

POWER2INNO



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DESIGN OPTIONS PAPER

BUILDING COMPETENCES FOR THE EMPOWERMENT
OF SMALL AND MICRO COMPANIES
FOR INNOVATIVE ENTREPRENEURSHIP

A PRACTICAL GUIDE
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This Design Options Paper was prepared by the POWER2INNO project team.

Partners



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INTRODUCTION

This document is a product of the POWER2INNO project, directed towards encouraging peer learning between three project partners in order to raise our competences for the empowerment of small and micro companies for innovative entrepreneurship. Consequently, other innovation agencies should benefit from this exchange of knowledge too.

It is known that a considerable number of innovation support programmes were developed in the EU that tackled small and medium-sized enterprises (for example: the SME Instrument, COSME...), but very few programmes and methodologies acknowledge specific challenges that small and micro companies face. This fact is especially relevant for the regions with an extremely high percentage of small and micro companies, including the regions of all three partners of the POWER2INNO project: there are 93.7% of small and micro companies in the Primorsko-notranjska region (Slovenia), more than 95% in the Apulia region (Italy) and 96.4% in the Andalusia region (Spain).

When we started this project, we derived from a presumption that micro and small companies (much more so than medium-sized and large companies!) are critically bound to the traditional ways of doing business and are lagging behind when it comes to the competences needed for successful modern innovative entrepreneurship. This is a problem we have all encountered, which is why the three partners, RDA Green Karst from Slovenia, Tecnopolis from Italy and BIC Euronova from Spain, have devoted considerable time and effort to finding the best possible model for addressing the need to stimulate small and micro companies for innovative entrepreneurship. We have created the POWER2INNO model, which we present in this publication.

In the first part of the Design Options Paper, we describe different elements of the model and explain different aspects of understanding these elements. The second part of the Design Options Paper is dedicated to the presentation of the key elements for the implementation of the model. We deliberately prepared a “reader-friendly” text, a text that does not offer scientific explanations, but, at the same time, avoids offering recipes. We strived towards presenting the reader with some clear guidelines for those who want to design a system that would help small and micro companies and are interested in other innovation agencies’ experiences with this. At several points in this text, we offer the reader our insight into the matter at hand, but we do not presuppose it to be an absolute truth. We believe that it is of the utmost importance to be aware of one’s surroundings, recognize the needs of the entrepreneurs and only then start implementing approaches that might be most beneficial to that specific group. However, the manner of addressing these issues is entirely dependent on situational factors. For this reason, we offer you the POWER2INNO model just to get you started and we offer our interpretation with our sincere aspiration that it will present you with the necessary support when you consider the applicability of the POWER2INNO model in your region.

Contact us at info@rra-zk.si - info@bic.es - parco@tno.it

Sincerely,

Team POWER2INNO

POWER2INNO represents a model of activities that can be used when engaged in building competences for the empowerment of small and micro companies for innovative entrepreneurship.

These are not novel activities that innovation agencies would be unfamiliar with. Many might already utilize all of the described activities. Nevertheless, the model is innovative in the sense that it offers a clear picture on what this kind of competence building engages and what cannot be left out. The DOP's true value is in the illumination of the learning process that an innovation agency is faced with when designing and implementing such a model.

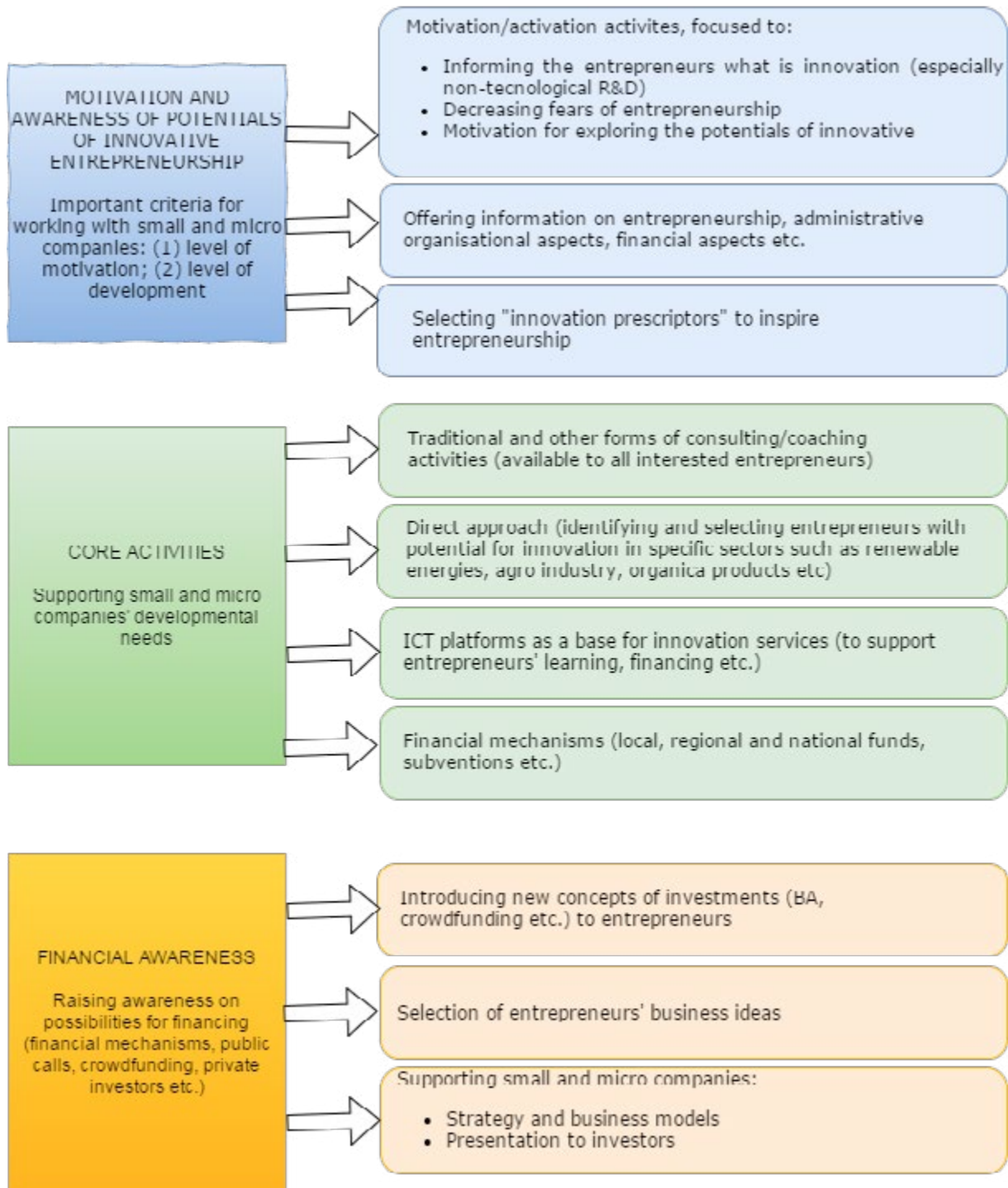
Throughout the description of the model's components, we have given more importance to the considerations that need to be made in relation to a certain set of activities than to explaining what they are really about. In doing so, we aspire to remind the innovation agencies interested in the empowerment of small and micro companies for innovation entrepreneurship of all the issues that need to be considered when implementing a certain system in their areas.

The POWER2INNO model is based on the participating partners' observation of various practices in supporting innovation with small and micro companies, discussions we have engaged in with various stakeholders, support organizations, business experts, entrepreneurs, and our own experiences in dealing with small and micro companies. We have described some of the most interesting practices in the POWER2INNO eCatalogue and we have engaged in a live debate with several stakeholders, supported by social networks.

Thus, this Design Options Paper is aimed at offering the knowledge we have acquired to all other innovation agencies that might be interested in this subject, thereby encouraging them to adopt this model, which is focused more on working with small and micro companies, and, consequently, contribute to the enhancement of their developmental level.

But first, we offer you a presentation of the model's components:

THE POWER2INNO MODEL



MOTIVATION AND AWARENESS OF THE POTENTIALS OF INNOVATIVE ENTREPRENEURSHIP

The first part of the model pertains to the motivation of potential entrepreneurs and raising awareness of the possibilities offered by innovative entrepreneurship to them as well as to the already active entrepreneurs. It is important to differentiate between two levels of consideration the innovation agency is addressing when dealing with small and micro companies: On the one hand, we are dealing with the level of motivation, which is directed to encouraging potential businessmen for entrepreneurship. On the other hand, there are those who might express an already high level of interest in entrepreneurship (they might already be entrepreneurs or not) and show potential for innovative entrepreneurship. We call this the level of development.

