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Evaluation of the Innovation Centres

Management summary

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Background, aims and evaluation approach

The report 'Evaluation of the Innovation Centres'[1] presents the results of an evaluation of the five Flemish Innovation Centres over the period 2011-2014.[2] The five centres' mission is to encourage and assist companies, in particular SMEs, to innovate efficiently and sustainably. Their objective is also to increase the number of companies that incorporate innovation in their strategy. In order to fulfil these objectives, the Innovation Centres have (each) submitted a Regional Innovation Stimulation (RIS) Project to the IWT (Agency for Innovation by Science and Technology) for the period 2011-2014. These projects are the basis for the 2011-2014 agreements between the Flemish government and the Innovation Centres regarding the assignment and tasks of the latter.

Because the agreements between the government and the centres regarding the RIS Project expire at the end of 2014, and given the recent amendments to the decree on organisation and funding of the Science and Innovation Policy (S&I-Decree[3]), which envisions the concluding of a covenant with the Innovation Centres, an evaluation is appropriate. This evaluation includes the ex-post evaluation of the previous period (2011-2014) and the ex-ante evaluation of the (draft) strategic plan for the coming period (2015-2019) that the five Innovation Centres have prepared collectively.

The company Dialogic[4] carried out the evaluation, which consists of four elements:

1. Desk research in order to provide an initial analysis of the Innovation Centres' operations and results.
2. Interviews with a number of stakeholders to ascertain their views of and experiences with the (activities of the) Innovation Centres, what impact they assign to these centres and how they position these centres in the broader (policy) context.
3. An impact measurement (period 1 July 2012 – 30 June 2014) was carried out in order to ascertain what effect the Innovation Centres have had and the impact they have accomplished.
4. The findings from previous steps were collated in a SWOT analysis (strengths, weaknesses, opportunities and threats), resulting in a series of conclusions and recommendations for the future.

The evaluation assignment was conducted under the guidance of a steering committee, composed and chaired by the Flemish Department of Economy, Science and Innovation (EWI).[5]

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[1] This report is only available in Dutch.

[2] One centre in each province.

[3] Decree of 25 April 2014 concerning the amendment of various provisions of the Decree (of 30 April 2009) regarding the Organisation and Funding of the Science and Innovation Policy and concerning the removal of other provisions of this Decree.

[4] Through a public procurement procedure launched by the department of Economy, Science and Innovation of the Flemish government (terms of reference with number EWI-2014-02 and entitled (in Dutch) "*Specifieke opdrachten in het kader van de evaluatie van de Innovatiecentra*".

[5] The role of the steering committee was both to monitor the quality and progress of the evaluation as well as to ensure it resulted in concrete recommendations that fit into the regulations. On various occasions during the evaluation, Dialogic has discussed the approach to and progress of the evaluation with the steering committee, who both commented on the (draft) final report and validated it. In accordance with the department's evaluation practice, the Innovation Centres were also given the opportunity to check the draft version of the final report (as validated by the steering committee) with

The Innovation Centres' objectives and activities

The Innovation Centres' mission reads as follows: *"The Innovation Centres, in their role of relaying to the Flemish Innovation Network (VIN), should encourage and assist companies and entrepreneurs in Flanders to innovate efficiently and sustainably."* The Centres' main objective is to increase the number of companies that incorporate innovation in their growth strategy.

In agreement with the IWT, the Innovation Centres have translated the mission mentioned above into four strategic objectives:

1. The Innovation Centres (acting) as the IWT's front office.
2. The Innovation Centres as navigator with respect to the VIN.
3. Make companies aware of how to achieve sustainable innovation.
4. As Innovation Centres, strive for operational excellence.

