

Innovation Culture of Business Incubators



Jonas Michanek — Associate Professor and Division Manager, Founder and Owner of Idélaboratoriet

What is the role of your company regarding the innovation process in Sweden?

My company is Idélaboratoriet (Idea Lab) and it's a consultancy working with innovation and creativity. The purpose of Idélaboratoriet is to give value to our customers by consulting organizations in the areas of idea-, creativity- and innovation management. When we started in the middle of the millennium festivities of 2000 no one was talking about it. And today it's everyone's talking point. Even President Obama in his State of the Union address said that the only thing that can save America from a debt crisis is innovation.

We work with an early phase in all kinds of industries, with customers from Carlsberg, Tetra Pak, Sony Eriksson etc. We worked with the city of Malmö, for example. Social innovation has become a hot topic and now municipalities, cities and states are also coming. But we mostly work with the private companies.

What are the major players on innovation scene in Sweden?

I would say the major players are mostly the companies. You can say how much you want of state funded, university-funded innovation, but innovations happen in companies and not in state organizations or in universities. In this area – the southern Sweden – historically we have a very interesting IT and telecom cluster and now it has grown even more. Here, just in this house, several companies have been bought by Apple, by Blackberry and so forth because local enterprise are very good at producing interaction, design and new services for mobile phones. So, I would say the major players are usually big companies, which in their bigness create clusters around them. That's more important than all universities and state funded initiatives you could find.

I think culture also is very important. The culture we have in Sweden is very good for innovation: it's very free; it's very open; it's very tolerant; it's very curious about technology and so forth. That fosters innovation.

What else makes Swedish innovation system distinct from other countries?

I think Swedish culture and Swedish innovation system are not so bureaucratic. People talk less and act fast. People are open to new ideas. That's, probably, the most important

thing. I worked all over the world – in all continents except for South America, and I have to say it is really easy to work in Sweden. Well, I haven't worked in Russia, but I have worked in Europe and it's tough to work in, for example, Italy, which has a very hierarchical structure in organizations. Usually it's easy to work in the US because people speak freely there. It's hard sometimes work in Asia, at least the way we used to, because people don't say anything. They are scared to say a wrong thing. But, on the other hand, when it comes to conceptualizing and making things happen they are really good. China has a fantastic production potential but when it comes to innovation, it will take a lot of time for them to get new ideas, they aren't used to it, because for the last century the people have been penalized for having ideas of their own.

If you compare that to Sweden, Sweden is really open, it has flat organization structures. You don't have to ask your boss a permission to have a new idea. So, that makes kind of a distinction.

What is the government's role here?

The government's role is mostly to be kind of a backbone. One role that has, probably, become more and more important, especially after the financial crisis, even though Sweden wasn't hit that hard, is seed funding. When times are bad, the venture capitalist moves away from seed funding. This is really a good example of what states can do. And also business incubators. I was a part of European benchmark for business incubators and I've seen so many really bad examples of incubators. But this one, MINC/Malmö Incubator is really a good example and it is based very much on culture, on creating a right culture from the start. There are no long corridors with closed rooms. The atmosphere is very open and they choose right people, right companies. That is what fosters innovation in the early phase – the right culture and the place, and now it's a success story.

Are you speaking about this particular business incubator or about Sweden in general?

I'm talking about this one. I wrote a report to start this incubator 10 years ago. They asked me whether I wanted to lead it, but I said I wanted to keep on running my own company. But we've been sitting here ever since, and I can't take the credit for this but it has been a great success. They started with two floors here and now it's the whole building. This is one of the biggest incubators in Sweden.

What was the initial idea you sold to these people?

It was just to start an incubator, but I also was thinking about what could be around it, both virtually and architecturally, what it could look like, what soft principles there should be, culture parts but also different industries that they could focus on. First it was very open but then we started focusing on design. They had one floor where there was only design, one floor where there was only IT, and then it started mixing up and now they just go for good companies. It's been a big discussion about the incubators – whether they need just to focus on one thing and not to do the other. Sometimes that might be right depending on the environment. But I think, it's important to reach a certain critical mass. If there are just three companies sitting and there is no energy – it doesn't work.

If you talk about my company – the Idélaboratoriet – our role is, probably, to be a facilitator of creative processes in companies and organizations. We are both the spark and the oil, someone who starts things in different organizations.

What distinguishes “good” incubators from “bad” ones?