THE LEVEL OF MOTIVATION

As said before, at the level of motivation for entrepreneurship, an innovation agency is mainly directed to those who are interested in entrepreneurship, but need more support in answering basic questions, such as the legal and organizational matters pertaining to founding a company, developing a solid product or service that one wants to enter the market with, preparing a comprehensive business model, etc. It is important to acknowledge the characteristics of a group of potential entrepreneurs an innovation agency is dealing with, one of the most important elements being the identification of their prevailing motivation for entrepreneurship. The range of different motivations can be very wide, from the potential entrepreneur's desire to be independent, to engage in business closely related to his or her interests, etc. and all the way to the potential entrepreneur being in a situation that really did not leave him or her any other choice. No matter the reason, this is what determines a potential entrepreneur's further development and the innovation agencies' response to the potential entrepreneur. Thus, we stress the importance of identifying the potential entrepreneur's prevailing motivation before designing the programme for it.

Another aspect that needs to be acknowledged at the level of motivation is the potential entrepreneurs' fear of entrepreneurship and what it entails. In many cases, they are reluctant to venture out onto the path of entrepreneurship due to their fear of the unknown, their uncertainty as to the operational specifics as well as their fear of failing. There is a variety of other personal specific situations characterizing this element, which is why identifying and also diminishing this kind of fears is an important part of encouraging potential entrepreneurs for entrepreneurship as well. This includes different optional activities such as one-to-one interviews, workshops, presentations, using different information materials, etc.

It is our experience that at this level (the starting level), potential entrepreneurs are not yet at the stage where the information offered to them needs to be fully elaborated. On the contrary, a lot of information at once might overwhelm them, which is why it is important that the information is presented very clearly and, if possible, on several occasions, repeatedly and with different approaches (consultancy, discussion, group workshops dealing with specific information, etc.). Moreover, the most important goal of this kind of motivational activities is to enable the potential entrepreneurs the opportunity for so-called sense-making, the process in which the potential entrepreneurs clarify to themselves on a personal level, what are their actual expectations, potentials, abilities and threats when starting a business. For this reason, the developed systemic approach for the empowerment of small and micro companies for innovative entrepreneurship must devote considerable efforts to the issue of motivation as well.

The motivational process too can be systematically designed, but the form of this kind of system does not have to be generic. Rather, it is recommendable to build it in a manner that corresponds to the developmental level of the area's economy, the abundance and mentality of the potential entrepreneur population, the existing support services in the area and other factors.

Already on the level of motivation, there are two practices worth mentioning that exert significant influence on building up the motivation of potential entrepreneurs as well as those on a more developed stage of their business. These are: (a) the utilization of the so-called messengers of entrepreneurship and (b) the development of an entrepreneurial community.



Messengers of entrepreneurship.

Messengers of entrepreneurship are experienced entrepreneurs who present their entrepreneurial stories and are willing to share their knowledge with potential entrepreneurs. However, when dealing with micro companies specifically, it is important to select messengers who are similar to the potential entrepreneurs in terms of what they started with.

It is our experience that potential entrepreneurs often do not relate to presentations of practices of successful entrepreneurs who started with their business in a significantly better situation (for example, with access to accumulated financial resources), which is not attainable to potential entrepreneurs, etc.

While it is good to show different models of successful entrepreneurship and a variety of ways of how to achieve success, it is also necessary to present the entrepreneurial spirit in small-scale businesses, showing potential entrepreneurs the possibilities of success, which does not necessary need to be measured in grand scales.

Development of an entrepreneurial community. Despite the existence of numerous entrepreneurial communities on a regional, national, international, and inter-sectoral level, the creation of a smaller localized entrepreneurial community has proved to be an effective motivational instrument. These communities serve as an important reference point for entrepreneurs as well as potential entrepreneurs, which is why some consideration needs to be put into the design of such a community.

In order to allow access to those who have not yet engaged in business, but show the desire to do so, such a community must evolve around the subject of entrepreneurship, but not set limits on the entrepreneurial status of participants. It is advisable that innovation agencies support this kind of communities by offering them physical space to meet, allowing them the usage of ICT equipment, supporting them with communication platforms or other means of communication, promoting their existence and so on. The value of entrepreneurial communities is evident in its contribution to the process of sense-making: potential entrepreneurs can meet, elaborate on their gained knowledge, exchange ideas, test their business models, etc.

Both practices have proven successful at both the motivational and developmental stage, although there are some differences based on the content of interactions, for example, addressing the various issues of entrepreneurship vs. addressing the subject of innovation in a micro company.

In short, the support of an entrepreneur at the level of motivation is an ongoing process, which needs to be integrated as an essential part of any support model for entrepreneurship.

However, the support of small and micro companies from this point of view does require some adjustments, relating mostly to the identified needs of potential entrepreneurs.

There is a notable difference in the potential entrepreneurs' progressiveness, which is based on their cultural and economic background and on the general developmental level of the area concerned (economic development, existing entrepreneurial support, etc.); these are also important factors influencing the level of elaboration of a system for empowering small and micro companies' innovative entrepreneurship.



THE LEVEL OF DEVELOPMENT

At the level of development, an innovation agency is usually concerned with entrepreneurs who have already started a company, maybe even reached a more mature level of their business or are expressing a firm determination to start one and achieve success. With potential entrepreneurs, the goals of motivational activities pertain to the sense-making and encouragement to start, whereas the level of development is directed more to stimulating the entrepreneurs to discover their potential, optimize their activities and reach beyond their usual mode of operation.

On the one hand, this requires a lot of rationalization: entrepreneurs are often not familiar with the potentials of innovation, they assume that innovation requires a high level of technology, they over- or underestimate the effort and costs of innovation and so on. These considerations are even more evident with small and micro companies which have not yet necessarily attained a confidence in their business.

Another cause for entrepreneurs' reluctance to innovation is rooted in their lack of knowledge on the organizational aspects of introducing innovation in companies: what processes need to be considered on the organisational level, what does this mean from the point of financial programming, what other resources are necessary, etc. The corresponding activities of innovation agencies to address these issues are numerous, from offering basic consultation to workshops, seminars, good practices visitations, etc., but they are all directed to offering information related to different aspects of entrepreneurship as well as offering information and knowledge on the subject of innovation.

The second important part of motivating entrepreneurs at the level of development is encouraging the consideration of innovation potentials. Entrepreneurs at the level of development often search for new opportunities of expanding their businesses, but do not necessarily recognize different options presented to them by innovation. In such cases, innovation agencies resort to different measures for addressing these issues, but usually engage in one of the following strategies: (a) engagement of "innovation prescribers", presentations of examples of the innovative implementation of products and services on the market in order to inspire innovation in entrepreneurship, (b) consideration of market needs and creation of new or innovatively placed products and services that correspond to the identified needs, (c) observance of market trends and preparation of a market-fit offer, (d) encouragement of innovation with different kinds of awards, competitions, etc.

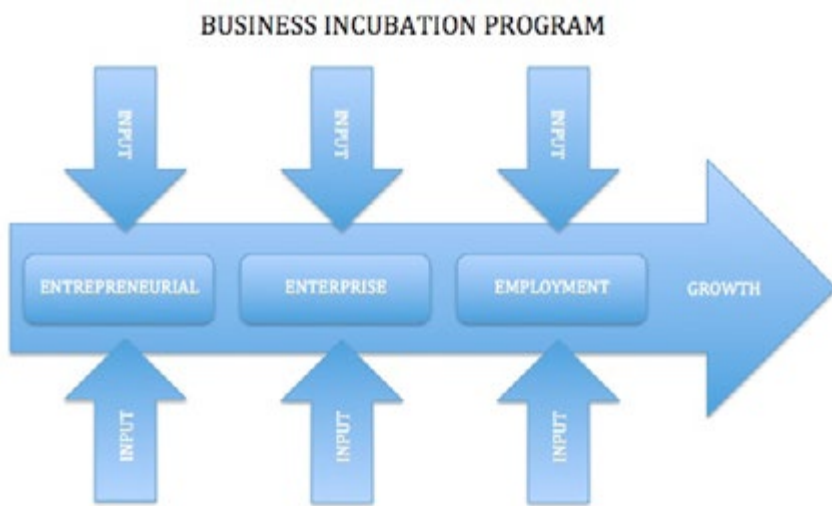
It is our experience that entrepreneurs often rush to the implementation part of product-creation and forego the idea development. For this reason, entrepreneurs need to be encouraged to engage in creative activities, brainstorming, sharing ideas, etc. There are several methods enabling them such a process, including setting up networks of entrepreneurs, organizing group discussions on different aspects of innovation, seminars and workshops concerning particular innovation-related activities, etc. We will explain more about this in the following chapters.