The Innovation Centres' advisors support companies in their innovation efforts through information, referral, advice and supervision. Typical examples of this support are supervising the realisation of innovation projects, visiting companies and organising seminars or workshops. The advisors also have various innovation tools at their disposal to coach companies, such as the "Blikopener" [can opener], Customer Journey Mapping, Innovation audit, Strat-i-box and Creativity Sessions.[6]

The Innovation Centres do not exclude any firm from making use of their services, but their main target group are companies (especially SMEs) that can expand through innovation. These are mostly latent and starting innovators. In other words, the Innovation Centres mainly target companies that innovate little or not, but who do have the potential to grow through innovation and also target companies that have already achieved some innovation, but not in a structural basis.

During the period 2011-2014, the Innovation Centres' main tasks were extended with a number of specific assignments: Flanders' Care (two additional advisors for grant guidance, coaching and the referral of both companies and suppliers in the care sector), the Ikinnoveer-project (a coordinating and management role in the support mechanism for Flemish entrepreneurs' innovation efforts through inspiration sessions, toolkits and academies), the LED network (a coordinating role in initialising and observing this expertise network in each province)[7] and — just for the Innovation Centre Limburg — supporting SALK ('the Strategic Action Plan for Limburg Squared').

How the Innovation Centres (co)operate

The Innovation Centres' decentralised organisation into five separate non-profit organisations provides a good local embedding, but results in a relatively large 'overhead' (five directors, five administrative assistants, five Boards of Directors, etc.). Up till now, the arguments for local embedding still outweigh those for a central organisation, and this

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a view to identify and correct any material errors. In the final evaluation report, the material errors thus identified, have been rectified.

[6] You can find an explanation of these tools on the Innovation Centre website (www.innovatiecentrum.be). This website is only available in Dutch.

[7] LED stands for Low-threshold Expertise and Service Centres. The LED network's aim is to make the expertise available in university colleges accessible to all SMEs. Companies can present their practical questions to one of the LEDs, and personnel at the university colleges provide their practical knowledge free of charge (first line advice).

despite the potential savings the latter would imply. Most of the stakeholders expect that a central organisation would in any case still have to work with 'satellites' in the provinces to maintain the ties with local SMEs. We endorse this statement.

The four-year cycle of RIS support provided by the Flemish government has created uncertainty among the Innovation Centre employees regarding their careers. The fact that the Innovation Centres were recently embedded in the S&I-Decree (April 2014; see above) has somewhat improved this situation.

The mutual collaboration between the individual centres and between the Innovation Centres and their (major) partners such as the IWT, other (government) agencies and the VIN Network, has further improved in the previous period. The centres are being involved more frequently and earlier in the process of adjustments to the IWT schemes relevant for SMEs. They also work together with the Enterprise Flanders[8] (and other agencies) thanks to their mutual physical proximity and have intensified their relationships with knowledge institutes/centres through account management and VIN events (*VINken-dagen*). They have also taken concerted steps in order to achieve uniform communication, customer management and ICT as well as setting up knowledge-sharing initiatives.

Response to previous recommendations

The Innovation Centres have responded to the points raised in previous evaluations. This applies to the strengthening of their role to act as navigator with respect to the VIN, achieving a better alignment with other innovation actors and improving their external communication. However, tension remains between the Innovation Centres' aims on the one hand to enlist many new SMEs (advising on a broad scale) and on the other hand to support/observe SMEs over a longer period (advising in depth). Regarding a better balance between a proactive and a reactive approach to SMEs, we could describe this as a grey area because it is not always possible to ascertain whether the Innovation Centre approached the SME or vice versa. Service innovation is also featuring more regularly on the Innovation Centres' agenda.

Achieving objectives and related targets

The Innovation Centres have managed to achieve the majority of the agreed targets for the period 2011-2013. The number of IWT applications or EU innovation trajectories supervised, and the number of innovation recommendations as well as the number of such recommendations actually implemented by companies, all more than exceeded expectations. The number of new clients procured proactively and the number of companies taking steps towards achieving higher innovation maturity thanks to an Innovation Centre's intervention, initially (2011-2012) remained lower than the required targets, but later on these were achieved (2013). The individual Innovation Centres' performance on these agreed targets is similar (2011-2013), e.g. there are no significant differences between the Innovation Centres.

