



Combining Economy, Science and Innovation for a better society

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Entrepreneurship in Flanders: Who dares?

Innovation Union in the making

The EU's new multi-year policy
plan in the field of innovation.

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Eurekas!

The science and technology
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Once bitten, twice shy,

The final judgement in the trial of the top managers at Lernout & Hauspie has now been handed down. The accused reacted in very different ways to the verdict. Jo Lernout continues to scream out his innocence and is busy with the setting up of new companies (abroad); he has even managed to find financing for them. In contrast, Pol Hauspie apologised to the public in a YouTube film (at the same time plugging his new book – once an entrepreneur, always an entrepreneur). This was probably the final 'primeur' in the L&H saga. Fallen managers who offer their excuses in public? This is something new in Flanders. So much so, that a well-known Flemish comic has already made a parody of the Hauspie film.

But, to paraphrase another famous one-liner, "who can you trust nowadays?" What investor is likely to entrust his money to an entrepreneur who has already gone bankrupt? In Flanders, an entrepreneur whose business has failed – even if he acted in good faith – always carries the stain of this failure with him, usually for the rest of his days. Banks will be difficult about giving new loans, applications for credit subsidies are suddenly subject to numerous extra conditions. In short, the financiers and former business partners have 'learnt their lesson'.

It is open to question whether or not this suspicion is justified. Surely the entrepreneur will also have 'learnt' from his experience, and will therefore be unlikely to make the same mistakes again? This is certainly the way they look at things in the US. Entrepreneurs who are forced to throw the towel into the ring first time around soon discover that their credit worthiness has hardly been affected. Finding money to set up a second business is seldom a problem. Although the reality (as always) is more complex and more nuanced than it might seem, in essence this situation reflects a clash of cultures, a difference of mentality: European 'crime and punishment' against American 'optimism and opportunity'.

The central theme of this EWI Review will therefore look at the culture and mentality in which entrepreneurship (and innovation) in Flanders flourishes – or could flourish. The interview with Ivan Van de Cloot (p. 30) offers some fascinating and often surprising insights in this respect. We will also examine a number of practical examples (p. 4 and p. 26), as well as summarising a number of recent studies on the subject of entrepreneurship in Flanders (p. 18 and p. 20). In addition, there are short reports about new initiatives in the same field (p. 12 and p. 40). As usual, we will be taking a closer look at one of the policy research centres; this time the Policy Research Centre for Work and the Social Economy (p. 36). And we will also focus briefly on a number of the conferences which have taken place within the framework of the Belgian presidency of the EU (p. 42 and p. 46). Finally, we will be offering you our traditional column (p. 50).

As always, I wish you pleasant
– and 'mind-broadening' – reading.

*Peter Spyns,
General Editor*



IBM stimulates innovation with Extreme Blue

Bert, Milan, Octavian and Maarten:
the Extreme Blue team at EWI.



Take four young, talented students. Give them a real business problem to solve. Let them brainstorm and work out a solution. Give them the necessary logistical support. This is the method used by IBM in its Extreme Blue initiative. The purpose is to stimulate innovation in Belgian companies and to set them on the right track for the future.

The Extreme Blue concept originated in the laboratories at IBM. The ideas which first came to the surface there were farmed out to students from all around the world for further development. Students in America, Europe, India, China... "We don't have any laboratories in Belgium, but we do have a large number of joint-projects with customers. This is why we decided to set up Extreme Blue in collaboration with these customers," says Eveline Dullaers, the project-leader of Extreme Blue 2010 in Belgium.

An Extreme Blue project involves an in-company training programme for twelve weeks during the summer – from the end of June to the middle of September. The students – who are all studying at Masters level – are divided up into groups of four: one from a business-oriented course of

study and three from more technical disciplines. Together, they work on a project for an IBM customer. The customer explains the problem to them and discusses it in advance with IBM. The intention is that the students should brainstorm the problem for the first four weeks. Thereafter, they present their best and most innovative ideas to the customer. The customer then consults anew with IBM and together they decide on the best solution to the problem. The chosen solution is then further developed by the students during the next four-week period, with the aim of arriving at a proof-of-concept with a solid business case. The students receive guidance from experts throughout the project pathway. They are also given access to the necessary technology, so that they can bring the project to a satisfactory practical conclusion.

