
Co-Op-Act

Strengthening Innovation and Entrepreneurship through Co-Operation and Action
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First BEPART Conference 3–4 November 2005
Towards Entrepreneurial Regions – a perspective on learning, knowledge and innovation

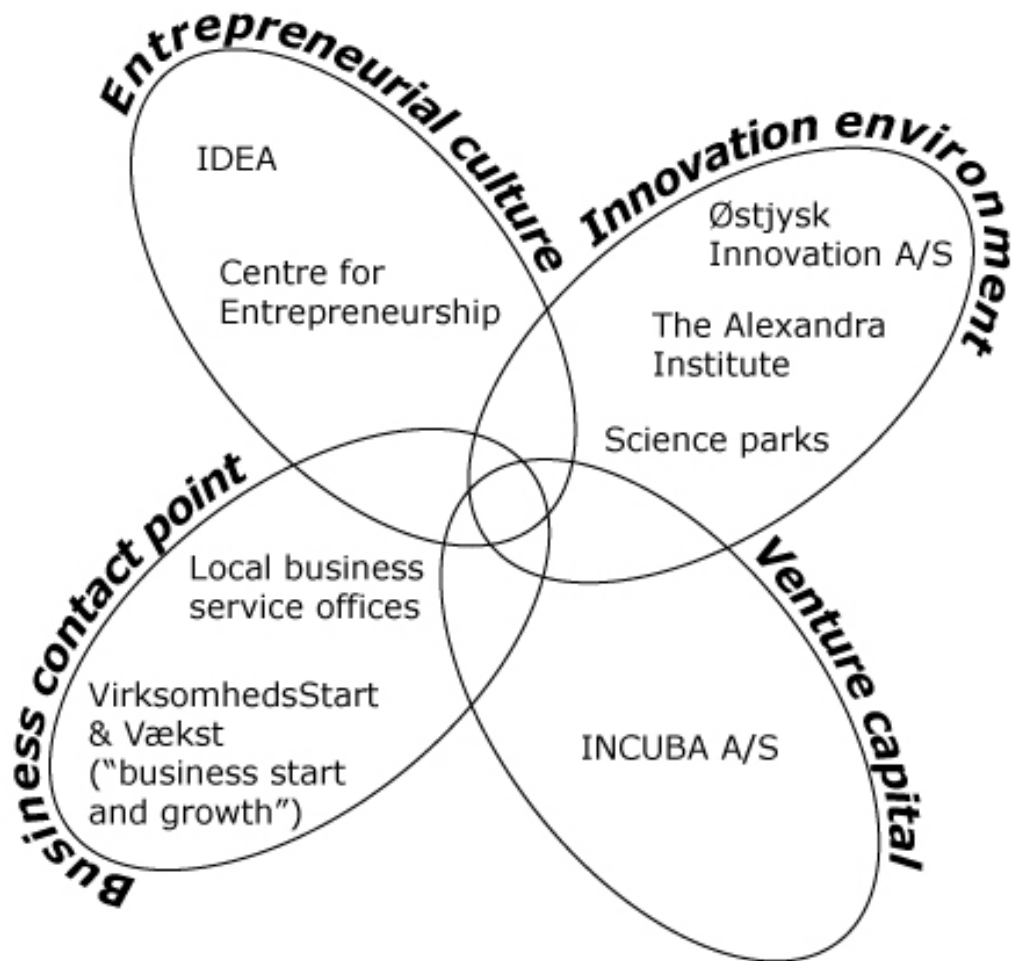
Outline:

- Entrepreneurship and innovation – initiatives taken by the County of Aarhus
- Entrepreneurship and innovation – work implemented by the Jutland–Fyn Business Cooperation Scheme
- Entrepreneurship and innovation – future work in the regions

Entrepreneurship in Denmark – status

- 5% of the adult Danish population start up their own companies
- 5% of Danish entrepreneur companies develop into growth entrepreneurs
- One in three Danish university students considers starting up their own company
- One in ten Danish university students actually starts up their own compan

Correlation between entrepreneurship and innovation efforts



The Jutland–Fyn Business Cooperation Scheme:

Example of cooperation that transcends administrative boundaries

- Set up in 1998
- 8 counties, 173 municipalities, the Danish Ministry of Economic and Business Affairs
- Jutland–Fyn IT effort amounting to approximately EUR 46.9 million in 2002
- More than 50 innovation projects



The universities – the driving force behind regional development

- Universities and research institutions have created strong growth regions in Europe, the USA and Australia
- Commitment and “ownership”
- Cooperation involving public-sector authorities, research and educational institutions and the business community

"Co-Op-Act" – Innovation and Entrepreneurship

First BEPART Conference

Friday the 4th November 2005, 9. am.