Realisation of additional tasks

The Innovation Centres' method of operation – including obtaining grants and partners – in our opinion has functioned well with respect to the care sector (see extension of Innovation Centres' tasks to include Flanders' Care). Most of the Innovations Centres act as generalists for every sector (obviously with varying emphasis). Policy-specific emphasis

[8] An agency of the Flemish government within the domain of Economy, Science and Innovation, that supports and carries out the policy of the Flemish government with respect to Economy and Entrepreneurship. The agency is called Agentschap Ondernemen in Dutch.

tends to go off track, although in this instance companies are included from a wider field than care only, for example ICT suppliers. Most of the performance indicators defined for Flanders' Care have also been achieved by the Innovation Centres.

Our conclusion is that the 'Ikinnoveer Project' fits well in the tasks assigned to the Innovation Centres thanks to their horizontal operation and their collaboration with various organisations. Some Innovation Centres like Oost-Vlaanderen and Limburg have already carried out training. Furthermore, these activities are assessed positively by entrepreneurs and there is a great deal of interest. In this way, the Innovation Centres are reaching a wide(r) group of SMEs who are interested in making progress with respect to innovation.

We conclude that assigning the coordination of the LED networks to the Innovation Centres is a logical decision. Introducing a LED network into the VIN network (the university colleges are also member of the VIN network), however, does make the innovation landscape more complex for SMEs.

Contribution to policy objectives

The Flemish Innovation Policy (2009-2014) aimed to create a link between the science and technological strengths on the one hand and the great societal and economic challenges on the other. The key focal points of this policy are: simplified access to financial resources, increased cooperation and internationalisation. By functioning as navigator with respect to the VIN and as front office for the IWT, the Innovation Centres contribute both to lowering the threshold for access to resources and to increasing collaboration. The centres help SMEs to participate in (IWT) innovation measures and in their role as navigator, stimulate cooperation between SMEs and knowledge institutes/centres.

Outreach of and satisfaction with the Innovation Centres

In the recent period (2011–2014), the Innovation Centres have been in contact with around 2,800 unique companies along with 260 companies specifically in the context of Flanders' Care. Moreover, in the period from 2011 to 2013[9], 545 IWT innovation studies or projects and EU projects were supervised (implementation, follow-up) by the Innovation Centres.

The majority of the Innovation Centres' clients is categorised at intake by the advisors as a latent or starting innovator. It appears that, after receiving support from the Innovation Centres, a total of 37% of the companies is estimated by the advisors as being one level higher (in their innovation maturity). Our impact measurement among the clients shows that the respondents indicate how preoccupied they are with innovation: in the past two years, the majority of these respondents (83%) has developed products and/or services using their own resources as well as carrying out process improvements (73%). We can deduce from the comments however that many respondents are not systematic or strategic innovators yet. In fact we see that 38% of the earlier mentioned respondents indicate that they have no separate budget for innovation efforts. Hence the companies consider themselves to be are latent or starting innovators. The estimate that the advisors make of a new client at intake corresponds thus with the clients' own estimate of their innovation maturity (see impact measurement).

Based on the Innovation Centres' customer satisfaction surveys and the impact measurement carried out for this evaluation, we can confirm that companies are generally satisfied with the service the Innovation Centres' provide. The Innovation Centres'

[9] The figures for 2014 were not available while this evaluation was being prepared.

customer satisfaction surveys also show that companies are most satisfied with the innovation advisors' customer focus and expertise.

The large majority of the respondents in our impact measurement who received follow-up assistance from an Innovation Centre, valued this follow-up as sufficient to extremely good. This applies to all Innovation Centres. Three-quarters of the respondents in our impact measurement think that the quality of service provision (by the Innovation Centres) in the periods before 30 June 2012[10] and after 1 July 2012 (till end of June 2014) has remained the same.

