

IL DOCUMENTO DI SINTESI (ENGLISH VERSION)

CANTIERE INNOVAZIONE PROJECT 2011

ACTIVITIES SUMMARY OVERVIEW AND OBJECTIVES

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of Cantiere Innovazione

[Part I](#) - [Part II](#)



The work carried out in the sub-project allowed to evaluate and compare the results of the previous project implemented within the Cantiere Innovazione (Support Inn) in 2010, also consequently to the surveys carried out in the same sector (mechanical subcontracting) every year since 2008.

The objective was always to highlight the entrepreneurial initiatives of excellence (best case practices), also based on the mapping activities, through research, identification and study of specific business models that could be replicated or implemented.

Consistently with the priorities set within Cantiere Innovazione and the macro-project, the surveys were addressing the topics of innovation and efficiency (with the meaning of energy efficiency as well, considering the use of photovoltaic). The activities were carried out involving enterprises and entrepreneurs through visits in the companies and manufacturing sites.

In every occasion it was stressed the importance of innovation and technological transfer for the territory, in order to support the culture of creating networks and supply chains to achieve innovation. During the meetings the companies, according to their technical and/or technological needs, had access to consulting support to identify the relevant authorities or institutions able to provide them answers (as it was previously done in 2010 within the "Mecc Networks" project).

For the sake of convenience, both operative and informative, in this document and in the ones affiliated the term "project" is used instead of what was officially defined as "sub-project".

PHASE 0 – SCIENTIFIC AND TECHNICAL COMMITTEE, SUPPORTING PROFESSIONAL

The Scientific and Technical Committee of the project was composed of the following entrepreneurs: Nardin Siria (Panar Automazioni ltd.); Piva Giancarlo (Micromeccanica ltd); Scarparo Idelmino (Eurogriffe ltd); Forin Franco (Right Marketing Service ltd). The supporting professional was Prof. Alessandro di Paolo (Expert on corporate strategy for development with innovation and sustainability, and university professor of Corporate Sustainability at the University of Padua)

PHASE 1 – UPDATE OF THE "GREEN TECH" DATABASE

As planned in the project, in the first phase the database created during the "Green Mecc" project was updated, within the SupportInn project in 2010.

The enterprises involved in the update were 75 and they have all been participating in the previous Green Mecc survey in 2010.

All companies have been called for a telephone survey in order to update the database. The questions asked were:

01 Among your old clients, are there some that started working in these areas?

Green Technologies Biomedical Electrical and general plant engineering Automotive

Other (specify)

02 Among your new clients, acquired in 2011, are there some that work in these areas?

(it is possible to choose more than one answer)

Green Technologies Biomedical Electrical and general plant engineering Automotive

Other (specify)

03 Is your company attentive to the environment, natural resources, and sustainable development?

Yes, very much Yes, fairly much Somewhat No

04 Has your company invested in the development of activities connected to Green Technologies in 2011 (forecast until the end of the year)?

Yes Not yet, but investments are forecasted by the end of 2011 No, and investments are not forecasted for the current year

05. If the answer to the previous question was Yes, the drive to invest was due to:

Needs manifested by old clients (already acquired in 2010) Needs manifested by new clients (acquired in 2011) Independent choice, but driven by the market interest in the sector Independent choice, creative and strategic for market re-positioning Natural continuation of an interest already undertaken before 2011

The companies that answered to the survey for the database information update were 51 in total.

It is to be specified that in order to respect the Privacy laws and regulations in force as well as rightfully requested and granted to the companies involved in the database update, all information and data provided for the research's sake is kept and retained within the offices of Confapi Padova.

PHASE 2 – COMPANY AUDIT AND ANALYSIS DOCUMENT

Project activities

The "project" included in its activities a chapter aimed at carrying out four company audits. In details, the activities planned and conducted were:

- To identify the business models to be analyzed through a definite set of parameters;
- To conduct four company audits for the best case practices study;
- To fill out a visit report and run a data analysis for every audit;
- To draft a document with the analysis of the business models registered.

Evidence on the activities carried out

It is to be specified that in order to respect the Privacy laws and regulations in force as well as rightfully requested and granted to the companies involved in the Audit, their company names and sensitive data provided by them, are not present in this report. In order to provide a proper explanation of the data gathered, the company names were substituted with alphabet letters. All information and data provided for the research's sake is kept and retained within the offices of Confapi Padova.

Visit report based on a theoretical model

In order to proceed with the company Audits as planned in the project, it was necessary to pre-define a theoretical model to refer to.

Considering that:

- the audited companies were compulsorily chosen among the companies considered of excellence according to the scope of the survey (as defined in the 2011 project)
- there was a dichotomical aspect on the development of the project: on the one hand the complexity of a company audit, on the other hand the less and less availability from the companies' side in providing to externals data and information that could be of strategic value for the company management, we tried to create an ideal type survey model that would target the "companies' tendency to invest in innovation as a management success factor" also integrating and being based on the information gathered from the previous project surveys.

