

OPEN INNOVATION IN SMEs:

How can small companies and start-ups benefit from open innovation strategies?

Prof Dr. Wim VANHAVERBEKE

Vlerick Leuven Gent Management School (UHasselt & ESADE)

A practical workshop about successful open innovation strategies of small companies in different low- and medium-tech industries. The workshop is organized a practical guideline to implement OI-strategies based on different cases that illustrate how managers actually turn open innovation strategies into new businesses.

Open innovation has been mainly applied to large, technology-driven multinationals. Open innovation in small and medium-sized companies (SMEs) has received much less attention. Current research on open innovation in SMEs is still very limited and is not yet revealing the creative use of open innovation that many innovating SMEs around the globe are implementing.

In this workshop we focus on traditional, low or medium tech SMEs which search for new and sustainable growth opportunities. The workshop is based on a research project we developed at the *Vlerick Leuven Gent Management School* in 2011. The project shows how open innovation strategies can play a crucial role in these companies and how the implications for managing open innovation differ considerably from the existing management implications of open innovation in R&D-intensive or high-tech settings. Managing and organizing open innovation in SMEs is quite specific, and the lessons learned from open innovation in large firms are not readily transferable to the context of SMEs.

In the workshop we will focus on the following topics, illustrated with practical examples from the case studies:

1. Open innovation only makes sense when integrated in *broader strategic objectives* of small firms
2. Therefore, managers have to start with business model innovation (CVP, profit formula, key resources (external and internal) and key processes (external network management))
3. Customer Value Proposition is crucial and comes first but value is created in different ways. There is no one fits all “open innovation strategy”
4. How a company can appropriate value by creating a unique strategic position through Open innovation?
5. Open innovation is not the result of a long term grand vision – it is rather a discovery driven strategy
6. Open innovation enters into the broader strategic picture through “key resources” that a firm needs to create value and which it does not own.
7. Open innovation requires network management by a central firm – the network itself is source of competitive advantage
8. Network management is still embryonic in most SMEs. SME managers fail in managing their partners – required skills are different than for internal management
9. OI is about:
 - a. Increasing value creation through cooperation
 - b. Capturing part of that share (building control points)
 - c. Fair share of the pie for each partner (your partners’ problem is your problem)
10. Open innovation management is different for large and small firms (Don’t copy solutions for large firms)
11. There is an urgent need to integrate different literature streams. SME strategy, entrepreneurship and open innovation have to be integrated

Cases studies included in the report are: Curana (www.curana.com); Jaga (www.jaga.be); Dings (www.barometers.com); Devan (www.devan.net); Quilts of Denmark (www.qod.dk); DNA Interactive Fashion (www.istyling.be); PROF (www.prof-projects.com); Isobionics (www.isobionics.com); Airfryer (Philips) (http://download.p4c.philips.com/files/h/hd9220_40/hd9220_40_pss_aen.pdf)