The Impact of the Innovation Centres

Our impact measurement demonstrates that the Innovation Centres' service provision has a big impact, especially on companies' ability and capacity to innovate; companies are more aware of the possibilities to obtain external funding for innovation (including IWT funding) and are more capable of structuring their innovation programmes. The intensity of the Innovation Centres' service provision (logically) affects the level of impact there is on the ability and capacity to innovate (more contact moments with an Innovation Centre mean more impact). There is no significant difference in this respect between individual Innovation Centres.

More than half of the companies in our impact measurement provide additional financial resources (investments) or (partially) free up existing staff for R&D and/or innovation. About 30% of the companies in our impact measurement take on additional staff. This scenario entirely matches the results of the previous impact measurement.[11] Companies that have only had one visit from an innovation advisor score significantly lower in the reported impact than companies that have had several contact moments.

It appears that, just like in the previous impact measurement, respondents say the additional resources provided, are mainly used for developing new products and to a far lesser extent for services and processes. Thanks to the services provided by the Innovation Centres, SMEs have set up new collaborative initiatives.

A large number of the companies (46%) involved in our impact measurement expects that within two years, the support offered by the Innovation Centres will result in the marketing of new products, services or processes; 8% of the respondents do not expect the support to lead to new products, services and/or processes (the same percentage as in the previous impact measurement).

The vast majority of the respondents (80%) say they have higher expectations for their future trading results (such as increase in revenue, profit or improved competitiveness) thanks to the innovation actions they carried out after Innovation Centre support. About a third of the respondents even see a huge improvement. This is more than in the previous impact measurement, when 6% saw an extremely huge improvement and 20% a huge improvement.

The additionality of the Innovation Centre support is especially prevalent regarding time and size and to a lesser extent regarding the continuation/initiation of the innovation

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[10] The previous impact measurement referred to the period 1 January, 2011 up to and including 30 June, 2012. In the impact measurement carried out for the purpose of this evaluation, the respondents were asked a specific question about the evolution of the service Innovation Centres' provide to companies that had also made use of the Innovation Centres' services in the previous period.

[11] Technopolis, (2013). Impact measurement of the Innovation Centres, final report.

project. In 13% of cases, the innovation would not have happened at all (comparable with the previous impact measurement when also 13% of the respondents declared the innovation would not have happened without Innovation Centre support). More than half of the respondents said the innovation went through, but in an adapted form and in many cases it would have taken much longer.

SWOT

- A significant **strength** of the Innovation Centres is the easy access SMEs have to them, on account of both the geographical proximity and the innovation advisors' business orientation and competence. Other strengths are the independence and generic operation of the Innovation Centres. Their position in the Flemish innovation landscape has also improved compared to several years ago. This is attributed among other things to the improved cooperation with other innovation actors, the addition of other tasks and the fact that the Innovation Centres have been embedded in the S&I-Decree.

- Despite the progress that has been made in recent years to get the Innovation Centres to operate and to work together more uniformly, the current structure – five separate organisations (and so five directors, five administrative assistants, five Boards of Directors) – is still viewed as a **weakness** considering its impact on overheads (and thus costs). Although regional proximity is also labelled as a strength, based on the interviews, we determined that at the same time the risk remains that the current structure fosters fragmentation and a *too* provincial focus. The fact that the Innovation Centres are the IWT's front office only – considered a strength by some people – is something we identify as a weakness. This situation confirms the fragmentation in the Flemish innovation landscape, creates uncertainty in the target group, upsets the cooperation with other agencies and makes the Innovation Centres entirely financially dependent on the IWT. Other weaknesses are the limited capacity and temporary character of the funding and the relatively one-sided profile of the innovation advisors is also mentioned as a concern.

