

# DOWNLOAD PDF OPEN INNOVATION STRATEGIES IN SMES : DEVELOPMENT OF A BUSINESS MODEL

## Chapter 1 : SME Biz-Innovation Summit | Questex Events

*Open Innovation Strategies in SMEs: Development of a Business Model: /ch Open innovation in entrepreneurs already finds its acceptance at all levels of the business industry for adding value to the business.*

However, little is known about the processes used to implement open innovation in SMEs and the associated challenges and benefits. *SMEs and Open Innovation: Global Cases and Initiatives* unites knowledge on how SMEs can apply open innovation strategies to development by incorporating academic, entrepreneurial, institutional, research, and empirical cases. This book discusses diverse policy, economic, and cultural issues, including numerous opportunities and challenges surrounding open innovation strategies; studies relevant risks and risk management; analyzes SMEs evolution pattern on adopting open innovation strategies through available measurable criteria; and assists practitioners in designing action plans to empower SMEs. Topics Covered The many academic areas covered in this publication include, but are not limited to: At the same time the book addresses other important aspects related to SMEs and open innovation. One of such aspects is how to enable SMEs to use open innovation or how to access open innovation services. Another aspect is concerned with laying the basis for a research program on the subject. In a complex and highly competitive global scenario, to compete and survive, enterprises have to innovate and develop commercially viable products and services faster than ever before. Concepts like, technology exploitation or technology exploration, or more specifically, licensing in or licensing out, are becoming issues of common interest in the arena of modern entrepreneurs. Ranging from large multinational enterprises to corporate business houses to small firms, all are striving towards attempts to grab the market in ahead of others for economic gain, or value addition. Enterprises consider innovations as a major driver to enhance their performance and to strengthen their competitive position in the market. In doing so, many firms have paid most of their management attention to a greater focus on internal efficiencies of the development process, team structures, decision making and cross functional interaction. However, as more and more companies are bringing innovation straight to the heart of their corporate strategies, developing internal innovation capabilities is no longer sufficient to gain and sustain competitive advantage over global competitors. Since innovation strategies look increasingly commoditized, more and more organizations try to further improve their innovation performance through intensifying collaboration across industry networks and partnerships, and opening up their innovation processes in line with the open innovation Chesbrough, ; EIRMA, However, while applying open innovation concepts and strategies to the cluster of enterprises, namely, small and medium enterprises SMEs , situations do vary. Despite, being a major component in terms of contributions towards national economy or job creation, SMEs in many countries are lagging behind in adopting open innovation strategies for their business development. While searching for impediments along this route, researchers, academia, and practitioners have found almost similar reasoning, inclusive of scarce resources, skilled manpower, reduced product life cycle, and increasing global competitions Rahman, This book has tried to incorporate applications and researches on open innovation concepts and strategies that are being applied to the enterprise sector belonging to SMEs by accommodating theoretical perspectives, researches as practices, and case studies. The book has 16 chapters divided into four sections, namely concepts, researchers, and practices; innovation marketing, communication, and growth management; entrepreneurs, strategies, and crisis management; and creativity, collaboration, and co-creation. Where the Book Stands Accommodating academic and research concepts that are being applied in real-life cases illustrating open innovation strategies for SMEs development, this book has the intent of being a common platform for raising knowledge on entrepreneurship and innovation. Covering diverse aspects surrounding the open innovation concepts in terms of policy, politics, economy, and culture, including opportunities, challenges, and risks, this book sets forth a benchmark in this field of interest. Furthermore, by incorporating scientific, theoretical, academic, and research concepts, as well as empirical and success cases focusing those concepts, this book