The cream of the student crop in the raw world of business

The students are selected in the spring on the basis of CVs submitted by their universities and university colleges. "From the moment we begin to assess and screen the CVs, we are already in contact with the customer," says Hans Van Mingroot, Academic Relations Officer for IBM Belux. "This year, for example, more than 100 CVs were in the running for an Extreme Blue project. Our aim is to create groups from the available candidates which are as varied as possible."

The students greatly value the opportunity to work in a team and to acquire practical experience in a real company. Here they are confronted with matters which they seldom come across in their studies at

The FRIS is coloured Extreme Blue!

The EWI Department and IBM's Extreme Blue team joined forces this year to launch the F.I.R.E. project: Flanders Interconnecting Research Enterprises. If Flanders wishes to become a leading knowledge economy, we need to make our knowledge accessible in a more efficient manner. A continuous interaction between the development, application and dissemination of knowledge is the key to keeping our academics and entrepreneurs fully up to date with the very latest news from the world of research and development. In this respect, the Extreme Blue project is perfectly suited to make an important contribution towards better knowledge exchange.

The F.I.R.E. project developed a prototype which would allow a number of smart functions to be added to the FRIS research portal (www.researchportal.be)¹. This research portal has already had more than a million unique visitors worldwide. It offers information about current research projects at the six Flemish universities. The added-value of the prototype rests in its ability to combine the available structured data relating to research information with unstructured data, whilst at the same time enhancing the value of this information by providing details about underlying connections, relations and concepts. This will offer the end-user the most relevant, high quality search results.

EWI attaches great importance to this project. It is a unique opportunity to give students the chance to develop a meaningful project in the field of knowledge transfer. And if this solution works for EWI, it can also be used as a model for other government departments and research facilities with whom we work closely. The F.I.R.E. project is an important step in the FRIS programme. With this long-term vision, EWI wants to make a significant contribution toward the creation of the basic infrastructure necessary for the knowledge economy.

*Kris Maison,
Knowledge Management Division*

university. It is also beneficial that they are given a chance to make the link between technology and the world of business. This being said, when they submit their applications for an Extreme Blue programme they have no idea which customer they will be working for, or in which team, or on what challenge. However, for the duration of the project they can count on the support and guidance of a business mentor, a technical mentor and a project manager. And they can also make use of conference-calls and video-calls to consult with specialists both at home and abroad.

One of the conditions for participation in the scheme is that the companies undertake to find sufficient time to help the students on their way. The first two weeks largely consist of a series of interviews, which allow the students to learn about the company and explore the scope and nature of the problem. It is important that this scope is broad enough to allow the students to brainstorm effectively and 'think outside the box'.

Belgium inspires!

The Belgian initiative to work directly with customers is unique. In France, for

example, all the Extreme Blue ideas are developed by IBM staff in IBM laboratories, working in conjunction with the students. It is only when the proof-of-concept for a particular project has been agreed that potentially interested companies are first approached. The fact that in Belgium a number of such projects have been successfully completed in practice – for example, at Belgacom, Eures and the University Hospital in Antwerp – has had an inspirational effect. A number of IBM operations in other countries are now actively considering the adoption of this same approach.


Promoting innovation

IBM makes no secret about its goal. The aim of this initiative is to help customer companies increase their output of new and innovative ideas. The benefits? On the one hand, the scheme requires little investment; on the other hand, the companies can count on the input of Belgium's most capable Masters students, backed up by the experience and know-how of international experts in a worldwide network. It says much that the Extreme Blue programme has already resulted in more than 360 new patent applications.

A further objective is to scan interest for this approach amongst companies, students and academics in Flanders and Belgium. To date, the reaction has been very positive, particularly in student circles. For this reason, IBM is now looking to move up a gear. There is sufficient potential for at least five projects each year, not only in terms of interested students, but also in terms of interested universities and university colleges, and interested partner companies. The next step is to find a method which will allow the programme to be organised outside the summer months, so that even more students and more companies can become involved.

*Eveline Dullaers and Hans Van Mingroot,
IBM Belux*

¹ EWI-Review 1 (3): 23 – 25



Electronic procurement

The awarding of government contracts and orders is carried out in accordance with an extensive set of rules and regulations. Although these procedures are designed to ensure fair competition between the companies involved, they also bring with them a number of disadvantages for the interested entrepreneurs. The government wishes to reduce these disadvantages to an absolute minimum. For this reason the Flemish government has recently decided to switch to a system of electronic procurement.