CORE ACTIVITIES: SUPPORTING SMALL AND MICRO COMPANIES' DEVELOPMENTAL NEEDS

There are many activities directed towards the empowerment of small and micro companies for innovative entrepreneurship, although we cannot say that they differ significantly from the regular activities performed by the majority of innovation agencies supporting entrepreneurs.

Nevertheless, one important emphasis when supporting small and micro companies is that special attention needs to be directed to the specific situation of these companies, adjusting regular innovation activities to their exact needs. We have not found evidence of any particular services demanded among small and micro companies, but we have to acknowledge their need to be individually addressed, finding a solution for their specific situation. In other words, what works for a company of 50 people does not necessarily apply to a company with 8 employees due to a more simple organizational structure, less systematic approach to management of the company, smaller investment capacity, etc. On the following pages, we explain how this reflects in the observed innovation supporting activities.

There are many different forms of innovation agencies, organized as business incubators, technological parks, consulting agencies, NGOs and governmental agencies offering consulting services, etc.



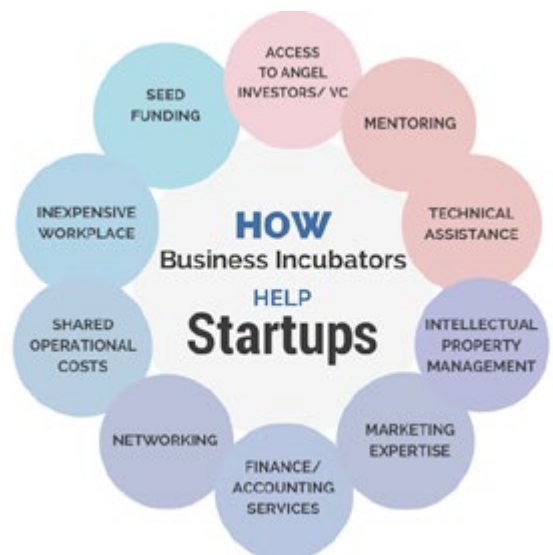
Where there is a concentration of support services within one kind of organization (for example, business incubators), the maximum effect is achieved because the organization can offer full and consistent support to entrepreneurs. Nevertheless, where this is not the case, the effect is not necessarily diminished. The primary element impacting the effect of support services seems to be the ability to provide the whole set of services for the entrepreneur.

Whether this is done within one organization by one team or by several organizations in a particular geographical area, is of no concern, providing that the activities are well coordinated and consistent. This is also one of the most profound challenges in areas where the offer of support services is numerous. On the following pages, we present an idea of core activities as performed within a business incubator and we describe the correlation with the approach of business accelerators in order to show what we have already observed: When offering support services to small and micro companies, there is an obvious shift from traditional services to those that are more fitted to the companies' need for individual treatment.

In addition to offering grants and rental facilities for business purposes, a typical incubator offers different counselling and other services for entrepreneurs, such as training, preparation of valid business plans, monitoring of financing, networking with other companies, marketing and communication, etc. Nevertheless, business incubators do not handle any kind of entrepreneurial networks/societies, but mainly entrepreneurs capable of proposing ideas feasible to develop and have a schedule of activities practicable in terms of timing and resources.

There are usually three phases during the incubation process, corresponding to the developmental level of an entrepreneur: Pre-incubation: This phase includes all the activities required to support the entrepreneur in the development of a business idea, business model and business plan preparation in order to increase the chances of achieving the creation of a start-up worth. Incubators affiliated to Universities are usually pre-incubators. Incubation: This is the essential step because the entrepreneur is given all the support from the entrepreneurial start-up phase until the actual expansion. This phase usually includes the first three years of the new business activities. During this time period it can assess whether the company is ready to stand on its own two feet. Post incubation: The company is finally walking alone and can physically leave the incubator (if the incubator is not a virtual one).

New SMEs will probably need additional services, such as improving the production processes or service internationalization. Some start-ups, for example those characterized by long phases of research and development, require, however, more time, especially when compared to other young companies operating in sectors linked to services or manufacturing activities that, in short, they are perfectly able to meet the demand of the market. If, however, we wanted to make an estimate on the duration of incubation, we could say that the programmes run, on average, for 33 months. In addition to business incubators, there is an emerging group of business accelerators that accelerate start-ups, encourage meetings with investors and combine incubation services with resources, expertise and experience aimed at validating the business idea and to launch it on the market.



The acceleration programmes are seen as the evolution of the incubator model and cover a gap between the main models of financing for start-ups. These accelerators implement small systematic investments (seed) and are a constant presence with strong project coaching during the months of incubation.

The accelerator programmes usually make more investments simultaneously on several start-ups and these investment decisions are made by the management team, while it is rare for individual investors to be involved in such decisions. Just like incubators, accelerators provide start-ups with selected shared workspaces, advice and assistance, but differ in the business model.

While incubators provide support designed to keep the company alive in the early “training” period, thus reducing the risk of failure, the model of accelerators is aimed at increasing the value of the start-up to make money from the sale of shares, making the relationship more enduring; the success and profit of the accelerator are tied to the success and growth of the start-up and then adapt the efforts and objectives in the same direction.

Learning from this, it can be noted that the ability to provide support to the procedures and methodologies of coaching guarantees the potential to exceed the results which would be obtained with individual interventions delivered separately (management consulting and human resources) and to find, together with entrepreneurs, the best solutions for the company, rather than simply proposing solutions which had already worked in other realities.

This allows innovation agencies to bring their consulting, coaching and other support activities, even at the start-up level, to even more important results, due to the greater flexibility and reduced complexity (and organizational relationships), which allows for a greater speed in the implementation of new methods and methodologies.

Finally, as a response to the ever-growing need of encouraging innovative entrepreneurship, many innovation agencies are now upgrading their traditional models of working with entrepreneurs.

THE ASSISTANCE OF ICT

No matter the size of the area covered or the organisational competences of an innovation agency, ICT supported activities have always proven to be an important element of success. An ICT platform should therefore be considered, offering innovative companies the tools and information they need to develop their innovative businesses. In addition, ICT platforms present a crucial part of the creation and development of the so-called innovation ecosystem, combining different organizations and individuals connected with the consistent support offer we have already discussed in previous chapters (business support organizations, science and technology parks, incubators, developing agencies, consultants, mentors, clusters, universities, co-working spaces and research centres).

A platform can offer several opportunities to enhance new innovative businesses in the regions, for example: a constantly updated list of online and offline training courses on entrepreneurship and innovation, an e-recruitment platform, useful both for job seekers and to complete your business team, detailed information on all main innovative funding sources for financing business projects (including private investors), a self-assessment tool, providing all users with automatic feedback on their investment readiness level, etc.

In addition, ICT platforms can be utilized by innovation agencies as an important diagnostic tool for analyzing their target groups, keeping track of the already identified potentials and entrepreneurial needs, monitoring their development, utilizing the available funds and whatever else is necessary to make a good supporting information database for a specific innovation agency. However, having an ICT platform just for the sake of following trends is not advised.

Before setting it up, it is important to identify the goal of this activity and the target groups of this tool, but also the strategy of developing the innovation agency's services and the beneficiaries of such support.

The implementation of such a platform is highly dependent on the entrepreneurs' perception of it and, consequently, on their usage. In other words, it takes time for entrepreneurs to get used to the idea of having such support and even longer to accept it and start using it for their own needs.

For this reason, it is even more necessary to establish a clear link between the innovation agency's motive for developing such a portal and the needs expressed by the target groups.

FINANCIAL MECHANISMS

There are many forms of financial mechanisms available for entrepreneurship, but, in many cases, a discrepancy between the available funds and the needs of entrepreneurs is also evident. We will present different forms of financing in the following chapter, but we would like to turn the readers' attentions to the situations where suitable financial support is not always available. For example, in one of the participating countries, there are a lot of different financial sources available on a national level, but they are encouraging only innovation projects with entrepreneurs who have already attained a certain level of development.

There are no start-up finances available for encouraging the creation and development of small and micro companies that offer simple products and services, which dissuades them from engaging in innovative entrepreneurship and often also leads to them completely losing the desire for entrepreneurship. In such cases, the support organizations need to consider the alternatives, whether by engaging decision-makers in making available particular funds, subventions and other kinds of incentives or by creating new business models, providing them with additional funds.

However, the creation of such financial instruments has to be based on the actual needs of the entrepreneurs an innovation agency wants to encourage and not just on the perception of the developmental trends currently followed by other existing initiatives. Finding an appropriate solution within this gap is a key element in creating a useful financial mechanism for the purpose of successfully encouraging innovative entrepreneurship. We continue this discussion also in the following chapters, describing the final component of the POWER2INNO model.