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will act as a guideline or flagship for those who are active in the aspect of open innovation paradigm for SMEs development. By far the book has the opportunity to be taken as a catalyst of knowledge repository in the field of business entrepreneurship for economic empowerment in a country, whether developed, developing, transitional, or under-developed. Target Audience The very basic nomenclature of open and collaborative innovation in terms of entrepreneurship leads to the enormous extent of periphery of the target groups that one could think of. If one thinks of an entrepreneurship in a country, it may accompany issues and contexts of the entire community, ranging from the government or policy initiators; entrepreneurs and enterprises; researchers, practitioners, and academics; users and intermediaries; and the population at large. Hence, the potential audience of this book may comprise of all these stakeholders within an economy. Furthermore, on regional and global scenarios, this book will target development partners, international agencies, and their mediators. Organization of the Book The book has been divided into four sections; concepts, researches, and practices; innovation marketing, communication and growth management; entrepreneurs, strategies and crisis management; and creativity, collaboration and co-creation. As a new field of research and practices on entrepreneurship, hardly one section or another could be separated very distinguishingly, but for the sake of readership, the intent is so. However, the book comprises 16 fine pieces of manuscripts focusing business development aspects of the small and medium sized enterprises sector covering almost every corner of research and practices of open innovation paradigm. Innovation has become a major driver of economic growth in a country through sustained entrepreneurships. Foci of researchers and practitioners are revolving around innovation methods, processes, and strategies. Chapter 1, as the introductory chapter to the book, finds out open innovation researches and practices that are being carried out circumscribing development of SMEs through a longitudinal study. The chapter investigated researches that are being carried out by leading researchers and research houses across the globe, and at the same time, it also searched for open innovation practices that are being carried out for the development of SMEs. One may argue about the characteristics of researches or practices on open innovation in relevance to the SMEs development, this chapter sets forth the initiation of a new dialogue or a new dimension of research. Open innovation has gained popularity in recent years. But a question arises: As a case of a business development company in the field of ICTs, Chapter 3 explores, describes, and examines the story and circumstances of building and managing innovative business ideas in an Egyptian small business enterprise. The chapter addresses specific circumstances, opportunities, and challenges with which a small enterprise pursuing innovation strategies is faced, and analyzes how effective deployment of innovative business ideas and bringing them to the market has contributed to strategic competitiveness. The study used qualitative research strategy in connection with theory to gain full understanding of a natural setting, and as a comprehensive method of substantiating or un-substantiating the context of achieving strategic competitiveness through new innovations and technologies, and provided insights into the nature of management of innovations, from which lessons can be drawn for other organizations both in small business sector organizations and generally. With recent developments of open innovation concept as a formal management discipline, many organizations are thriving to raise internal competencies that can be leveraged to generate measured success. Chapter 4 presented a model with simple, but elegant structure necessary for the design and implementation of a successful open innovation program. The chapter explores the leading causes of failure in a new open innovation program, and offers guidelines and criteria that open innovation leaders and practitioners can use to avoid these pitfalls, and to establish a program that generates tangible returns. With the advent of innovative technologies and multi-dimensional researches along the setting of entrepreneurship development philosophy, context and business management have been transformed from being traditional to innovative. Depending on diversity and nature of the transformation, innovation has been shifted from closed peripheries to open dimension. Looking at the immense benefits, ranging from small entrepreneurs to corporate to multinational business houses, all are adopting various innovation techniques. However, Chapter 5 argues that there is a research gap within the context of SMEs development through open innovation strategies. The chapter initiates a research model for

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carrying out researches on the development of SMEs through utilization of open innovation strategies. To set the research model, the chapter has developed an innovation opportunity framework, both at the policy level and at the entrepreneur level. As mentioned earlier, innovation is vital to sustain and advance current activities, as well as it can be vital to growing new businesses. In this aspect, the challenge for organizations operating in a global environment is to meet the evolution of the marketplace, social needs and the needs of society. Open innovation allows organizations to draw from the global pool of knowledge to design products and business modes that provide value while meeting social needs. Chapter 6 looks at several SMEs in South America that are working in the entrepreneurship acting as social innovators by drawing on a range of technologies to create products and services or to commercialize existing products in a new way in order to meet pressing social needs around the world. Chapter 7 presents a model of open innovation as a collaborative effort of firms in Israel, mostly SMEs that are managed under a government support programme with the assistive involvement of academia. It deals with the process of assimilating existing technologies and methodologies. The model focuses on search, identification, and implementation phases to improve competitiveness through open innovation strategies. Chapter 8 investigates a mechanism of organizational innovation serving to make sense of a maturing university community involving educational executives, academic staff, and students in the occasion of a new campus development in Macau SAR. The chapter examines the accountability framework for undergraduate curriculum reform, and by treating the electronic transformation e-transformation as one of the open innovation strategies, it explores the e-transformation of the university environment, based on holistic concerns of the campus community. The study argues that in practice, the lessons learned behind the e-transformation of the learning enterprise should benefit all walks of the local community, including the community of the SMEs. Chapter 9 investigates and analyzes the sources of innovation and success in food service industry of Finland. It also discusses of what kind of network management capabilities were needed in these SMEs cases. The chapter demonstrates that the SMEs have a good chance to succeed if they can harness the external knowledge in their start up process. The chapter thus contributes to the prior strategic management and business networks research by analyzing the selected SME cases in the food service industry. However, little attention has been given to growth-oriented small firms in identifying and exploiting entrepreneurial opportunities related to such development, in an open innovation context, from a social learning perspective. Chapter 10, based on an instrumental case-firm in UK, demonstrates analytically how learning as entrepreneurial action takes place, drawing on situated learning theory. The chapter argues that such learning is dynamic in nature and is founded on specific organizing principles that foster both inter- and intra-communal learning. Open innovation in entrepreneurships finds its acceptance at all levels of the business industry for adding value to the business. The value could be in the form of economic gain or enhancement of knowledge leading to a sustained financial base. Open innovation adopts various strategies to accomplish the task for enhancing the value gain. Depending on size, nature, pattern, or characteristics of the firm, various strategies are being adopted by enterprises. In recent years, open innovation is also becoming increasingly adopted in SMEs and the trend is rapidly increasing. However, despite the potency of open innovation strategies, most of the enterprises are yet to find a sustained business model, especially for the SMEs working at the periphery of that value chain, which is the focus of Chapter 11. The chapter is trying to formulate a business model incorporating partnership approach from academia, research houses, intermediaries and other stakeholders to be applicable for SMEs. Backed by this idea, Chapter 12 underpins a comparative study on SMEs handling risk and crisis management according to a new tailored model of a Balanced Scorecard. Open source communities such as the ones responsible for Linux and Apache became well known for producing, with volunteer labor innovating over an open communication channel, high-quality software that has been widely adopted by organizations. In the web server market, Apache has dominated in terms of share for over 15 years, outperforming other corporations and research institutions. The resource-based view RBV of firms posits that an organization outperforms its competitors because it has valuable, rare, imperfectly imitable, and non-substitutable resources. Accordingly, one

