bike Off 2<sup>34</sup> applied design processes to cycling-related objects and scenarios in order to reduce bicycle theft. The project created a multi-stakeholder and multi-disciplinary network (including academics, police officers, local government officials, transport planners, designers, engineers and criminologists) in order to benchmark up-to-date design standards for securing bicycle parking, test parking facilities and disseminate cycling-related research. Research activities were conducted transparently, facilitating an open innovation process in order to draw on a wider pool of expertise. The project resulted in the development of bike parking design guidelines by adopting a 'user-friendly, abuser-unfriendly' approach to design out crime and encourage cycling. This has contributed to achieving sustainable transport targets and promoting healthy living.

## Policy Proposals

- ◆ Promote user-led approaches to innovation, including design.
- ◆ Expand the definition and scope of innovation and design to include applications in solving greater societal issues, not just commercial projects.
- ◆ Pilot design-led programmes to address community-nominated issues.
- ◆ Incorporate creative design thinking into policy-making by including design professionals in multidisciplinary policy working groups.

<sup>31</sup> For example, Project H Design is a charitable organisation that supports, creates and delivers life-improving humanitarian product design solutions. Its publication *Design Revolution* by Emily Pilloton features more than 100 contemporary and sustainable design objects and systems for the developing world: <http://projecthdesign.org/>.

<sup>32</sup> For example, *Designs of the time 2007* was the first in a 10-year programme of community projects developed by the Design Council and One NorthEast, exploring sustainable living in North East England: <http://www.dott07.com/>.

<sup>33</sup> For example, the Design Against Crime Research Centre provides creative solutions to crime prevention: <http://www.designagainstcrime.com/>.

<sup>34</sup> For more information on Bike Off 2 see: <http://www.bikeoff.org/2009/01/05/final-report-wpa2-of-bike-off-2/>.

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# Conclusion

Innovation has long been narrowly considered a matter for technology and manufacturing companies. However, with the economic exigencies associated with mature consumer markets, intensified global competition and the current financial crisis, this is no longer the case. Innovation is now understood to include non-technological and service industries. This broadening of the innovation remit is a sign of innovative thinking in its own right.

Recently, at the First European Innovation Summit (Brussels, October 2009), Danuta Maria Hübner MEP, Regional Development Committee Chair, observed that 'innovation is not a one-off investment, it is a continuous process'. In essence, the innovation process needs to reflect the wider changes in the European economy, particularly the shift from manufacturing to services, by extending investment from technological R&D inputs to non-technological processes like design and creativity. In this context, regional governments need to be proactive in readjusting to this new paradigm. In spring 2010, the European Commission will be proposing a new European Innovation Act, which could serve as a roadmap for regional governments in adopting the necessary public policy conditions for sustainable innovation.

This SEE Policy Booklet is intended to advance the integration of design and creativity into regional innovation policies, by taking policy-makers through the motions of this paradigm shift and its opportunities. From the innovation priorities identified across policy agendas in the SEE partner regions as well as at the EU level, this booklet explores six common themes, in which the opportunities for design in maximising innovation potential have been explored. We have demonstrated that design can be employed to improve the standard of public services (see case study on service design for the National Health Service) as well as the public procurement process (see Sustainable Purchasing case study) in order to stimulate demand for innovative products and services in the private sector. Furthermore, design can contribute to capitalising on a region's competitive advantages in lead markets and to promoting eco-innovation and sustainability (see Accredited Ecodesign for Office Furniture case study). By integrating designers into competitiveness clusters and forging closer links between academia and industry, design can contribute to entrepreneurial dynamism (see Catalan Textiles Clusters). Nevertheless, policy intervention is needed in order to facilitate innovation through intellectual property rights (see IP Scan

Project). Ultimately, broadening the scope of innovation inputs and drawing on more diverse disciplines, including design, will contribute to sustainable regional development and addressing societal and community challenges (as demonstrated by the case study Design Against Bike Crime).

Design is increasingly being recognised and proved as a tool for innovation, one that can be exploited by both private companies and the government sector. The case studies show that significant results have been achieved by individual organisations. Once the mechanisms behind them are understood, these examples can be multiplied across Europe for the benefit of our economy and society.

This Policy Booklet is an output of the SEE project, a network of eleven design organisations in Europe, working to lobby national and regional governments to integrate design into their innovation policies. Four Policy Booklets are to be released between 2009 and 2011. The SEE project is co-financed by the European Regional Development Fund through the INTERREG IVC programme.

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