FINANCIAL AWARENESS

Access to financing is the second most serious problem facing SMEs and it is, therefore, crucial to facilitate access for SMEs and especially for small and micro enterprises, whatever their legal status, to funding and markets. A sufficiently diversified range of equity instruments should be promoted, as these are needed along a company's growth path.

The access to financing for SMEs, and even more so for small and micro enterprises, was more limited during the crisis than for larger companies. The strong reliance of small and micro companies on bank lending and the deleveraging of banks triggered by the crisis have contributed to this. Therefore, the diversification of funding options for SMEs is a priority. The variation of SMEs, including micro-enterprises, in the EU is considerable. Different Member States have different types of SMEs depending on the business model, size, stage of development, financial structure and legal form.

In addition, country-specific factors, including the economic environment, structural factors, such as the legal framework, and cultural issues have a strong influence on the financing needs and availability of funding options. All these SME and country-specific factors affect the productivity, profitability as well as their risk profile. This heterogeneity also means a high complexity of micro and small companies' financing. Given these multiple factors, it is difficult to assess the influence of a single factor.

This has to be taken into account when developing appropriate policy measures aiming at the diversification of cost-efficient funding options for small and micro companies.



BANK LENDING TO SMES

Bank lending is still the most important source of funding for small and micro companies. Lending to such a company is often built on a long-term relationship. Banks with regional and local knowledge can adapt to the specific funding needs of the diverse companies in the best way. Banks have expertise in assessing their credit risk and can build their assessment on the credit history of the entrepreneur. Addressing and fostering the bank lending channel is the most effective way of ensuring and improving access to finances for small and micro companies. Measures to improve the capacity of the banking system to provide the needed funding for small and micro companies are therefore needed. As a direct consequence of the financial crisis, the prudential and supervisory framework for banks has been considerably strengthened and re-enforced, aimed at ensuring financial stability. In the future, bank financing will remain the preferred funding choice for the large majority of entrepreneurs. Nevertheless, it is important to diversify the funding options for them to allow for a wide range of choices. Many of these new funding sources are not known or at least not well-known by the small and micro companies.

COMPLEMENTING NON-BANK SOURCES FOR SME FUNDING

It is important to better connect small and micro companies with a wide range of funding options. However, there are still many obstacles for them in order to use market-based and other more innovative means of funding. It is crucial to examine and assess barriers and obstacles for small and micro companies to tap capital markets. Based on a thorough analysis, these barriers have to be appropriately addressed. Here are some suggestions relating to this matter. The public availability of financial information about small and micro companies is crucial for their successful capital market access. Investors must be able to assess the profitability and riskiness of their investment, regardless of them being banks or an institutional or retail investor. It is important to ensure the proportionality of reporting and information requirements for small and micro companies by considering both their financing needs and the informational needs of investors. Securitization could offer a possibility to increase the lending capacity of banks to small and micro companies. In recent years, various initiatives have been launched in order to revive the securitization market. Increasing the potential of crowdfunding and peer-to-peer lending might provide some suitable solutions. National fragmentation might hinder the development of these markets. It is, therefore, worthwhile to examine the benefits of a harmonized EU framework. Possible steps in this directions should, however, be based on a detailed examination of the existing EU and national regulations. On the other hand, European networks of 'business angels' must continue to be developed so that the sustainability of entrepreneurs does not rely solely on bank financing. The use of new and innovative technologies could also provide new funding opportunities for SMEs. It has to be carefully assessed what kind of financial regulation might be needed to insure an appropriate level of investor protection and financial stability.

FinTech is a good example of an innovative financial technology which could increase access to financing for small and micro companies by allowing investors and companies alike to better navigate and identify more targeted and more beneficial partnerships. It is important to increase the entrepreneurs' knowledge about the complementing market-based funding sources and enable them to understand the costs, benefits and the associated risks of these often complex forms of external financing. Increasing the financial literacy of entrepreneurs is, therefore, a prerequisite in creating a capital market culture with entrepreneurs willing to consider the use of capital market solutions. As said before, the taxation system has a strong influence on the internal finance capacity of small and micro companies. A simple and fair taxation system, which provides a level playing field for all enterprises, is the best way to ensure the development of entrepreneurs, but, of course, this is often not the authority of innovation agencies. Nevertheless, innovation agencies need to strengthen their engagement in discussions on taxation systems in their respective areas, offering their direct experiences and knowledge on the needs and responses of entrepreneurs. Last but not least, the complexity of the rules and the amount of red tape usually involved in obtaining funding, including administrative costs disproportionate to a business' size as well as obstacles to the timely consideration of funding requests and subsequent payments, affect small and micro companies in particular. This calls for a thorough simplification of the process with proper attention being paid to the need to combat fraud and errors. It is important to remember that small and micro companies are often disadvantaged in comparison with large firms in regards to access to state aid.

INTRODUCING NEW CONCEPTS OF INVESTMENTS

From the point of view of an innovation agency, it is crucial to introduce entrepreneurs to new concepts of investments, such as the Business Angels, crowdfunding, etc. But first of all, when thinking of raising money, entrepreneurs have to get to a certain level of the so-called investment readiness. Investment readiness means that the company is in a strong position to present its business to different investors and meet their requirements. Depending on whether the company has a particular project to put forward or is ready for rapid growth, it might consider approaching different sources of funding. Seeking external support to allow the business to grow involves both ensuring it has a credible case to present and making a series of personal decisions to make sure the entrepreneur is comfortable with the direction they are taking the business in. Innovation agencies should be able to make sure entrepreneurs understand that they need to have a clear business model and a direction they want to take with their company, no matter what the selected aspect is.

This pertains to questions on:

- the market: Are they operating in a high growth industry/sector? Do they have innovative products or services? Do they have a unique selling proposition? Is there clear evidence of a market need?
- the business: Do they have a comprehensive business plan? Have they identified their strengths and weaknesses?
- the finances: Have they identified the level of funding required? And the type of funding? Are they able to supply projected operational and finances statements?
- the team: Do they have an effective management team? Do the people involved in the business have a diverse range of skills?
- the business case: Are they able to clearly demonstrate the opportunity they are intending to address? Have they undertaken a risk analysis? Have they clearly identified the level of benefits arising from the opportunity?
- themselves: Do they understand the investment process – timescales, due diligence, legal requirements, key documents, handling investor requirements, etc.? Are they ready to accept equity? Have they perfected their pitches/presentations to investors? Are they ready to work with new stakeholders?

To summarize, it is necessary that the entrepreneurs know about the different options of financing and prepare their investment readiness before they try these new financing instruments. For example, they need to know what is behind a crowdfunding campaign (digital marketing strategy design, target audience, rewards, etc.), which type of crowdfunding is more suitable to the project (investment, reward, donation, etc.), and many other aspects.

Innovation agencies have to detect which kind of entrepreneur they are dealing with in order to give them the right advice regarding financing their business, which can be implemented in very different ways. Nevertheless, investment readiness is an aspect of entrepreneur financing that often gets overlooked when searching for suitable solutions for them.

PART 2: IMPLEMENTATION OF THE MODEL

So far, we have tried to describe the most important issues relating to the preparation of a system for empowering small and micro companies for innovative entrepreneurship. We have supported them with our acknowledgments that were brought forth during the POWER2INNO project's learning process.

The chapter before you continues on this basis, but with a different aim: In this chapter, we aim to encourage you to consider, which of the presented model's characteristics pertains to the innovation agencies' situation the most. In doing so, we prepared a set of key elements that can be of assistance to the interested readers. We start with the presentation of our regions in order to give you a better insight in our starting positions. Based on this, we have added our experiences and examples throughout the explanation of key elements to help you better understand the learning process we have gone through.

CHARACTERISTICS OF THE PARTICIPATING REGIONS



THE PRIMORSKO-NOTRANJSKA REGION, SLOVENIA

The Primorsko-notranjska (Littoral-Inner Carniola) statistical region (NUTS 3 level) comprises the municipalities of Bloke, Cerknica, Ilirska Bistrica, Loška dolina, Pivka and Postojna, and has a total surface area of 1,456 km² (7.2% of the surface area of Slovenia). It has 52,517 inhabitants. In terms of surface area, it is one of the smaller regions in Slovenia.

It is also the most sparsely populated region in Slovenia - it presents approximately one fifth of the most densely populated region - the Central Slovenia (Osrednjeslovenska) statistical region.