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concludes that Apache possesses such resources to sustain its competitive advantage. However, one does not know what those resources are. This chapter is an effort to locate them. Additionally, for each proposition developed, methods for their empirical validation are proposed. Chapter 14 describes a new sustainable business model, Innovation 2. The model, created by a Spanish company leader in marketing and strategy issues, under the premises of fairness for the different players, requires an open-minded view of the businesses and, in fact, is a model for open innovation in telcos, which traditionally tend to address innovation from a prism more reactive than proactive. The nature of innovation is rapidly changing, and the concepts of open innovation and crowdsourcing need to be embraced. Innovation has quickly become not only the edge on which competition can occur but rather the characteristic of existence, the means to basic survival. Several forces are driving the rapid change in innovation as it is understood today. These forces tend to have a technological impetus, the very impetus that open innovation and crowdsourcing are built on. SMEs are facing a triple blow in the light of the evolving face of innovation. Survival is the eminent challenge that must be overcome. Chapter 15 elucidates on the major challenges faced by SMEs in crowdsourcing and the hindrance they face exposing to open innovation situations. Contemporary France has, however, largely left the state-centered model behind, introducing a range of devices since the turn of the 21st century aimed at opening French innovation to international and cross-sectoral collaboration for increased productivity and national competitiveness. Chapter 16, as a case study, traces the opening of the French innovation system and the way one new academic, industrial, and government collaboration aims to make use of new features of the system to accelerate development of an eco-innovation cluster focused on cities of the future. Conclusion Entrepreneurship, a crucial element of economic expansion for a country, essentially plays the same role in all spheres of social and democratic processes among developed, developing, and transitional economies. Similarly, innovation is the term newly evolved and at the same time equally adopted by governments, scientists, academics, and entrepreneurs to progress further for exploration of new knowledge and ventures for economic and value gain. In this aspect, open innovation perspective of business development, especially for the SMEs, deserves scholarly attention from every corner of research dimensions. Contribution of similar researches and practices has already been acclaimed by leading countries in the arena of knowledge economy, and a book of this nature will certainly find its position among the communities of innovation dynamics. The new imperative for creating and profiting from technology. Harvard Business School Press.

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## Chapter 2 : Business development for SMEs | Spinverse

*- It is found that sustainable development of SMEs requires two kinds of open innovation which are knowledge strategy and business model. According to developing process, SMEs change their open innovation strategy in knowledge strategy and business model.*