Overhead: Co-Op-Act

Thank you for inviting me to open the second day of the BEPART Conference with my presentation entitled "Co-Op-Act" – Innovation and Entrepreneurship.

The heading "Co-Op-Act" is intended to express my understanding of the combination of cooperation and action as two crucial prerequisites, both of which are necessary to promote entrepreneurship and growth.

The idea behind cooperation is familiar under many different names. In random order, these include partnership, network, alliance and triple helix. Action normally includes both motivation and decisiveness, and sometimes also the issue of finances.

I represent a regional authority – the County of Aarhus, in Denmark – where we have worked for a number of years to make good advisory opportunities available for those wishing to start their own business. One of the county's latest efforts to promote a more exuberant culture for entrepreneurs associated with the educational institutions in the County of Aarhus was our launch of the Centre for Entrepreneurship in 2002.

Overhead: Outline

In this presentation, I will give more specific details of how the County of Aarhus has made concrete efforts to establish a solid infrastructure for both existing and potential entrepreneurs. I will also talk about the Jutland–Fyn Business Cooperation Scheme – a political collaboration with the business community that spans the counties and municipalities on the Jutland Peninsula and the island of Fyn, along with the Danish state – with examples of how we have been working to promote entrepreneurship and innovation. I will conclude by anticipating the future, and trying to describe what I imagine the forthcoming restructuring of the Danish

regions will mean for future work with entrepreneurship and innovation via the new growth forums.

I have noted that there is no single clear definition of the concepts entrepreneurship and innovation. Both these ideas are intertwined and I will leave it to the many learned researchers attending this conference to discuss how these concepts should be defined and outlined. In this presentation, I intend to use the word entrepreneurship in its broadest sense, to include both self-starters who choose to set up their own companies, and enterprising employees and managers in existing companies who have a good eye for innovation opportunities.

Entrepreneurship and innovation are topics that obviously involve many people, not just at a local and regional level, but also on an international scale. They are phenomena that transcend borders and boundaries, and virtually everyone needs to relate to them in some way, regardless of whether they are employed in the private or the public sector. Throughout our society, competition has become increasingly fierce, and there are numerous examples of there being relatively little difference between being a successful growth company and one that simply cannot keep up with the competition.

I'll also spell it out loud and clear: a vibrant entrepreneur and innovation culture does not just spring up on its own! The seed must first be sown, and then watered and cultivated, before it seriously takes off. And this sometimes requires an enormous amount of patience from the authorities and other bodies that can scarcely wait to reap the rewards in the form of more jobs, more innovation and more growth within their area.

Overhead: Entrepreneurship in Denmark - status

I would like to include some statistics about the number of new companies that are set up and actually survive each year. It has been proved that a crucial element for sustaining a renewed, dynamic business community is the ongoing establishment of many new companies, especially those based on new technologies, new business methods and new products –the so-called growth-oriented companies.

In other words, new growth-oriented companies add to the pressure on existing companies, which are thereby encouraged to implement new methods and reorganise to meet new challenges.

The Global Entrepreneurship Monitor stated in 2004 that about 5% of the adult Danish population was in the process of starting up a new company or had done so within the previous three and a half years. For every 100 companies in Denmark, nearly 10 new ones start up each year, and this is quite a satisfactory number.

The challenge, however, is getting these new companies onto a solid footing as part of a broader growth process. Denmark has relatively few growth entrepreneurs.

According to the entrepreneur index for 2005, just under 5% of entrepreneur companies develop into growth entrepreneurs. And that is quite simply not enough!

All the relevant authorities, educational institutions and other parties must work together at local, regional and state levels to provide the best possible basis for setting up new growth companies and ensuring their survival.

A number of joint measures already exist that focus on strengthening overall entrepreneurial activity. Examples include the regional entrepreneur contact points, whose key function is to coordinate local, regional and state schemes aimed at entrepreneurs. The County of Aarhus has also established the Centre for Entrepreneurship, and has taken further steps towards supporting an even stronger entrepreneurial culture within the region via its participation in the International Danish Entrepreneurship Academy in collaboration with the Danish state and the educational institutions.

The 2005 entrepreneur barometer shows that approximately one in three Danish university students at some point considers starting up their own company (2003: only one in four considered starting up their own company) . However, only one in ten of these students currently takes the step of actually doing so. It is obvious – in this context as in many others – that there is quite a gap between having an idea and actually transforming it into action.

It is here that we public authorities, in collaboration with the educational institutions, must actively support more students carrying through their business ideas, provided these are considered promising and innovative.

In this context, all parties involved with students play a very important, meaningful role as regards counselling and advising about the opportunities and hindrances associated with starting their own business.