It is assumed that the necessary information had been previously gathered through surveys, mainly derived from two projects, respectively:

- 1) Green Mecc project 2010 (a survey carried out to generate a mapping of the excellent companies in technological innovation among the SMEs of Padua subcontracting in the metalworking sector and manufacturing in the "green tech" field)
- 2) Mecc Networks project 2010 (a survey aiming to delve into the ordinary, tactic and strategic activity in the fields of innovation and management of the SMEs subcontracting in the metalworking field in the province of Padua)

Both projects, proposed and carried out by Confapi Padova, approved and co-financed by the Chamber of Commerce of Padua, had planned among the activities (all carried out as planned) the administration to companies of questionnaires with specific questions targeting their capability, interest and proneness in investing in innovation.

In the analytical detail, in order to create the ideal type model, it was analyzed whether the following questions were answered:

- in the Green Mecc project 2010 survey:

- o 07. In the three-year period 2008, 2009 and 2010 (forecast) have you invested in the development of activities connected to Green technologies (a production of technologies attentive towards the environment, natural resources and sustainable development)?
- o 08. You felt driven to invest because...
- o 09. In the three-year period 2008, 2009 and 2010 (forecast) have you invested in technological innovation in general?
- o 10. How much was invested in technological innovation in the three-year period 2008-2010?(percentage calculated on the turnover resulted from the financial statement for the fiscal year)
- o 11. Those investments were decided (and executed) with the objective to?
- o 12. And achieved the following results..
- o 13. The results achieved with technological innovations have been anyway capitalized by the company (with a medium/long value)?
- o 16. With what operative and work contribution were conceived and carried out the innovations conducted in the three-year period 2008-2010?
- o 17. Have you obtained or are you about to obtain a patent in the period from 2008-until now?

- in the Mecc Networks project 2010 survey:

- o 1) Have you ever faced serious difficulties in developing innovations?
- o 5) Has your enterprise ever developed ideas on innovation cooperating, perhaps also on a business level, with other enterprises of the metalworking sector?
- o 6) Have you ever developed ideas on innovation with enterprises, perhaps also on a business level, operating in other sectors?
- o 7) In which geographical area resided the partner enterprises of the project?
- o 10) Has your enterprise ever drawn up a development plan?
- o 11) Which is the timeframe of your strategies, considering the current crisis?

The supplementary questionnaire for the Audits was administered in situ to the companies during the visits, and developed taking into account the following areas and questions:

Operative management

1. Name and qualification of the people involved in the audit
2. Number of employees, dividing between Italians and foreigners (stating of how many countries)
3. Turnover 2011 (forecast)
4. Italian clients (percentage)
5. Foreign clients (percentage)
6. Italian suppliers (percentage)
7. Foreign suppliers (percentage)

Premise

8. Are the innovations developed during the three-year period (2008-2010) still being used/exploited?

Information management, preliminary and upon final balance

9. Are the innovations supplied during the years quantifiable and discernible (formal classification or specific "ideas" archive)?
10. Was a business study (analysis) carried out previously to the decision to invest, with a clear definition of the objectives?
11. In which timeframe innovations should have allowed to make up for the investment cost (achievement of the Break even point)?
12. Have the initial objectives and results achieved been compared and studied?
13. With which recurrence and timeline have the results been compared?

Involvement of human resources (employees and direct collaborator)

14. Are the employees somehow contributing to the development of the project idea and introduction of innovation?
15. Were the internal employees involved in the execution of the project also involved in the review and discussion on the results achieved?
16. Is there a return of benefit for the employees involved in the introduction of innovation, calculated on the results actually achieved (meritocratic evaluation)?
17. Are foreign employees or collaborators participating to the development of the innovation idea?
18. Are they contributing with their foreign culture in finding and applying different and better solutions (definition of innovation)?
19. Are young employees or collaborators (under 30) participating to the development of the innovation idea?
20. Are they contributing with their new vision in finding and applying different and better solutions (definition of innovation)?

Involvement of the external network (clients and suppliers)

21. Are clients and suppliers somehow contributing to the development of the project idea and introduction of innovation?
22. Which of the two is more available in getting involved?
23. How is their availability materialized?
24. How is their unavailability materialized?
25. Should clients and suppliers provide a greater cooperation in the introduction of innovation in the company?
26. Why clients get involved?

Market

27. Were the innovation supplied and the results produced strongly emphasized externally, on the market?
28. Why (for both the aforementioned cases)
29. Which media were used to communicate the implemented innovation?
30. How did the competitors behave?
31. How did the clients behave?
32. Was there a difference in the behavior between the foreign and Italian clients?
33. In which occasions was there a behavioral difference?