The Flemish government has opted for the use of the federal e-procurement applications and has concluded an agreement to this effect with the federal government. For the digital announcement and publication of government contracts, use will be made of e-Notification². For the electronic submission and receipt of tenders and candidacies, use will be made of e-Tendering³.

E-publication of government contracts

Since the spring of 2009, most entities of the Flemish government have been making use of the electronic publication platform known as e-Notification. All government contracts, orders and commissions above the European threshold values are visible on this platform. With effect from 2011, e-Notification will be the official national publication platform.

For government contracts which are lower in value than the European threshold (more specific negotiation without full formal publication), e-Marketplace – a sub-menu within the e-Notification package – offers the contracting government body the option of making the contract known to certain selected companies. Before this is possible, interested companies must first register in e-Marketplace and post their company profile, so that the contracting government body knows which players come into consideration for the contract on offer.

E-submission of tenders

Since recently, the various entities of the Flemish government have been encouraged to give interested companies the option to submit their price tenders electronically. The submission of paper tenders will no longer be possible after 1 July 2011. In practice, the electronic procedure is not dissimilar to the paper procedure. The main difference is that the digital offers are kept in a digital 'safe'.

Easier and cheaper

Electronic publication via e-Notification offers numerous advantages to the companies. For example, interested entrepreneurs have the possibility to consult the full and up-to-date tender file for every government contract at any moment of

the day or night. Moreover, every company registered in e-Notification automatically receives a daily list of the government contracts for which it can be considered, on the basis of the criteria which the company itself has submitted. These services are freely available via the internet and require no special software. All that the company needs to do is to register with the system and select the right criteria in its company profile.

Moreover, the switch to a system of electronic procurement gives companies the guarantee that they will be able to register for government contracts in a single way, irrespective of the level of administration from which the contract is issued.

The electronic publication of contracts and the electronic submission of tenders increase competition and enhance the level of SME participation in the procurement process. Experiences with electronic tendering in other countries and the evidence of internal best practice at home suggest that e-procurement can reduce transaction costs by 10% (or more) and total tendering costs by about 5%.

The EWI Department has also actively embraced this new evolution. The department was one of the first to launch a pilot project on e-Marketplace. In general, the results were positive. The problems which did arise – mainly of an ICT nature – have since been solved. Moreover, electronic procurement clearly offers benefits to the government in terms of efficiency. This is something that should make everyone happy.

*Lore Hollevoet,
General Government Policy Services
Department
Els Vermander,
Strategy and Coordination Division*

More information

www.vlaanderen.be/kanoo
e.procurement@vlaanderen.be

E-procurement in practice

- The specification or publication notice confirms the possibility or the obligation to submit a digital tender and refers interested companies to the website.
- The tendering company registers (just once) in e-Tendering.
- The tendering company uploads its electronic tender and an authorised company official signs it with a digital signature. This is possible using an electronic Belgian identity card or – since the beginning of 2010 – with an electronic signature via certipost⁴. This second option is the most suitable for foreign companies. It is essential that the authorised official signs the tender digitally.
- The electronically submitted documents are collected and held in an electronic safe. The chairman and assessor of the tender board use e-Tendering to ratify the start of the opening session. An authorised member of staff opens the safe once this sanction has been received and they place their electronic signature on each tender they open. In addition, each tender is allocated a time stamp and a recognition code, so that it is registered as a unique document which can easily be identified.
- The formal report of the opening session is posted in e-Tendering as soon as the opening procedure has been completed. This report can then be consulted by the public.

² <https://enot.publicprocurement.be/>

³ <https://eten.publicprocurement.be/>

⁴ <http://www.certipost.be/welcome>

Innovation Union in the making – or how this time we really will achieve the 3% target

In 2002 the Barcelona norm⁵ came into being. The European heads of state and governments agreed that by 2010 3% of GDP should be devoted to R&D. However, this target has not been reached. The EU has stalled at just under 2%, while Europe's competitors, America and Japan, have achieved figures of 2.5% and 3.5% respectively. The Innovation Union – the EU's new multi-year policy plan in the field of innovation – is therefore seeking to find new ways to reach its targets.