Overhead: Correlation between entrepreneurship and innovation efforts

Correlation and continuity are extremely important considerations for the many different initiatives implemented to ensure a sensible framework for entrepreneurship and innovation.

The regional business contact points were set up to create a unified business service system – i.e. so that both established companies and budding entrepreneurs only had to contact one place when enquiring about public-sector business service schemes.

In addition to the business contact point, the County of Aarhus has the Centre for Entrepreneurship, a regional department of the International Danish Entrepreneurship Academy, an overall environment for ensuring innovation and providing venture capital, a technological institute and research and development centres. The educational institutions also contribute with their own initiatives.

I would like to discuss some of these in more detail and explain the role we, as an authority, have played in promoting entrepreneurship and innovation.

VirksomhedsStart og Vækst means “business start and growth” in English. The County of Aarhus was the first Danish county to set up a business service centre – more than 20 years ago. This centre was planned to counsel and advise small and medium-sized enterprises (SMEs) and those interested in starting their own business. This centre broke new ground in several contexts – mainly in developing web-based tools for the centre’s target groups and in introducing American-style network schemes – long before the ideas behind the word “network” had really entered the Danish vocabulary.

The centre is now a self-governing institution and is one of 15 such business service centres in Denmark. The “business start and growth” scheme focuses particularly on entrepreneurs who are interested in growth and have the potential for it.

The Centre for Entrepreneurship (CFE) is a unique regional initiative in which the County of Aarhus got together the higher education institutions in the county to set up a joint campus for entrepreneurship. At that time, in 2001, the idea was to strengthen the entrepreneurial environments within each individual institution and extend and support the development of an innovative entrepreneurship culture.

The long-term expectations were that the centre could contribute to creating even more growth entrepreneurs.

In addition to setting up a more dynamic interdisciplinary environment in this field, the centre’s objective was for students and researchers to either become conscious of their roles as “entrepreneurs” within existing companies at a very early stage, or to be made interested in starting their own companies.

In the last couple of years, the centre has offered different activities, ranging from special events to highlight what is available at the centre to actual coaching sessions. The centre has also held courses to help students to clarify whether or not they should proceed with their idea of actually starting their own companies. In addition, the centre has to a certain degree provided consultancy services in relation to concrete business ideas.

In this regard, the annual Venture Cup competition is an event in which students from all over the country compete to see whose business plan is judged the best in Denmark. A regional competition is also held in conjunction with the Venture Cup, and prizes are awarded for the best business plans in each region. The Centre for Entrepreneurship coordinates the regional competition, where students from Aalborg University, CFE’s own educational institutions, the Herning Institute of Business Administration and Technology and the Vitus Bering Denmark college are eligible to enter. The panel evaluating the business plans includes representatives from the innovation and venture capital environments. The Venture Cup competition is thus a good example of wide-reaching collaboration between the different educational institutions,

and cooperation within the business community itself – covering the whole gamut from inspiration to end product.

There are indications that the CFE has had an influence, because the 2005 entrepreneur barometer showed that a number of students from the University of Aarhus and the Aarhus School of Business have been made aware of the possibility of starting their own company.

At a national level, the International Danish Entrepreneurship Academy – IDEA – was recently launched, as presented by Torben Bager yesterday. This academy is an example of very wide-reaching cooperation between the educational institutions, business promoters, private companies and public authorities that will make a combined effort to try to raise the Danish entrepreneurial culture to being among the best in Europe. In other words, this is an example of a so-called triple helix. The Danish state has initially allocated approximately EUR 5.3 million to IDEA for the period 2004–2007. Additional financing comes from both private and regional/local sources.

IDEA is an amalgamation of 25 educational institutions at different levels and spread throughout Denmark in towns and cities that include Odense, Herning, Esbjerg, Randers, Vejle, Viborg, Horsens and Haderslev. Also participating are the Danish centres for higher education, the engineering colleges, business schools, etc.

In other words, there is every potential for very interesting cooperation – which I strongly expect will make a significant difference in the future as regards promoting a solid entrepreneurial culture.

I am therefore pleased that the County of Aarhus has also decided to support the establishment of a regional IDEA office, partly financed by our own regional development funds.

BEPART is partly financed by the EU and is an exciting example of a cooperative project that transcends national boundaries to develop and promote entrepreneurship – especially at university level and in science parks. I imagine that both at the conference today and in the future, BEPART will contribute to considerable useful exchange of knowledge and good contacts.

I believe we should give high priority in our regional work to closer and better integrated

cooperation in these and other initiatives, so that our efforts in this field become even more effective and consistent than they are at present. I do not want it sound as though our current efforts are disjointed – they are not! In fact, I think we have come a long way already. But it is quite clear that these efforts will be carefully scrutinised when the County of Aarhus becomes part of a larger geographical unit in the regional restructuring of Denmark.