Nevertheless, the high population growth rate, higher rate of births and higher immigration rate have been contributing to the increase in the population density in the last few years. In terms of economy, the region is one of the less developed in the country, as it contributes only 1.8% to the GDP of Slovenia. In 2016, there were 1,090 registered companies, which shows an increase in comparison to the past period. Micro companies present a large majority of regional companies (92.5%), followed by small companies (4.9%), medium-sized companies (1.2%) and large companies (1.2%). A large share of the companies in the secondary and tertiary sectors is represented by craft businesses (services, especially woodworking and metalworking). The regional economy is viable and export-oriented, and the population is professionally trained.

There are 16 support organizations in the Primorsko-notranjska region, offering different kinds of services, some regulated on a national level (such as the Chamber of Commerce) and some regionally located.

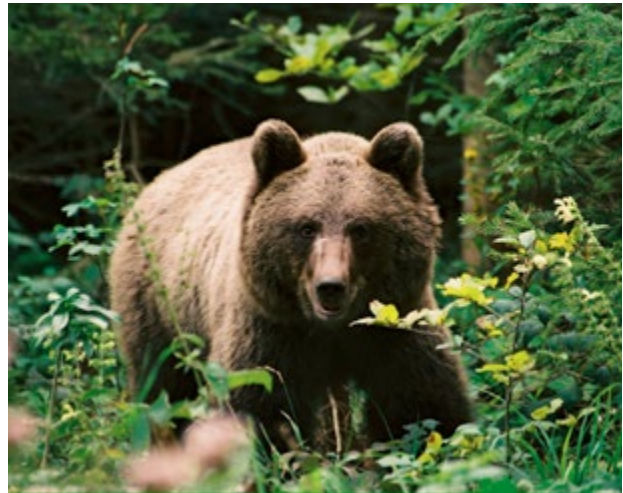
There are two secondary, one higher vocational college and no additional research organizations in the area, which is one of the region's weaknesses. Although the rate of work activity in the region is the highest in the country, a large number of the inhabitants of the Primorsko-notranjska region commute to work to the neighbouring regions.

Thus, the economic strength of the regional population is relatively high.

The region is recognized for its preserved natural resources, vast wooded surroundings, unique Karstic terrain, but also by its rich cultural heritage and great tradition in crafts and industry (especially wood-processing and tool-making industry). All these elements are in the centre of the regional developmental potentials. Combining good accessibility inside and outside the region and the close proximity of several urban centres (Ljubljana, Koper, Nova Gorica, Rijeka and Trieste are all within approx. 45 minutes distance by car), the Primorsko-notranjska region offers numerous possibilities for conducting business as well as for quality living.

Apulia (Puglia) is a 19,362 km² region, surrounded by the Adriatic Sea in the north-east and by the Ionian Sea in the south. The territory is quite low and only 1.5% is mountainous, while 54% of the territory is very flat and 44% is hilly. It has about 800 kilometres of coastline (only slightly less than Calabria) and is divided into six provinces: Foggia, Bari (the largest in terms of population with the regional capital of the same name), Brindisi, Taranto, Lecce and the Bat (Barletta, Andria, Trani), a new institution including seven Municipalities.

With a population of about 4 million, the region's demographic density is higher than the national average. The value added structure includes a higher than the national average number of service industries with an incidence of agriculture that is almost double the Italian average. Exports are mainly concentrated in traditional sectors (leathers and hides, and other manufacturing industries), steelmaking and agricultural products. The most clear-cut proof of the region's entrepreneurial vitality is the Fiera del Levante, a huge international exhibition centre that opens its doors to thousands of Italian and foreign visitors each September (since 1930).





The Apulian employment market continues to be characterized by an employment rate below Southern but higher than national levels. The most significant employment demand share, as usual, is to be noted in the services sector. Despite this, compared to national totals, there is a greater relative concentration in Apulian economy for the agriculture sector. As far as infrastructure is concerned, Apulia has a slight advantage compared to the rest of the South, but less so when compared to national standards.

Economic infrastructure does indicate a better situation than the Italian average when it comes to the rail network and port facilities.

Considering social infrastructure, Apulia has excellent health amenities. Agriculture is still the primary resource and vegetables (salad, capsicum, fennel, artichoke), tobacco, wine and table grapes, olives, and almonds are cultivated; sea, shellfish and crustacean fishing is also remarkable. Underground resources include several natural gas deposits (Capitanata) and bauxite (Trani, Poggiardo); there is a fair production of electricity, almost exclusively by thermal generation.

In the south of the region, the industrial sector is highly developed with two vast industrial complexes, the Taranto steelworks and the chemical plant in Brindisi, both planned as the basis for the growth of small and medium-sized allied companies. In reality, this has been only partly successful and is limited to the Brindisi-Taranto-Bari industrial triangle. The sole branch of industry found in most areas is food, linked to the plentiful agricultural output (especially pasta and oil manufacture). Other industries include papermaking (Foggia), engineering (Taranto, Brindisi, Bari) and construction materials (Lecce, Bisceglie, Barletta).

The service sector suffers from the endemic malaises typical of the sector in the south of Italy: inefficiency, surplus of small businesses, flocks of intermediaries, especially in marketing the prosperous agricultural produce, a state of affairs which affects the earning power of the farmers.

Of the remaining service industries, tourism is steadily becoming very important, particularly thanks to the beach resorts.

Tourism has good prospects for development, both the artistic-historical localities and beach areas. The entire region enjoys an enviable climate compared to the rest of Europe, with mild winters and long and warm summers.

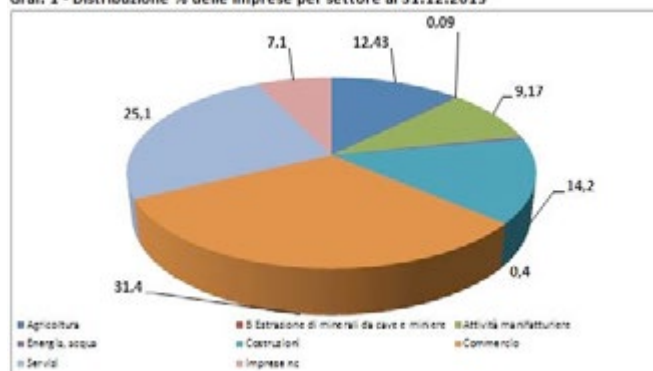
The hilly land in the south-east of the Bari province shields the territory from the Sirocco wind coming from the south and from north-western winds coming from the Balkans, rendering the climate very pleasant. The summer is quite long and starts with the first days of May until late October. The configuration of the territory, unlike that of other regions, is a serious obstacle to communications. The main highway is the last stretch of the Adriatic autostrada, which passes S. Severo, Foggia, Bari and Taranto; railway connections are based principally on the Milan-Bologna-Bari-Lecce line.

Port facilities exist in Taranto (commercial) as well as Brindisi and Bari, which have important links with the countries of the former Yugoslavia and Greece. There are two domestic airports: Bari-Palese and Brindisi-Casale.

Indicator	UOM	Region	Italy
Surface area	Sq.km	19.362	301.338
Resident population	N°	4.068.167	58.462.376
Value Added (constant prices)**	Million/euro 1995	43.279	942.711
- agriculture	% of Total	6	3
- industry (narrow definition)	% of Total	16	23
- building constructions	% of Total	6	5
- services	% of Total	72	69
Value Added - increase	% avg 5 years	1	1
Employees	Thous.	1.236	22.409
- agriculture	share %	10	4
- industry (narrow definition)	share %	17	22
- building constructions	share %	10	8
- other activities	share %	64	65
Occupation increase	% avg 5 years	1	1
Propensity to export	%	10	22

** Source: ISTAT 160

Graf. 1 - Distribuzione % delle imprese per settore al 31.12.2015





Andalusia (Andalucía) is the second largest region in Spain (87,268 km², 17.2% of the country) and the most populated, with more than 8.4 million inhabitants out of a national total of 46.8 million in 2016, followed by Catalonia (7.5 million), Madrid (6.5 million) and Valencia (a little over 5 million).

With its favourable climate, the economy of Andalusia has been traditionally based on the exploitation of large agricultural domains: citrus, olive oil and fresh vegetables, for which it is a major supplier to the European market. The industrial tradition in Andalusia, however, remained limited. Apart from the development of petrochemicals and the recent development in aerospace industry, the secondary sector is mostly based on agro-industry and consumer goods. Today, services predominate, with tourism (and the construction sector) representing a large share of the economy, capitalizing on the natural and historical heritage.

After enjoying higher economic growth than the Spanish average between 1996 and 2007, 2008 saw Andalusia fall below the national average due to the impact of the international economic and financial crisis, with tourism and the construction industry particularly affected. The unemployment rate in Andalusia, traditionally higher than in other regions, significantly worsened in 2009. In the second quarter of 2010, the Andalusian unemployment rate (27.78%) – the second highest among Spanish regions behind the Canary Islands (29.48%) – was significantly higher than the national average (20.09%). Before this major crisis, Andalusian economic development strategies were based on innovation and the knowledge society contributed and alongside favourable international economic trends strived towards bringing the region closer to national and EU averages in terms of overall economic performance. In the context of a global recession, increased competition from emerging economies and the loss of the EU convergence regions status, the Regional Government of Andalusia is facing the challenge of mobilizing policies and strategies to contribute to the re-establishment of a sound economy and social cohesion.