Enabling Factors Strategic alliances are an effective way to provide diversity of resources and gain entry to new knowledge and markets. Large corporations have entered recently into alliances with public sector organizations to support innovation in SMEs, combining private and public policy agendas. This article looks into the structure and management of these strategic alliances, their strong practices and inhibitors and how they impact the different parties involved. Background The formation of a portfolio of alliances providing a diversity of technological resources and business inputs has emerged recently as a strategy of large corporations Hoffman, ; Sampson, ; Ozcan and Eisenhardt, ; Jiang et al, ; Phelps, ; Vasudeva and Anand, Despite the obvious advantages, the alliances portfolio strategy can be very resource-intensive due to the complex knowledge transactions Faems et al, , the required governance capabilities Sarkar et al, ; Schreiner et al, and the potential appearance of conflicts Malhorta and Lumineau, Professional coaching services can be subsidised, however a cost model needs to be in place so as to recognise the value added to the company and commitment undertaken. However, small firms find difficult to co-operate with universities and research organisations Izushi, Meanwhile small firms perceive the partnership with a large corporation to include high risks and a range of pitfalls Prashantham and Birkinshaw, These concerns are much more than ill-perceived fears since the value created by an alliance can be appropriated by one of the engaging parties Larsson et al, ; Agedbesan and Higgins, , more likely the stronger one. As a result, SMEs are looking for schemes that can regulate the interaction with their bigger partner and cover a part of the relevant cost. These are partnerships of large corporations with organisations from the wider public sector to support innovation in SMEs and ultimately serve their own innovation strategies. These partnerships have the following characteristics: Methodology Over a period of three years, we identified and studied as part of the RAPPORT project thirty-five ISAs, out of which ten were selected for detailed analysis as the strongest initiatives with the support of a group of independent experts Tsekouras and Kompis, Managers and executives from the ten ISAs were interviewed to identify the historical trajectory of the programs, their organizational structures, the alliance activities including the offered services and the resource or know-how contributions from large corporations and public sector organizations. Twenty participating SMEs were also interviewed to explore their innovation journey within the respective programs. A thematic analysis was carried out to identify configuration patterns, strong practices and inhibitors, decision making activities and the influence of the main parties large corporations and public sector organizations on strategic decision-making. Types and Motivations From the sample of interviewed SMEs was found that the engaging SMEs are active in the sectors of Engineering; Information and communication technologies; Pharmaceuticals, biotechnology and medical; Clothing and textiles; and Business services in descending order. The engaged SMEs are motivated mainly by the support they receive for product innovation, business innovation e. These are potentially followed by collaboration with the large corporations to access their distribution channels. Finally, only a small portion of SMEs referred to the desire to engage in ISAs as part of a strategy to access funding. Typical example, the alliance of a publicly-funded space agency with its large size contractors, supporting SMEs to commercialise the developed space technologies for civil applications. Typical example is the alliance of a large pharmaceutical retail chain with a public university to support developing innovations from SMEs into fully-fledged products. A typical case is a large multinational in the electronics sector which has allied with a regional government and a local university to incubate start-ups and foster the development of promising technological concepts by established SMEs. Each configuration of ISA was identified with some strong practices as well as some inhibiting factors as depicted in Table 1. Table 1 Strong practices and inhibitors of

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each kind of ISA Strategic Influence The analysis of the ISAs reveals that the programmes with the most distributed strategic influence perform better than the ISAs with the strategic influence concentrated on one of the two parties the large corporation or the public sector organisation. A relative balanced distribution of strategic influence between the private and public parties produces a more fertile environment for knowledge sharing and innovation support within SMEs, compared to single actor dominance. The programmes with the highest number of challenges are the programmes where a lot of strategic power is concentrated in one party of the partnership, public or private. The ISAs with a projects portfolio strictly controlled by the dominant partner where only strategic interests fully aligned with the dominant partner are selected for support. The strategy of a strictly controlled portfolio is the result of resolving the emerged tensions through a perceived strategic clarity, namely the concentration of strategic influence into one party and the careful selection of a limited list of partners and SMEs to be involved. Secondly, the ISAs which use the power of a pivotal partner or several pivotal partners to create a number of alliances and projects around a core market or technology area, very much like a spider makes a web to catch valuable items. These ISAs create a web of interconnected alliances, which focus on the same theme and provide several opportunities for the participating partners to connect to each other, as far as they are working towards specific alliance aims and objectives. These ISAs develop a project portfolio as an agglomeration of different strategic priorities, generated by several concurring alliances which however must be orchestrated on a web of alliances in order to serve an overall strategic target. Thirdly, the ISAs developing their project portfolio through a dynamic and for times chaotic interaction through a number of competing alliances organised as a constellation of alliances several priorities and interests are accommodated within the alliance but only the fittest projects attract significant alliance resources. The dynamic constellation ISAs is the result of resolving the different interests and strategic priorities potentially included in an alliance through flat structures, active encouragement of openness and allow to as many players as possible to develop their own strategic space within the program. Conclusions and Recommended Actions ISAs, the new type of private-public alliances that has emerged recently in Europe, exhibits numerous characteristics that can support the delivery of effective innovation activities in changing environments as illustrated by several cases examined. The public sector effectively reduces the risk for large enterprises, helps to lower the participation threshold and builds trust between SMEs and large enterprises despite having very diverse needs for innovation. An exception to this rule is the collective action of several large companies which have an obvious interest to upgrade the capabilities of the smaller firms which can find a place in their supply chains. ISAs can thrive in a stable and predictable regulatory framework within which to invest and grow. The analysis reveals that the ecology-shaped programmes that operate as a constellation of alliances are the ones with the most effective relational mechanisms. Their success depends largely on progressive selection of partners with solid networks and reputation. Apart from the range of strong practices identified, the inhibitors in this kind of ISAs, are more easily manageable. Proactive SMEs have the power to develop their creativity and manage their relationships, while in the private-led and public-led programmes it is much more difficult to do so, due to their more hierarchical structures. Private-driven ISAs despite enjoying better focus to the market requirements, they tend to suffer from fluctuations in the committed resources. Public-driven ISAs programmes enjoy a good portfolio of resources but they can suffer from over reliance to expert sources, lack of market feedback and sustainability challenges. Successful programmes enjoyed a minimum of 3 years funding to aid recruitment of skilled delivery teams and ability to engage with SMEs throughout several key stages of their innovation journey. Key recommendations The key recommendations in the context of ISAs are: ISAs can thrive in a stable and predictable regulatory frame work within which to invest and grow. Specific policies have to do with relaxing European rules for public support for companies, e. Rather than spreading the support resources thinly across every sector, it is recommended to identify the industries and firms where Europe has clear potential to maintain or extend a competitive advantage. Towards providing direct support and advice for close-to-market activities, this can be realised via a new network of professional coaches covering technological innovation, strategic innovation, or financing. Although