Overhead : The Jutland-Fyn Business Cooperation Scheme: Example of cooperation that transcends administrative boundaries

At a regional level, we have experienced a need for joining forces in order to ensure more innovation and growth. This led to setting up the Jutland–Fyn Business Cooperation Scheme in 1998, which consists of the current 8 counties and 173 municipalities in the Jutland and Fyn parts of Denmark, along with the Danish Ministry of Economic and Business Affairs. Right from the start, this scheme has focused strongly on creating an even more innovative environment in West Denmark – mainly to help prevent Denmark splitting up into two different parts.

I would like to give some examples of how the Jutland–Fyn Business Cooperation Scheme has benefited by forming a united front and acting jointly on matters such as ensuring a share of the development funds available from the Danish state.

The Jutland–Fyn Business Cooperation Scheme really took off in 2002, when a broad political agreement was reached in the Danish parliament regarding the allocation of approximately EUR 23.4 million to the Jutland–Fyn region for significant IT innovation over a period of four years. This amount was more than doubled by the regional authorities and the business community.

The state authorities showed political resolution – followed by action to back up the many fine words about creating more IT innovation in the SMEs.

The local and regional authorities also displayed an ability to take action and cooperate effectively, and agreement was reached regarding how best to back this effort up at a regional

level, both in terms of professional skills and financing.

The effort resulted in four Jutland–Fyn IT skills centres and an “IT fund”, the objective of which was to ensure that IT know-how is also made accessible for companies not in the direct vicinity of research and knowledge centres.

As a result of this effort, more than 100 IT development projects were initiated, with more than 300 companies participating. These projects ranged from integrating IT in toys to using IT tools to improve work methods and knowledge-sharing in SMEs.

This IT effort has recently been evaluated and shows that no fewer than 90% of the 300 companies participating in the IT development projects expect that participation will strengthen their competitiveness in the future. The evaluation also showed that the effort succeeded in disseminating important IT know-how, both geographically and among SMEs.

In addition to its IT efforts, the Jutland–Fyn Business Cooperation Scheme has initiated more than 50 projects, all of which have focused on raising the level of innovation in existing companies. We have established regional knowledge environments – based on the key competencies of the specific areas. Examples include an offshore know-how centre in Esbjerg and a shellfish know-how centre on the island of Mors. We have also implemented a number of projects that aim to create closer cooperation between the universities and the business community.

We have focused part of our efforts on getting more university students to gain practical experience in private-sector companies, and have also implemented the Research Contact scheme, which aims to promote networks between researchers and private-sector companies regarding different professional or industry-specific problems.

I wanted to use these examples to show that entrepreneurship and innovation are not just a matter of cultivating the ground, but are also a question of getting more growth companies to actually grow.

It is at least equally important to promote and support innovative, entrepreneurial behaviour in existing companies. In my opinion, intrapreneurship has not received the focus it should have, either politically or in terms of research. I would therefore encourage even more efforts to be made in this area – including research. We can certainly use more tools to measure the incidence of innovation, such as the effect that working systematically with entrepreneurship has on the individual company's bottom line.

Overhead: The Universities – the driving force behind regional development

This leads me to emphasise the importance of the role the universities and educational institutions ought to play in the future in the new Danish regional growth strategies that the new growth forums will begin to mould next year.

Each new regional council must set up and run a growth forum with the participation of its own representatives as well as the municipalities, the business community, the knowledge institutions and the different parties involved in the labour market. Such a growth forum will be responsible for duties that include planning a strategy for business development, at regional level. An interim structure has already been set up, and this will operate until the official growth forum has been appointed on 1 April 2006.

The pattern emerging throughout the world shows that in the most successful global growth regions, the universities or other research institutions have been the driving force behind development. This is true for European regions such as Cambridgeshire and Heidelberg, as well as Massachusetts in the USA and North Adelaide in Australia.

I would therefore like to conclude by urging the universities to take an active part in constructive, action-oriented cooperation with the region they are a part of.

It is important that the universities also feel a sense of "ownership" as regards the overall entrepreneurship and innovation project and are committed to promoting it.

I would like to see the universities giving high priority to cooperation with the region's business community, authorities and other educational institutions – to make this a perfectly natural, integrated activity at the same level as developing the most advanced research.

In such case, I can assure you that the regions are prepared to provide the necessary support in the form of both resources and action, so that we can speed up entrepreneurship and innovation in the region – together. Entrepreneurship and innovation will be allocated high priority when the Danish regional councils and growth forums get down to serious work on regional development in 2006. Thank you.