The Andalusian economy is dominated by SMEs with over 99% of firms having less than 500 employees. This places it well above both the Spanish and the EU averages.

Of even greater significance is the disproportionate number of micro firms (self-employed or employing less than 10 people) that account for more than 95% of all enterprises in the region. While the region experienced a high rate of new business start-ups and a significant increase in jobs during the period of economic growth from the mid 1990s up until the economic downturn, the continued shortage of medium-sized firms between 50 and 500 employees demonstrates an underlying structural problem in developing local enterprises to a level that can contribute more significantly to employment creation and regional growth.

There is a low but growing level of entrepreneurial culture in the region. The density of enterprises is approaching the national level and the population of the region has a fairly high level of interest in entrepreneurial activity. Although young people have traditionally seen the public sector as the natural route to the labour market, the sharp economic downturn in Andalusia has stimulated a greater willingness to embrace self-employment and other forms of entrepreneurship.

EU funds for the 2007-2013 period alone amounted to 14 billion euros (excluding various national and regional contributions and programmes). The focus of the programming period was on soft measures, such as capacity building and institution building, leading to greater competitiveness, innovation and employment. However, Andalusia has lost its Objective 1 status and, as a consequence, the level of EU structural funds has declined profoundly after 2014. Given the extent to which the region, its institutions and its enterprises benefit from financial and non-financial subsidies directly emanating from the EU, the region has had to initiate the transition to a more market-oriented enterprise policy combined with a more sustainable system of support for regional and enterprise development.

This is a problem, but it is also an opportunity: it necessitates a more efficient use of resources in the time available, such as minimizing overlaps and improving the targeting of public business support.

An extensive network of institutions, policies, programmes and projects exists that supports entrepreneurship in the region. This can lead to confusion for the business sector (multiplicity of organizations, programmes, etc.), potential crowding out of the private sector (delivery of activities which would normally be provided by the private sector, price distortion due to free delivery of services, etc.) and inefficiency (resources not necessarily deployed in a manner which maximizes impact). The significant levels of resources currently available appear to have spawned a multiplicity of institutions and networks to support enterprise development.

The consequence of this level of public subsidizing is that much of the regional economy is, to some degree, cushioned from general competition.



Presentation of key elements for the implementation of the model in aspiring regions

We have come to a part of this practical guide where we turn our attention towards the actual consideration of how innovation agencies can set up a support system, empowering small and micro companies for innovative entrepreneurship. When an innovation agency is at the beginning of designing their own support systems, there are a lot of references one can turn to (books, web pages, accumulated documents, etc.), but, in our experience, you can be far more efficient if you seek advice from your professional community, namely other innovation agencies and, particularly, people who are directly involved in working with small and micro companies. Getting their personal insight into the matter presents an added value to the usual, more impersonal methods of communication and gaining knowledge.

As said numerous times before in this document, we are presenting you with practices that we have observed during our learning process and consider indispensable in the process of supporting innovative entrepreneurship. But once again, we also urge you to pay attention to the manner of adopting these practices. For this reason, we have devised five simple elements that can guide you through this process. We have stressed some of our experiences in this document and we offer you an insight into the actual learning practices in our eCatalogue as well.

Nevertheless, we are all available to engage in further discussions with any interested innovation agency, which either has its own suggestions regarding the POWER2INNO model or would like to engage in a discussion on their own implementation of the model.

1st key element: "Consider who you are and where you stand in your area!"

Before engaging in support activities, try to identify which of the three types of regions presented in this document your area is closest to in terms of the existing support environment and the level of development of the system for encouraging small and micro companies. Consider individual topics that are presented as strengths in your region and identify topics that you need to address more in the future. Try to evaluate what the actual elements of your system are and not just what you think you want.

This will present you with an opportunity to clearly identify your position, preventing you from either making unnecessary prearrangements or overestimating your own competences for dealing with the matter at hand.

Consider your competences level; there is a range of knowledge and competences in the possession of innovation agencies that are needed for successful work with small and micro companies. We have found that the areas that require most of our attention in terms of acquiring new knowledge are the utilization of IT tools for small and micro companies, the internationalization of their business and specifics regarding the implementation of some of the financial tools, such as crowdfunding.

For example, in Malaga, Spain, our partners have been presented with a company dealing with crowdfunding, which explained to us the principle of crowdfunding, but also put to our attention the realization that for the success of crowdfunding campaigns, all sorts of other preparations need to be made, related to marketing, acquiring feedback, etc. This was the basis for including investment awareness as a considerable element of the POWER2INNO model.

Even if the innovation agency does not hold a particular knowledge, it is important to be aware of other sources of this knowledge and to indicate to the entrepreneur the right channel for additional information. In many cases, innovation agencies avoid cooperation because they are addressing the same market of entrepreneurs. This is particularly the case with agencies that are not receiving public funds.

This causes confusion among the entrepreneurs in need of support and influences the quality of support services on a general level, which is why further efforts need to be made to prevent this situation.

2nd key element: "Know your target group!"

Adapting a system is not just related to considering the characteristics of the system itself, it is of the utmost importance to have a clear perspective of the target group you are dealing with. Within the group of small and micro companies, it is imperative to recognize their specific characteristics and competences: Are they starting their business or are they already more experienced? Are they more traditional in their way of conducting business? Are they open to innovation or to the change of their standard way of doing business? We have learned that small and micro companies often do not think of themselves as innovation players and usually consider innovation as something related to the technological activities of larger, better standing companies. Nevertheless, they exert a high level of flexibility when presented with the opportunity to really understand what innovation is about. This aspect of your entrepreneurs' mentality is important to be recognized when assessing your target group.

There are always several segments of small and micro companies in different areas/regions. An innovation agency trying to respond to their needs will have to assess whether the needs of specific groups are required to be addressed with different approaches, methods and practices in addition to those already offered by the innovation agency. Try to think outside of the box! It is not necessary to utilize elaborate and complicated approaches, it is more about considering what is the best (even if it is the simplest) concept for a specific group. Adapting to their way of thinking is the element that conditions the success and quality of the support services offered.

3rd key element: "Finances matter!"

As mentioned before, financial support is an important part of the encouragement of entrepreneurs. When including different kinds of financial mechanisms into the support offer, it is important to consider that we might be dealing with different types of entrepreneurs and financial encouragement can have different effects on them. First, there are the "real entrepreneurs" who have taken the path of entrepreneurship because it is their true desire to be engaged in business in this manner. They are usually the ones who find the starting capital no matter the existing funding. With this group, we find that additional funding possibilities stimulate their further development, not just the starting of their business. However, due to the growing trend of encouraging people who may initially not be interested in entrepreneurship to give it a try, financial support is, in such cases, a necessary part of their encouragement.

A prerequisite consideration also pertains to the question of whether the funding should be directed towards small and micro companies that are already showing a lot of potential and have a higher probability of being successful or to those that are more reluctant to enter entrepreneurship, but have been recognized as having the potential to at least become a good business, if not an exemplary one. The answer to this question is entirely dependent on the situation in the area/region an innovation agency is embedded in. For example, in the Primorsko-notranjska region, Slovenia, there is a very small number of potential entrepreneurs. Those who have a strong interest in entrepreneurship usually start their business in neighbouring areas/regions, which have a better market potential and good infrastructure. Thus, the innovation agency in the region is directed to stimulating entrepreneurship among those who operate on the regional level. It is in the interest of the region to retain these people and try to stimulate them in the regional environment, which is why the financial mechanism on a regional level is a necessary part of motivating these companies for innovative entrepreneurship. On the other hand, in places such as Malaga, this might not be the case. Due to a large flow of interested entrepreneurs, it is a more appropriate strategy for regional innovation agencies to service and encourage those with a high interest in entrepreneurship and an even bigger potential for it. There is no assurance that one of the two described possibilities is an optimal one. It might even be the case that both can be engaged in dealing with different segments. Nevertheless, adapting the financial mechanism to this strategy is the key element for consideration. Once a financial instrument is set, it is recommendable to support it with additional core activities, offering entrepreneurship even more support in the development of their ideas, business models, acquiring markets, etc. (for example, the IDEA Agency in Malaga or Puglia Promozione in Bari).

4th key element: "Support of regional stakeholders!"