- A major **opportunity** for the Innovation Centres is to expand their position as gateway and navigator in the multi-faceted and complex landscape of Flemish innovation. This would involve extending their tasks, contribute to the thinking process about the SME toolkit and activities, further develop the tools and activities and provide solid support for government policy. At the same time, strategic policy developments in the period 2009-2014 such as the New Industrial Policy, smart specialisation and focused cluster policy, offer the Innovation Centres opportunities to embark on new collaborations and to improve their position in the innovation landscape. The expansion of tasks (and thereby people and resources) possibly provides opportunities as well: in this way the Innovation Centres maintain a scale that gives them visibility at regional level.

- A great uncertainty for the Innovation Centres is the Flemish government's decisions on future policy in general and more specifically about the implementation of and resources for innovation policy and in particular, the Innovations Centres' role in that policy. Fewer resources usually imply higher workloads and additional tasks would consequently put a strain on the Innovation Centres' horizontal operations. Possible new task extensions can, alongside providing opportunities, also pose a **threat** namely the negative effect on the Innovations Centres' horizontal operations. The Innovation Centres are given tasks that strictly speaking are not or to a lesser degree part of their core assignment,

which can lead to a reduced focus, along with a growing overlap of activities with other innovation actors. Further threats include the risk of the innovation concept becoming eroded, the economic crisis and the rapid evolution of many companies, and especially of the knowledge about innovation, making it increasingly difficult for advisors to keep up with everything.

(Draft) Strategic Plan 2015-2019[12]

The Innovation Centres are applying the same objectives for the coming period (2015-2019) as the current ones. The focus on expanding their unique role in the innovation landscape is a wise choice. We do wonder to what extent the Innovation Centres are equipped to fulfil a (greater) role in relatively new projects such as Key Enabling Technologies (KETs), New Industrial Policy and Horizon 2020, the reason being that these projects have a more vertical operation, appeal to other target groups and are more internationally orientated.

Our opinion relates to the fact that we feel the centres are avoiding a more fundamental choice in their self-evaluation, namely the question of whether they want to continue to follow-up SMEs over a longer period, or support more SMEs (who later find their own way) for a shorter period within the complex Flemish innovation landscape. Doing both imposes too great a burden on the centres' current limited capacity and resources.

The fact that the Innovation Centres prefer to retain a modest role in internationalisation is sensible. Internationalisation does not sufficiently reflect the characteristics of the Innovation Centres' major target group(s).

Performance indicators

The current performance indicators are a proper representation of the Innovation Centres' present objectives and tasks. This set covers the Innovation Centres' information, referral, advisory and supervisory roles. Especially important are the indicators concerning the amount of supervision, the amount of implemented advice and the impact on innovation maturity. The target values for the indicators are in our opinion realistic, because they can be estimated well based on historical data. Some of the indicators used, however, are difficult to measure (the number of new clients acquired through pro-active actions, innovation maturity) or are less relevant (number of innovation recommendations, internationalisation).

Regarding the future performance indicators (ten instead of the current seven) that the Innovation Centres themselves propose in the plan, we conclude in general that these are a good representation of the Innovation Centres' objectives. They still aim however at input and output which are relatively easy to measure, and to a lesser extent at effects which are relatively difficult to measure. A few indicators leave too much scope for various interpretations and put a great deal of unnecessary emphasis on communication (three indicators). The indicators appropriately do not yet take into account the possible changed emphasis in policy and institutional changes resulting from a new Flemish Government, because the new coalition was not known at the time this proposal was made. The proposed target values for the set of indicators are in line with those of the previous period.

[12] As part of this study, the Innovation Centres collectively prepared a self-evaluation. Based on a questionnaire supplied by the department of EWI, this evaluation has an ex post component and an ex ante component, the latter concerning the (draft) Strategic Plan 2015-2019.