More sound than substance?

Innovation Union contains new attempts to solve the 'innovation paradox' in the EU: the fact that, notwithstanding many excellent research results, the development of new products and services on the basis of these results either takes place elsewhere – or not at all. This is an old problem. One of the classic examples of a European invention which was turned into a cash cow in other parts of the world is the vehicle. Agreed, the automobile industry is also of importance in Europe, but it was the American Henry Ford who turned the inventions of the Germans Daimler and Benz into a worldwide commercial success. A more recent and perhaps even better known example is the MP3. This format was first dreamed up in the Fraunhofer research institute, but it was Apple with their iPod and iTunes who cashed in on the idea.

In view of the fact that innovation is first and foremost a matter for market players and not for governments, the Innovation

Union seeks (amongst other things) to create the right 'framework conditions' in which these market players can thrive: access to capital, demand-side measures, smart legislation, protection of intellectual property rights and standardisation. In this way, the Commission hopes to create a lever for greater private investment – because it has become apparent in recent years (also in Flanders) that this private investment is lacking. A good framework must therefore ensure a maximum return on this type of investment.

In order to improve access to capital, the Commission is thinking in the first instance of capital for knowledge transfer and start-ups, risk capital for the internationalisation of fast-growing companies, risk-sharing for investments in innovative projects and loans for high-growth SMEs, midcaps and major infrastructure projects. In this sense, an important role is foreseen for the European Investment Bank as a creator of levers for greater private investment.

The initiatives relating to 'demand-side measures' are also targeted on the creation of levers. These are focused primarily on the potential offered by public procurement contracts, which in Europe are good for 17% of GDP. The Commission hopes that member states will use these contracts more strategically to buy innovative products and services, in this way helping to give an added boost to the creation of new markets. It wants to move into higher gear with the Lead Markets Initiative, which is intended to stimulate emerging markets. The Commission calls on member states to dedicate specific budgets to innovative procurement⁶ and offers guidance for joint public procurement between different governments. The Commission has emphasised explicitly that these budgets must also serve for purchases within the European Innovation Partnership. And this brings us directly to one of the new strategic aspects of Innovation Union, which in all probability will be a key determining factor for the future architecture of the European R&I landscape.



European Innovation Partnerships

With Innovation Union, the Commission wishes in the first instance to improve the competitiveness of European companies. It is evident that we can no longer compete in the global economy in terms of price. As a result, our competitive position is coming under increasing pressure. At the same time, the need to find solutions to major societal challenges of our age (climate change, the ageing of the population, diminishing natural resources, etc.) is becoming ever more urgent – and this at a time when the budgets of the member states are under growing pressure as a result of the financial and economic crisis.

The Commission considers the concept of Innovation Partnerships as a possible way to bring solutions to our major societal challenges more quickly to the marketplace. On the one hand, by better coordinating the different instruments and policies at all levels (thereby allowing support to be offered in every phase of the innovation cy-

cle); and on the other hand, by stimulating market creation through the strategic use of public procurement budgets.

Each partnership will be focused on a broadly-defined societal challenge. This broad definition must allow all the different member states to participate in all the different partnerships. According to the Commission, these partnerships are not another research funding instrument, but rather a strategic structure which must align the existing instruments. The Commission already has a number of key features in mind: a steering board where a strategic agenda will be drawn up by the relevant stakeholders; working groups to explore specific themes and a platform for open innovation⁷ between the participants.

There are clear similarities between the partnerships and the Joint Technology Initiatives (JTI), but the partnerships will operate at a higher level and will actually integrate the existing JTIs. The partnerships are aimed at market creation, as is the Lead Markets Initiative. This is therefore the first and most obvious area of integration. But it goes further than that: the Commission is planning to emphasise the integration of the Innovation Partnerships in the next Framework Programme for Research, which will henceforth not only deal with research but also with innovation. Add to this the Commission's desire to outsource most of the direct project management and administration to other bodies (simply because it is too much for the Commission to deal with), and a possible architecture for the new programme starts to become clear.