All three participating regions have experienced a lack of coordination and cooperation between many support organizations and other stakeholders in the regions. As already mentioned, this causes a chaotic environment that prevents small and micro companies from acquiring comprehensive information, knowledge and support. It is a consequence of the simultaneous activities of a lot of different support organizations that offer the same services and, in a way, fight for their share on the market. It is necessary to try to resolve the role of each of these support organizations in the entire regional support services system or at least to reach an agreement to establish cooperation between those who work in similar areas and offer similar assistance. The consequences of not doing so are evident in the saturation and degradation of the existing innovation ecosystem.

Innovation agencies that deal with supporting small and micro companies often need to put an extra effort into educating regional stakeholders as well, showing them the benefits of joint cooperation, which provide a better, more comprehensive service for entrepreneurship. It is important to try to overcome individual activities and participate in a joint offer of services for entrepreneurs in an innovation ecosystem that needs to include strong connections between its partners, joint programmes for entrepreneurs and clear roles of partners that do not overlap.

The importance of this is often left to interpretation and innovation agencies have been a relevant player in this. If such an innovation ecosystem is developed in an area, experiences show that the offer for the companies increases both in quality and value. Although this is a very difficult task to handle and, in many cases, is under the authority of national or even international organizations, it increases the efficiency of the services. For this reason, it is recommendable that the innovation agency directs some attention to this matter as well, either by engaging in the activities of coordination or by engaging in active communication with those who have the authority to change things.

The situation described was experienced in all three participating regions as well as in other parts of Europe and was recognized as one of the most basic questions that all relevant players in this area of support need to address and start looking for solutions.

5th key element: "Learn from the mistakes of others!"

Obviously, we support the exchange of good practices for the sake of gaining new knowledge. However, within the POWER2INNO project, we have learnt the importance of personal involvement in such an exchange. Thus, it is recommendable to start observing other relevant practices, but also to contact other innovation agencies for knowledge on subjects that interest you. It is our experience that innovation agencies, in their aspiration to do something on their own, often overlook the already determined solutions and lose too much time and effort in doing so. Instead of finding new ways, it is important to be alert and avoid the mistakes made by others as well. Thus, good practices visits are not just a nice experience, they are invaluable in acquiring new knowledge! Also, when observing other good practices, it is not just about acquiring new knowledge, it is also an opportunity to gain a different insight into the same subject.

Try to meet the people affected by the designed systems, get their perspective on the received services and discuss this with the innovation agency implementing the system. This is a starting point for a generation of innovative ideas even with the innovation agencies.

Different interpretations of the same problems can give you an idea on how to design your own practice, adapted to your own region.

Ideas, how to go about it! Realizations from good practices

In this chapter, we offer you our own perspective on the peer learning practices we have engaged in within the POWER2INNO project. Each of the participating agencies has described its process of learning along with the improvements that have been made. By doing so, we offer you an example of how we perceived our own reality before, during and after the ending of the learning process, but, above all, how it changed our approach towards supporting innovative entrepreneurship.

The RDA Green Karst has entered the partnership with the aim of adding to its existing knowledge and competences on working with small and micro companies.

Our previous experiences were related to offering support, in particular cases, to entrepreneurs who turned to us because we are a recognizable regional organization. Nevertheless, we have been to a larger extent involved in projects which addressed particular subjects, such as encouragement of eco-innovation, establishment of innovation clusters, etc. and we have done that mostly within the EU-funded projects.

The Primorsko-notranjska region, where RDA Green Karst operates, is a very small region with a small number of companies, but with an extremely high percentage of small and micro companies, which is why we considered there is not enough demand among entrepreneurs for this kind of services and did not engage in the implementation of the system for this kind of support. In addition, there are several other organizations in the region that offer support to entrepreneurs and there are five major city centres in a perimeter of about 100 km, also offering various programmes for encouragement of entrepreneurs.

Nevertheless, the RDA has continually been approached by regional entrepreneurs, needing one kind of assistance or the other. We have gradually realized some of the common needs that needed to be addressed: small and micro entrepreneurs did not find the usual supporting services useful because they usually took too much time (for example, with trainings and workshops), have been based on success stories they did not relate to or have been focused on entrepreneurs with specialized products or services. It is typical for the Primorsko-notranjska region that the entrepreneurs are occupied with simple products and services, usually related to tourism, transport or social services. Based on this finding, the RDA has started implementing some individual programmes to address these needs.

When entering the POWER2INNO project, the RDA had already designed a few successful programmes, such as a 4-month training programme for young entrepreneurs, offering individual consulting for entrepreneurs, assistance with the preparation of business plans, etc. and it has just started with a new training programme on entrepreneurship for the unemployed. We have also established the Centre for Innovation and Development, which is starting to develop its programmes, mainly focused on supporting the developmental issues of companies and other regional stakeholders. On the one hand, we have had some problems with selecting suitable candidates for this programme, since not all entrepreneurs were able to spend so much time for this purpose and have often lacked individual information while attending more advanced programmes. On the other hand, we have had problems reaching out to those who have an interest in entrepreneurship, but were not actively seeking opportunities.

The POWER2INNO experience offered several considerations for our case:

We realized that the fact that our region is very small works to our advantage, since it allows us to work practically face-to-face with every individual entrepreneur. The small population is easier to analyze, work with and keep track of, which is why we have not needed to develop a complicated system for this purpose and we have not needed to support it with an elaborate ICT platform.

However, we have had quite a few problems getting the information to our target groups, since they no longer use traditional regional media. To accommodate this situation we have put some effort in creating a simple, yet transparent website and connecting it to relevant networks, which allows us to be more recognizable and to reach our target group.

At the time of the preparation of this DOP, we have been in the process of upgrading the existing webpage and preparing the contact lists of entrepreneurs who have already expressed their interest. We have also put some effort in creating a joint visual image of all used media in order to strengthen the recognition of this service.

Another realization that came from the POWER2INNO project experience was related to the RDA's relationship to other support organizations in the region. Although we have been on friendly terms with the majority of these organizations (there are 16 altogether), we have not made an effort in the past to also connect our services.

Supported by municipalities in the Primorsko-notranjska region, we have started a set of activities to determine joint activities for cooperation, starting with periodical meetings, preparation of a catalogue of regional organizations and their offers, preparing some joint activities, etc. Based on these first steps, the RDA plans to further encourage these kinds of activities with the aim of strengthening the regional support system with clear relations and division of responsibilities of all regional support organizations.

Finally, at the end of the POWER2INNO project, the RDA is facing more new challenges, but with more confidence in its competences and with new knowledge, brought to us by other POWER2INNO partners, we are ready for them: In addition to offering different programmes, we will start developing additional services for entrepreneurs, for example, a programme for strengthening financial awareness, including setting up a network of relevant stakeholders who can contribute to the quality of this offer and finding possibilities for establishing additional regional funds for the support of entrepreneurs.

Involvement in the POWER2INNO project was a memorable experience for the RDA team, not just because of the new knowledge gained, but also because of the self-reflection that was enabled for us through meetings with various organizations, entrepreneurs and others, each with a specific view on the potentials of entrepreneurship.

The use of the Twinning advanced method has proven as beneficial as anticipated. We gladly recommend this kind of activities to other innovation agencies as well and will welcome any additional enquiries in regards to it.

TecnoPolis PST Italy



Thanks to the peer experiences gained during the whole POWER2INNO project and thanks to the familiarity with local stakeholders, policy makers and representatives of small and micro companies, especially in the field of tourism, TecnoPolis PST, as a science and technology park and, above all, as an innovation agency, has gained a lot in terms of the knowledge of entrepreneurial support and services, discovering that, in just a few years, the Apulia region, in this sense, has gained a great advantage over other Italian regions, thanks to a lot of funding opportunities for SMEs and start-ups, but, above all, thanks to the greater attention for the Apulia brand and what it internationally represents.

The greatest discovery TecnoPolis gained thanks to the project has been that Apulia is a land both authentic and contemporary, a balance between tradition and innovation, history and future. It is a young and dynamic region, open to the world and to cultures, betting on quality of life and the sustainability of its way of life.

The contemporary tourist market is characterized by a level of competition between destinations much stronger than in the past, recently having greatly increased the number of tourist destinations, the number of tourists and the level of overall mobility in more and more countries of origin.

Therefore, it is no longer the offer, i.e. the regions, that is the centre of the buying process, but rather the demand, i.e. the tourist/consumer, his needs, his questions and his desires. This means that the competition will be played on the destination's ability to offer highly differentiated tourist offers.

The competition, in fact, requires reasons and justifications in the choice of destination.

Strategies for the development of tourism in Apulia go through the full assessment of the changes that have innovated the market, from the traditional purchasing process to its evolution.