Recommendations for the Innovation Centres

1. The Innovation Centres can maintain their strategic and operational objectives. The evaluation gives insufficient reason to make any major changes. The same applies to the services provided.
2. Intensify the mutual collaboration between Innovation Centres further in order to gain maximum benefit from uniform services, processes and knowledge-sharing.
3. Investigate to what extent additional resources can be acquired beyond the RIS support.
4. Invest even more in the innovation advisors' skills to support service and process innovation in the target group.
5. Intensify the focus on the (future) collaboration with VIN members.
6. For the forthcoming period (2015 – 2019), apply the performance indicators and target values (for 5 fte advisors per Innovation Centre) as stated in the table below.
7. At every discussion about the future of the Innovation Centres, highlight the unique role these centres play as a low-threshold gateway and navigator in the complex landscape of Flemish innovation.

Performance Indicators	Target value (Flanders)	Explanation
FRONT OFFICE FOR THE IWT		
KPI1: Number of IWT or European projects submitted by companies supported by an Innovation Centre.	220	=KPI2 Innovation Centres proposal
KPI2: Number of IWT or European projects from companies that during execution or afterwards were observed by Innovation Centres. The results will be monitored.	130	=KPI3 Innovation Centres proposal
KPI3: Number of company referrals by Innovation Centres to FIT (Flanders Investment & Trade), AO (Enterprise Flanders) or third parties.[13]	200	=KPI4 Innovation Centres proposal
NAVIGATOR ROLE		
KPI4: Number of company referrals by Innovation Centres to VIN players, with successful outcomes.	500	=KPI5 Innovation Centres proposal, without cluster links
EQUIP COMPANIES WITH SUSTAINABLE INNOVATION		
KPI5: Number of innovation consultations given to companies by Innovation Centres, with follow-up (as percentage of the total number of consultations).	80% of 800 innovation consultations	=KPI9 Innovation Centres proposal (with the addition of KPI8 proposed by the Innovation Centres)
KPI6: Number of companies that through Innovation Centre intervention took steps towards higher (innovation) maturity.	300	=KPI7 current set of indicators. Measure this indicator after completion of the IWT-funded project.
OPERATIONAL EXCELLENCE		
KPI7: Positive evaluation by clients, partners and members of the VIN network on the Innovation Centres' operations and impact.	>8 (of 10)	New indicator based on customer satisfaction surveys

[13] FIT and AO are both agencies of the Flemish Government.

Recommendations for the Flemish government

8. Investigate to what extent the centres' current structure (five separate non-profit organisations, each with its own director, administrative assistant and Board of Directors), can be adjusted to reduce 'overheads'.
9. Should the current structure remain intact, a decision can be made to make the uniformity of each individual Innovation Centre's services, operations and target groups more compulsory, in order to achieve cost savings (ICT, communication, procurement).
10. Give the centres a clear role in the (re)design of (subsidy) measures to promote innovation and entrepreneurship. The centres possess a high quality of knowledge and experience relating to an important target group for these measures: SMEs.
11. When implementing these measures, make sure the roles of the Innovation Centres and the IWT (and other agencies) remain separate: the Innovation Centres support project applications, while the IWT (and the other agencies) evaluate project applications.
12. Consider whether the Innovation Centres can become front office and navigator for all the Flemish agencies that aim to encourage innovation, entrepreneurship and/or internationalisation in small and medium-sized enterprises (IWT, AO and FIT).
13. With four or five innovation advisors, each Innovation Centre has reached a minimum scale for achieving its objectives. We do not recommend further cuts in these centres' resources.
14. The Flemish government could – in consultation with the Innovation Centres – devise a better strategy regarding the scope of the support the centres should provide. Despite their limited resources, the Innovation Centres now seem to be going down the route of deciding to support both as many SMEs as possible (broad support) as well as provide long(er) support and follow-up to SMEs (in depth support). Or in other words: there are more SMEs joining the portfolio than leaving it. In our opinion, in the long term this is not a sustainable situation.
15. For each additional assignment to the Innovation Centres, determine its impact on the horizontal operation of these centres.

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