I would say the good incubators in Sweden are the ones that have been good at creating their own cultures, as I said, innovation culture, not being too closely linked to universities, just being part of another corridor. For example, incubator next to IDEON has been a big failure until lately. It was just too close to the university. They were not really entrepreneurs. I saw too many university incubators that were really bad. I mean, business incubator should, probably, be close to university but not let university people run it. Entrepreneurs and people who understand business should run it. Otherwise it will become another boring corridor.

Apart from business incubator you have here, are there any other examples of successful incubators in Sweden?

Yes. There is a good virtual one, it's called Sweden cleantech incubator. It is a virtual incubator that supplements regular incubator programmes by adding a cleantech focus to business development. They also provide support with marketing, competence development and finding financing.

Did the government in Sweden feel it necessary to put forward any specific legislation to promote innovation, or was it less bureaucratized?

When it comes to innovation, laws aren't, probably, a way to go. A lot of good things have come up when boundaries have been created. For example, when oil disappears it's going to be a great innovation spark to all other kinds of energy. So, boundaries can be good for innovation but laws – I'm not sure. Have there been created many laws around? They are discussing different kinds of economic incentives. I know they are discussing taking away the taxes for early phase investments and so forth.

So, it's mainly about budget and taxation?

It's such a broad question. For most entrepreneurs money is not the

main driving force. It's a vision and the ideas or doing something new. Some entrepreneurs are there only for the money. But most innovators and entrepreneurs aren't. It's more important to create a possibility to dream and fulfill the dreams than make a perfect economic structure for it.

Compared to what it was some years ago, how did the innovation landscape change? What were the major trends?

One of the major things that happened on the overall scale is that Sweden has been a country built on very big companies and big companies has always been the finest thing. The last 20 years both politicians and the overall media climate have changed to make small entrepreneurs the heroes. And I think that's a very important shift. The ministers and the government instead of talking of small entrepreneurs as of people, who are trying to skip taxes, are now praising them for creating jobs, promoting innovation. Young people today perceive creating their own companies as something much more possible and fun way of building their future before seeking a next job at IKEA. That's also a big shift in attitude. I think that is very important for the future of Sweden.

What are the major incentives that help the innovation process and what are the obstacles?

As an entrepreneur, I would say, one of the economical things that might stop people is that it's still expensive to employ people here. It's much more fun to be entrepreneurs, to do own thing than just go to a big company. I think it is really very important to show the good examples, and we had some really good examples in Sweden like Skype, and you can see that it's fun to create companies and you can also make money. But I don't think that's a big driver. I think the big driver is that people have a chance to do their own thing. Entrepreneurship and innovation is a good way of doing one's own thing.

What are the obstacles? Small market?

I think Sweden is good in the sense that it is a small market because it's easier to get things going. Competition might be not that hard. On the other hand, we have always had a problem with scaling up. What is happening is that small companies are being bought by, for example, American giants

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The Second EU-Russia Innovation Forum in Lappeenranta

The Second EU-Russia Innovation Forum will take place in Lappeenranta, Finland May 25–26, 2011. This annual innovation and modernization event between the EU and Russia gathering over 600 company representatives and decision makers engages business leaders, financiers, researchers & policy makers in the cooperation to build the global competitiveness of Europe and Russia. Some 300 Finnish, European and Russian companies interested in modernization opportunities are expected to attend the forum.

www.eurussiainnoforum.com

Conference “Russia’s Regions: Strategies and Mechanisms for Upgrading, Innovation and Technological Development”

VII International Scientific and Practical Conference “Russia’s Regions: strategies and mechanisms for upgrading, innovation and technological development” will be held May 26–27, 2011 at the Institute of Scientific Information on Social Sciences of the Russian Academy of Sciences.

www.i-russia.ru

“Focus on Russia: Innovation Ways” Seminar on Russian Pulp & Paper Industry

SPCI WORLD PULP & PAPER WEEK will be held in Stockholm May 17–19, 2011 by RESTEC Exhibition Company and Adforum Company. Within the framework of the exhibition on May 18, 2011 RESTEC Exhibition Company will organize a seminar on the Russian pulp and paper industry “Focus on Russia: Innovation Ways”. The discussion will focus on the current situation in the industry, issues of innovation and prospects of international cooperation, based on joint projects.

www.rysslandshandel.se

because we can't really scale it up. And people have called it the Swedish paradox – we are good at having ideas but we are not so good at making big money out of them. But on the other hand I'm not sure that's a bad thing. Maybe that's our role. Maybe we should be the ones to have the good ideas and create start-ups. We just have to be really good at charging a fair amount of money when we sell our ideas. Maybe that's our role in global innovation system.