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professional coaching services can be subsidised, a cost model needs to be in place so as to recognise the value added to the company and commitment undertaken. The study has shown that geographic proximity is a key success factor. It is thus essential to simplify planning regulations to develop places where enterprises can interact. The role of serial entrepreneurs needs further backing and policies should be devised to encourage activities by those individuals can be implemented. Policies are required to motivate staff from ISA participants to work flexibly across different organisations to catalyse exploitation of the science and technology base. He specializes in knowledge exchange, technology transfer and research strategy. He leads the research in the area of innovation management in the Small and Medium-sized Enterprises. The intra-alliance division of value created through collaboration. *Strategic Management Journal*, 32 , pp. Strategies for managing a portfolio of alliances. *Strategic Management Journal*, 28 , pp. Impact of the length of relationships upon the use of research institutes by SMEs. *Research Policy*, 32 , pp. Alliance portfolio diversity and firm performance. *Strategic Management Journal*, 31 , pp. The inter organizational learning dilemma: Collective knowledge development in strategic alliances. *Organization Science*, 9 , pp. Trust and collaboration in the aftermath of conflict: The effects of contract structure. *Academy of Management Journal*, 54 , pp. The impact of organizational and contractual characteristics. *Research Policy*, 36 , pp. Origin of alliance portfolios: Entrepreneurs, network strategies and firm performance. *Academy of Management Journal*, 52 , pp. A longitudinal study of the influence of alliance network structure and composition on firm exploratory innovation. *Academy of Management Journal*, 53 , pp. How small companies can partner effectively with multinational corporations. *California Management Review*, 51 1 , pp. The impact of technological diversity and alliance organization on innovation. *Academy of Management Journal*, 50 , pp. Process capabilities and value generation in alliance portfolios. *Organization Science*, 20 , pp. What really is alliance management capability and how does it impact alliance outcomes and success? *Strategic Management Journal*, 30 , pp. Using knowledge within small and medium-sized firms: A systematic review of evidence. *International Journal of Management Reviews*, 7 , pp. A new model emerging In T. Information Age Publishing, in press. A study of knowledge utilization from alliance portfolios. *Academy of Management Journal*, 54, pp.

### Chapter 3 : Open Innovation and SMEs

*role of business model (innovation) in the commercialization strategies in SMEs. The present study is then focused on how business model innovation contributes to the successful commercialization of products in SMEs and for this reason, a framework is introduced that explains.*

### Chapter 4 : Lessons from Public-Private Innovation Strategic Alliances for SMEs | Innovation Management

*The sustainable growth strategies of SMEs will appear differently according to the four types in Fig. That is, C-C-type SMEs that use closed innovation approaches in knowledge strategies and during the introduction of business models are assumed to pursue development only within the technologies and business models.*

### Chapter 5 : Universidade do Minho: Open innovation strategies in SMEs: development of a business model

*Purpose: In order to explore the dynamics of openness within SMEs, this study investigates how business model transformation relates to innovation strategy transformation.*