In order to clarify the modalities of the European Innovation Partnership, a pilot partnership has been set up around the theme of 'active and healthy ageing'. It will seek (amongst other things) to better coordinate the Ambient Assisted Living programmes, the joint programmes relating to Alzheimer and the 'Innovative Medicines' JTI. Other themes which are under consideration for partnerships following the completion of the pilot scheme include water efficiency, smart cities, sustainable raw materials supply, smart mobility and sustainable agriculture.

What's in it for Flanders?

Anyone who is familiar with Flemish science and innovation policy will im-

mediately see the parallels between the Flemish and the European approach. Both are seeking to find new ways to achieve better valorisation of research findings, so that innovation can be used to enhance economic competitiveness. In this respect, it is perhaps no surprise that the concept of the European Innovation Partnerships bears a strong similarity to a number of the initiatives launched under 'Flanders in Action', such as Flanders Care and the Green and Dynamic Urban Region. It is now necessary to approach the Commission proactively, certainly within the context of the pilot project. After all, this project has stated explicitly that it is open to the opinions of the member states and other stakeholders, as far as the organisation of the partnership is concerned. The knowledge and experience which Flanders is currently acquiring through Flanders Care can only serve to strengthen Flemish input and involvement. The fact that Flanders – via the IWT (the Flemish Agency for Innovation by Science and Technology) – has already started with innovative procurement is another point in our favour. Further investigations need to be made to see how this can be further developed, with a view to supporting other Flanders in Action initiatives and the European Innovation Partnerships. Be that as it may, the link between procurement budgets and partnerships clearly underlines the overall goal: the creation of new markets in a manner which allows the European Union to benefit from the solution of the major societal challenges which are common to all its member states.

If Flanders remains alert and is quick to pursue an active policy towards the European Commission – beginning with the open communication of its own initiatives – it should be possible to transform European policy into a lever for Flemish policy. There are numerous points of common interest – as is clear to anyone who is aware of the initiatives in Innovation Union. This will allow Flanders to use its foreign policy as an alternative means to pursue its domestic policy.

*Karel Boutens,
Strategy and Coordination Division*

⁵ EWI-Review 1 (1): 15 – 17

⁶ EWI-Review 2 (2): 12

⁷ EWI-Review 2 (2): 46 – 49



Gimv, good company for companies



Gimv took its first early steps almost 30 years ago. It was set up by the government in the 1980s, with the aim of stimulating the Flemish economy – in part, by channelling government aid to promising companies and sectors; in part, by making it easier to invest in innovative start-ups.

With its privatisation in the late 1990s and its stock market quotation on the NYSE Euronext Brussels in 1997, Gimv took an important step in its development. With a start-up capital of just 9.9 million euros and a careful approach to the market, the organisation was able to successfully pursue a strategy of steady and sustainable growth. Today, we employ more than 100 personnel and manage assets worth over 1.8 billion euros (including third party funds), and there are more than 100 companies in the Gimv portfolio.

Putting Gimv on the map

With 30 years of experience, Gimv is the largest player in private equity and risk capital⁸ in Belgium and an important actor in the European and international investment market. We are active in medium-sized buy-outs and in growth financing, with the aim of supporting companies in their development and expansion. We invest risk capital in promising high-tech enterprises, both at home and abroad. In order to tap specific growth markets and assets, we work closely with experienced partners to set up new funds and joint ventures.

Our mission is to give companies the chance to develop, expand and adjust to changing market circumstances. Throughout the years, Gimv has entered into partnership with numerous innovative

enterprises and has helped them to achieve the realisation of their strategic plans. Based on a proactive and risk-conscious approach, we manage an investment portfolio with a wide geographical and sectoral spreading, which includes both large and smaller companies with a positive track record, favourable growth prospects and a strong market position.

How does Gimv work?

In its carefully targeted investments, Gimv seeks to develop active participation and a company-specific approach, with a view to creating maximum added value by using its wealth of knowledge and experience to guide its portfolio companies through their programmes of expansion and operational optimisation. We make a carefully chosen team of experts available to the company, which includes 1 or 2 specifically allocated investment managers for each participation. To compile our teams, we are able to call upon the services of leading specialists in life sciences, technology, clean-tech and infrastructures, as well as in buy-outs and growth financing.

In other words, Gimv devises a made-to-measure solution which is well-suited to the specific needs of each portfolio company, and monitors the progress of this solution on a continual basis, to ensure that everything runs smoothly. To enhance

this service still further, we invest in an international network, we collaborate with industrial experts, we recruit top-quality staff and we focus on a process of mutual cooperation which will allow the creation of an important critical mass.