Can you figure out, perhaps, some areas where the results of innovation were the most remarkable?

The obvious thing is the way smartphones and social media are now changing our society. I don't even think we even grasp the start of it yet. This is, of course, a major thing that is happening. I like the way packaging has changed, and the way they work with nanomaterial, and we have been working a lot with Tetra Pak. But also the environmental side of it, of course. I live in a house near here, and we recycle everything. Just two years ago I lived in another house here – we recycled nothing. I think the whole recycling and environmental science is going to have a huge impact on the way we live. What else? I'm really fascinated by the function of food sector as well – the way we are producing more and more food products that are highly innovative. We worked with some companies in those areas, and it's fun to be close to consumer and, at the same time, you are very close to high tech research in biology and technology.

Perhaps, there were some areas where innovations failed to despite all the efforts and money spent?

I would say that biotech industry is one of those bubbles. The IT bubble, probably, wasn't a bubble when you see it in history because IT is everywhere now and it has definitely changed our lives. The biotech was supposed to be the same thing and that hasn't happened yet. I mean we haven't gone into a DNA structures yet to change different things. Yes, we cloned a sheep but it hasn't really mattered anything yet. So, the biotech is waiting something to happen. It hasn't but it could and it can, probably, be huge. What else? I would say both the car industry and aviation industry. Probably, something is happening now

but it has been a big disappointment so far. I mean, we still pretty much using the same amount of oil for driving new cars. 20 years ago they started talking about lowering the gas liter per mile. We did a little but it's still pretty much the same. That's a big disappointment to me.

Being part of it, how do you see the near and a more distant future of the Swedish innovation system?

I'm a staunch believer in innovations, and I think it's going to bring us the future. But when it comes to a national scene, we had our first innovation strategy in 2004. It was very fluffy. And we have been waiting since then to have a more clear strategy for Sweden. For the last two years we have been listening to the government promising to deliver it, now it says they may need two more years. So, that's one thing we are looking for. Another one is, I think, cleaning up the innovation system. There are too many state initiatives with similar roles and too many small players. In this region there are about 30 different agencies to promote innovation and most of them are doing pretty much nothing because their budgets are very small. So, they are just trying to feed themselves and therefore they don't really have time to help other people.

What would you like to be achieved through the initiatives you've mentioned? How would you put the aim of these processes?

You probably could measure how many new companies have started, how many is being helped throughout the process. I sometimes think that part of this state funding should just be put into another seed fund to make it go straight to the companies, so that it didn't have to go through 3 layers of bureaucrats before it reaches the persons that are supposed to have it in the beginning. So, I would like to reduce the layers in the innovation system and measure how much money goes to business innovation compared to how much money goes to the bureaucracy creating that system. Even though, as I said before, I don't think that Sweden is exceptionally bureaucratic. Still, there are a lot of things to do. And we are also a part of the EU, which is a very bureaucratic system, and I think a lot of layers in the EU should be cleaned out as well.

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Round Table "Development of Mechanisms Facilitating Access for EU R&D Organizations to Russian Research and Innovation Programmes"

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Round Table "Development of mechanisms facilitating access for EU R&D organizations to Russian research and innovation programmes" is organized by ACCESSRU project, and will take place May 31, 2011 in the Moscow office of the Delegation of the European Union to Russia. The goal of the Round Table will be to discuss in more depth existing access mechanisms and to finalize the strategic recommendations for facilitating European researchers' entry into Russian national programmes.

www.fp7-bio.ru

Attracting leading scientists to Russian universities – 2011 Grant Competition

Grant competition of the Government of the Russian Federation is designed to support scientific research projects implemented under the supervision of leading scientists at Russian institutions of higher learning. The RF contribution is 150 million rubles (about € 3,500,000). The duration of the research project is 2–3 years. Main task is creation of a research laboratory of international level in the university. Deadline is June 16, 2011.

www.eng.mon.gov.ru

International Exhibition and Conference on Energy Efficiency and Saving ENES 2011

International Exhibition and Conference on Energy Efficiency and Saving ENES 2011 will take place in Moscow (Exhibition Centre) May 24–26. ENES 2011 will provide insight into and give an evaluation of the market conditions for energy efficient and saving technologies, equipment and services, reveal development trends for this market in various regions, organize a dialog between the business and the authorities.

www.eng.spb-venchur.ru

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