Results achieved

34. Are there innovations that did not satisfy the initial objectives with the results achieved?
35. In case of results below expectations (objectives), which were the behaviors?
36. In case of results above expectations (objectives), which were the behaviors?
37. Which were the main reasons of a result below expectations (objectives)?
38. Which were the main reasons of a result above expectations (objectives)?
39. What are the reasons that could determine the success of an innovation?
40. What are the reasons that could determine the failure of an innovation?
41. Which effects did the innovations supplied and developed in the past three years (2008-2010) concretely bring in the 2011 management?
42. What is the percentage of the 2011 turnover (revenue) due to the implemented innovations?
43. What is the percentage of the 2011 financial outflows due to the implemented innovations?

Future perspectives

44. Which effects are expected to appear in the following years (2012, 2013, ..) due to the innovations supplied and developed in the past three years (2008-2010)?
45. Will the company continue to innovate?
46. What are the main reasons that could "boycott" the proneness to innovate in the future?

o Selected companies and interviews

The companies selected among those considered of excellence, due to the results of the previous projects, Green Mecc 2010 in particular, were four and received the company visit for the audit (for privacy reasons, are here identified only with the initials of their company name: "B", "D", "M", "S").

For each of these companies their answers to the previous surveys carried out by Confapi were carefully analyzed in order to better identify their profile and get more into detail at the moment of the company visit and the interview with the company owners and managers.

All four companies involved, in fact, participated to the surveys of the Green Mecc and Mecc Networks projects, stating to have invested in green technologies.

The companies have been selected also due to the fact that they represented a very different management style, structure and size, which was already evident in the previous surveys, for example:

- B, D e M declared to have around 20 employees, while S had more than 50.
- B declared a turnover of 2.5 million euro, D of 4.5 million, M of 6 million and S of 11.4 million.
- B, M, S declared to have capitalized on the results of their investments, while this was not the case for D.
- D and S declared to own patents, while B and M no.
- D and S declared to have developed ideas on innovation by cooperating with other companies, while B and M never did it.
- D, M e S declared to have drafted development plans, while this is not the case for B.

All four companies visited have been very available in providing a framework of their activities and strategies starting from the firm belief that their role on the market is to act as constant innovators.

An important data is that 3 of the 4 companies visited (B, D and M), after answering exhaustively and thoroughly to all questions, gave their availability to a tour of their main innovations in their manufacturing sites.

As previously stated, in order to respect the Privacy laws and regulations in force as well as rightfully requested and granted to the companies involved in the audit, all reports containing sensitive management data provided by the companies and the specific notes taken during the interviews and meetings will not be made public but, for the research's sake, are kept and retained within the offices of Confapi Padova.

Final remarks and business model on innovation

As stated in the initial phase of identifying the companies, their size and management characteristics could support four different business models on innovation with different gap factors to the ideal type theoretical model hypothesized in the starting phase of the survey.

The initially created theoretical business model based on the capability to innovate, especially concerning the green technology, would expect a company to have the following characteristics:

- sensitive about photovoltaic and energy efficiency both towards clients (products intended for the market) and towards the internal productive needs;
- with Italian and foreign clients and suppliers, equally distributed on a percentage level;
- exploits innovations also in the medium term, requesting and owning patents;
- manages formally the information about the implemented innovations by cataloguing and having archives;
- always operates innovation paying attention to the break even point;
- compares the results brought by innovation several times during the year;
- involves the employees (especially the young people, under 30) in: developing the project idea, viewing and discussing the results, obtaining benefits (prizes) on results;
- conceives and carries out innovation with the contribution of both suppliers and clients;
- communicates the innovations achieved through adequate advertisement;
- accepts to get results below expectations (objectives), but keeps the results as a learning point to improve in the future;
- highlights the results above expectations and takes them as a stimulus for new investments;
- capitalizes on the benefits;
- is determined in the investment strategy;
- does not perceive potential deterrents on the adoption of this strategy, apart in case of exceptional events that would considerably change the company itself;
- develops ideas on innovation by cooperating with other companies, also participating to company networks.

To summarize, due to the reasons previously stated concerning privacy, the results are:

- 1) Company S that in terms of turnover (constantly increasing) and employees is the biggest, is certainly the company that on a management level is very close to the initial theoretical model on which this survey was based.
- 2) Company M, the second in terms of turnover and in line with the other two in terms of employees, states his unavailability in openly communicating (disclose) their innovations, operating more on the drive provided by clients than strategy. Moreover it has never developed innovations by cooperating with other companies.
- 3) Company D, the third in terms of turnover, has its own business model that collides with the theoretical one due to its difficulty in capitalizing on the results and because young employees are not involved in the development of ideas (moreover the employees are openly involved neither in viewing the results nor in the meritocratic sharing).
- 4) Company B, the smallest of the four, is also the farthest from the theoretical model since: does not draw development plans, does not cooperate with other enterprises on the development of innovative ideas, does not own patents, the employees are not involved in the viewing and discussion of the results, there are no young employees (under 30) that cooperate in the development of ideas on innovation. Moreover clients and suppliers are almost all Italian.