Not only active in Flanders

In the field of buy-outs and growth financing, Gimv is a European player with a focus on the Benelux, France and Germany. In order to take due account of local business culture, we have personnel in Antwerp, The Hague, Paris, Frankfurt and Munich. In addition to an excellent knowledge of the local markets in these countries, Gimv also has a strong presence in Central Europe (Prague) and Russia. Outside these core countries, we have also built up an international network through participation in private equity funds in (amongst others places) Great Britain and Scandinavia.

Our investments in risk capital for new technology cover the whole of Europe, Israel, Japan and the United States. In this context, we often collaborate with specialised local funds, although in many cases we are directly active in these countries in our own right. This has helped us to build up a significant critical mass for specialised activities and allows us to resist the competition.

What resources?

Gimv is an independent organisation. Following the stock market launch in 1997, 73% of our shares are now in private hands. The remaining 27% are held by the Flemish government, which acts as a solid reference shareholder. In most cases, we use our own resources to fund our investment projects and our strong overall balance gives us significant investment power. In addition, we also seek to increase our impact by attracting investment resources from outside third parties, such as financial institutions, insurance companies and pension funds. With this aim in mind, the Gimv sets up complementary funds, for which it acts as both manager and core shareholder. A good example is the Gimv XL-Fund, which was set up in 2008 (final closing in March 2010 with a balance of 609 million euros).

Institutional investors, wealthy individuals and ambitious entrepreneurs know that shrewd investment requires a combination of professionalism and expertise. For preference, they centralise their available resources in the hands of a partner who can combine these qualities and so enhance the impact and return of the available funds. The Gimv is just such a partner.

Our stock-listed status offers our investors interesting possibilities to invest in promising, non-listed companies. In addition, the Gimv adopts an attractive dividend policy, which provides investors with a sustainable return.

A steady return

Gimv can boast an impressive track record throughout its 30-year history, with an average annual return of 12% across the entire period. This puts Gimv in the top 25% of the most successful private equity players in Europe. It is our intention to confirm this excellent position in the future.

An attractive partner

By investing its own resources or the resources of the funds which it manages, Gimv possesses the flexibility to create partnerships with its portfolio companies over a long period. In other words, we maintain a long-term focus for value creation. As a result, the Gimv investment cycle is significantly longer than the three to five year cycles which are customary in the private equity sector. This allows us to build sustainable growth and real-world economic value. We are not in the business of financial re-engineering.

Our longer investment cycle means that we can develop more meaningful relationships with the management teams of our portfolio companies. For example, a Gimv representative often sits on their board of directors. These Gimv professionals act as a strategic sounding board, rather than becoming involved in the nuts-and-bolts of the daily running of the company. This makes it possible to focus the interests of both the company and the shareholder on long-term value creation. In concrete terms, this means that the Gimv investment managers help 'their' companies to define realistic objectives, take sensible decisions and formulate sound strategies, transforming them into a powerful and effective action plan, but without affecting the company culture or the independence of the participations. This makes our baseline – "good company for companies" – tangible to all involved.

*Lut Van Renterghem,
Gimv NV*

"Thanks to the creative combination of our investment resources and the effective collaboration between our experienced teams, Gimv can offer made-to-measure solutions to its participations. Through active involvement in the provision of capital for ambitious growth companies, Gimv can fulfil its role as a solid investment company, providing a lasting added value to all its stakeholders."

Koen Dejonckheere, CEO

GIMV in a nutshell

104 Employees / 92 Participations

Investments*

1.75 billion EUR invested in 200 new investments

Disinvestments*

2.15 billion EUR disinvested with 159 exits, 19 market introductions

Supervised assets

1 billion EUR, 1.8 billion EUR supervised assets included

Buyouts & Growth

- Belgium
- The Netherlands
- France
- Germany (Halder)

Venture Capital

- Technology
- Cleantech
- Life Sciences

Funds & Joint Ventures

- Gimv-XL
- Gimv-Agri +
- Central Europe & Russia
- DG Infra (infrastructure)
- Other funds

6 Locations

- The Hague
- Antwerp

- The Hague
- Antwerp

- Munich
- Prague


* The investments and disinvestments relate to the period 2000-2010

8 Strictly speaking, private equity means 'investment in non-stock-listed companies' and risk capital means 'capital financing in young, fast-growing companies'.