Compared to the past, the choice of purchasing a tourism product is nowadays mostly dependant on word of mouth 2.0, to review and experience. If before the process of choosing to stay in Apulia in our collective imagination represented a holiday which mirrored the sea, the green, the colours, the cuisine and the model of hospitality, it is now necessary to focus these strengths and seasonally adjust the offer in order to fully take advantage of the regional services so that they can be used all year. Improving the process of choosing Apulia requires more effort in promoting it with social networks and blogs, which triggers, in all senses, the word of mouth process and enhances the relationship between users and public/private operators.

In this way and with the strengthening of an already established branch network, we ensure the synergy with organizations such as the tourism district, trade associations, local tourism systems and operators, with a view to gain more attention.

The strategies then go through the consolidation of a range of products that are available 12 months a year; a type of marketing that identifies the characteristics and advantages of the region, includes all the key players and markets them under a joint regional development scheme.

Imagine Apulia as the leader of innovation in the incoming model and perceived as a model of an experiential region.

To achieve this objective, it is necessary to point to *esperienzializzazione*, which means the increase in activity and the enjoyment in the most absolute participation of the tourist.

The choice of experiential content is the best investment for spending an amazing holiday in Apulia, even for a weekend, through the hospitality, services, entertainment, places, food, sea, sports, wellness, nature and spirituality.

The lines of action of the strategy adopted by PugliaPromozione, therefore, can be summarized in the following STRATEGIC CHOICES:

- choice of EXPERIENCE TOURIST and to what extent should the construction of regional tourism products and their promotion be included;
- choice of STRONG SYNERGY PUBLIC/PRIVATE (P2B) as a method of conducting the promotion and marketing of regional tourism products (P2B, public-to-business);
- choice of the WEB as a central instrument with which to improve and qualify the positioning of the brand and the Apulia regional tourist products;
- choosing a STRONG DEMAND ORIENTATION as a criterion for the selection and programming of actions;
- choosing a STRATEGIC INVESTMENT on promoting B2C and foreign markets, to the detriment of traditional promotion tools focused only on an intermediated market (B2B);
- choosing a SIMPLIFIED GOVERNANCE for the coordination of actions for the evaluation and qualification of the offer between the regional and local level

The evolution undergone by the Apulian tourism industry in recent years has led the regional legislature to take action on the buoyancy regulation of public tourist organizational governance on several occasions, also activating a comprehensive consultation with local stakeholders.

The institutional framework of the revision was created due to the combined action of several factors:

- a steady growth in the number of tourists and the reputation of the Apulia destination;
- the modern competition among tourist destinations which requires local strategic management of the tourism product in an increasingly global environment;
- an institutional and operational fragmentation of Apulia in the implementation of promotional policies and tourism development.

The management of a destination, therefore, requires from the heritage of local resources and skills to overcome the competitive rationale and reach agreements between the players, public and private, and non-entrepreneurs, local and national, in order to create a shared vision and stimulate the participation of these parties to the overall design of regional development.

In this regard, it was considered crucial to ensure greater effectiveness and efficiency for the development of the programming destination so that the action of governance involves businesses and residents organizations, through four main lines of action:

a) enacting rules and regulations addressing the action of local players; b) direct interventions in the territory for orientation of the vocation and for the definition of the stock of available resources; c) the establishment of a pivot of the development of the target organs that were operating through the involvement of other players, carrying out promotion activities of the region, the definition of regional strategic projects with relative financial support; d) the stimulus and support for the creation of business combinations (sector or chain) and local bodies dedicated to their management, through which they promote local products.

What can an innovation agency do to support this kind of rapid evolution of their own country, especially regarding the tourism sector:

- create an efficient and streamlined system capable of quick action and an optimization system in order to free up resources for the qualification and promotion of greater supply in a perspective of compatibility and economic sustainability of the entire socio-regional economy;
- manage and promote the Apulia tourist destination as an integrated complex and flexible tangible and intangible values, through the coordinated work of various parties, organized for the balanced development of affordable and sustainable tourism;
- promote Apulia as a tourist destination offering unique experiential emotions thanks to the support of small and micro companies innovation system.

BIC Euronova Spain



For BIC Euronova, this learning experience through the Power2Inno project has been a way of realizing that the Andalusia region is in a very good position in the tourism sector and that we have been challenged in different periods with different kinds of problems to overcome. We, in the south of Spain, had the chance to develop, for example agritourism at the same time as our partners from Southern Italy, in fact we shared experiences many years ago (late 90s).

The main difference now is that the south of Italy is still Objective One of the Structural Funds, while Andalusia region is not anymore and we are facing new challenges, such as making micro and small companies understand they have to look for new ways of financing their project as grants are almost not available anymore. Initially, our task as an innovation agency was to make entrepreneurs aware of grants, but now our mission is to let them know there are other possibilities.

Our learnt lesson is that as this situation will hopefully make its way to other European regions soon, it would be a good idea to start introducing the concept of these new ways of financing (crowdfunding, business angels, etc.) so when the time comes, they will be aware and the mechanisms ready.

Back to tourism, Andalusia has been developing both because of its economic importance as well as its social relevance and environmental impact.

Throughout the year, it is visited by millions of tourists coming from other Spanish regions as well as from other countries. With almost 30 million annual visitors, Andalusia is the fourth autonomous community by number of visitors from all sources, behind only Catalonia, the Balearic Islands and the Canary Islands.

According to the data from the Tourist Statistics Report of the National Institute of Statistics, the city of Malaga is the Spanish urban destination that has evolved the most in the last decade. The number of travellers hosted has grown by more than 127%, going from 456,493 in 2005 to 1,037,567 in 2015. Behind Malaga is Barcelona with 59.14%.

Beyond its weight as a specific sector, tourism has an important multiplier effect and strong implications on other strategic sectors: construction, environment or culture, among others.

Tourism is an activity directly integrated into the day-to-day lives of many Malaga people; it is a dynamic and permanent process in which society as a whole is involved. That is why a strategy for tourism must seek medium- and long-term models to find creative and concerted solutions to the social, economic, physical and environmental issues affecting the tourism sector and the communities directly related to it.

The tourism sector must face the challenges of the change that has taken place in the production and cost structures, overcome the weaknesses generated in its own development and adapt to an extraordinarily dynamic market environment. In short, the tourism sector must manage those changes that allow it to continue to grow in profitability and social value.

In this framework, the Andalusia region and the city of Malaga, with decades intensely dedicated to tourism activities, still have room for improvement, but some of the already experienced challenges constitute a good example for other European regions with less developed tourism. At the same time, other European regions are in a more advanced stage regarding other issues and we can learn a lot from them.

One last element: "Making sure you did a good job!"

Set up an evaluation system.

The importance of an evaluation system is not challenged; it is an important part of every activity and specifically those that rely on feedback. Nevertheless, the first consideration of an innovation agency is to think about the complexity and size of an evaluation system required. The evaluation system is directed to finding out whether the model has a positive influence on small and micro companies, whether it corresponds to the companies' needs and whether it needs to be corrected.

The utilization of the evaluation activities depend on the actual complexity of the model. Try to avoid setting up an elaborated, advanced evaluation system just for the sake of it, but develop the evaluation system that will give you the information required. This simultaneously directs attention to the consideration on the information required by the innovation agency to ensure the sustainability of its services.

Use the acquired information.

One of the considerations in this process is the fact that in some cases, the evaluation offers an argumentation of the positive or negative sides of the supporting system with the decision-makers, financiers, etc. From this point of view, it is recommendable to ensure the design of such an evaluation system that will provide objective information also on the quality of one's services. For example, one of the participating agencies had a contract with several municipalities which covered the costs for every consultation and workshop performed with the interested companies. For the purpose of extending these contracts, the agency has created a system of registering each consultation and regularly monitors the satisfaction of customers, offering the municipalities customer contacts, feedback, the content of consulting, etc.

Use the evaluation results to improve the model and to ensure the sustainability of the model. In addition to using the evaluation results for convincing different stakeholders about the positive sides of the model, it also serves as a basis for upgrading the support services, maintaining what has been identified as positive and finding new solutions for the missing or less successful parts of one's support system.

Plan further improvements.

In addition to the evaluation, keep reminding yourself that the adopted model will never be optimal and is, therefore, not fixed. Circumstances change, there are other matters arising, new entrepreneurs coming, staff changes, etc. All these factors influence the successful implementation of the model, which, for these reasons, needs to be constantly upgraded.

Thus, our final recommendation is that an innovation agency must never be satisfied with the adopted model and must always search for new ways to develop the model in its entirety as well as its individual parts. This will allow the innovation agency to continue with the development of the support and provide the necessary competences for innovative entrepreneurship.

POWER2INNO