Do **ARKimedes** and **Vinnof** really lend companies a helping hand?

At the request of the Policy Research Centre for Entrepreneurship and International Entrepreneurship (STOIO), we analysed the possible impact of Vinnof⁹ and ARKimedes¹⁰ on the performance of companies in which they have invested. This study focused on two specific questions. Firstly: is the performance of the companies assisted by the Flemish government's investment initiatives significantly different from the performance of other companies (in the same sector and of similar age and size) who did not receive risk capital? Secondly: do companies which have received ARKiv funding perform better than companies which have received Vinnof funding?





The availability of risk capital is crucial for the financing of young, fast-growing companies. These companies are characterised by high levels of uncertainty, information asymmetries,¹¹ and immaterial investments, which means that traditional sources of finance – such as bank loans – are difficult to obtain. Moreover, their own internal resources are often insufficient or non-existent. In these circumstances, the provision of risk capital is the only realistic alternative to fund further growth. This is crucial, since it is these fast-growing companies which play a major role in creating employment and stimulating innovation within a particular region.

It is precisely for this reason that the Flemish government has instigated a number of funding initiatives, such as ARKImedes and Vinnof. The aim was to increase the range and availability of risk capital financing for fast-growing companies and start-ups in Flanders.

On a blind date with ARKImedes and Vinnof!

ARKImedes and Vinnof are administered by the Flanders Investment Company (PMV¹²): the Flemish government's independent investment body. The PMV was set up in 2001 in order to stimulate and realise greater economic growth and innovation in Flanders (www.pmv.eu).

At the time of its foundation in 2005, the overarching ARKImedes-I Fund was able to attract resources totalling some 110 million euros, through the public issue of shares and bonds. This money was invested in the ARKiv funds: private risk capital funds recognised by ARKImedes, which invest in SMEs with operational premises located in the Flemish Region. By the middle of 2010, the current twelve ARKiv funds had invested in 110 companies. The contribution of ARKImedes to the capital of the ARKiv funds can only amount to a maximum of 50%. The

remaining 50% needs to be raised by the fund administrators from other (private) investors. The first ARKImedes Fund will be closed down at the end of 2018.

Vinnof (set up in 2006) invests seed capital¹³ in small, innovative starter companies, with their main operational premises in the Flemish Region. This investment can be in different forms: capital participation, a subordinated loan or some type of hybrid arrangement. The maximum investment is limited to 1.5 million euros. By September 2010, Vinnof had invested in 34 companies.

An important difference between the ARKiv funds and Vinnof is the fact that Vinnof largely restricts its activities to companies which are less than six years old, whereas the ARKiv funds also invest in growing companies. The companies receiving risk capital from Vinnof have an average age of just one year, whereas the companies funded via the ARKImedes project have an average age of five years.

Both schemes target companies from the same sectors; primarily, the computer industry, biotechnology and industrial products and services. The portfolios of both the ARKiv funds and Vinnof therefore contain a balanced mix of high, middle and low-technology sectors. The statistics also show that companies which have received ARKiv or Vinnof funding have a higher rate of failure (12%) than companies which have received no risk capital. In other words, the ARKiv funds and Vinnof invest in enterprises with a higher than average level of risk.

How do the companies spend the money?

The results of the study show that on average the total assets of the companies in which the ARKiv funds and Vinnof invest grow more rapidly than the assets of companies without risk capital. This growth is largely the result of greater investment in tangible assets. In other

words, the companies which receive funding use it first and foremost to realise further investments, rather than using it as a buffer against the effects of a negative cash flow.

Vinnof companies – more so than ARKiv companies – are characterised by a strong growth in intangible assets. They also submit more patent applications than the ARKiv companies. Two years after the receipt of funding, 56% of the Vinnof companies have submitted an average of two patent applications. In comparison, after two years just 33% of the ARKiv companies have submitted an average of 1.6 patent applications. In this respect, Vinnof seems to be an important stimulator of innovation in Flanders (see Figure 1).

A significant rise in employment

An analysis of the study results shows a clear correlation between the receipt of Vinnof and ARKiv funding and employment opportunities. Over a two year period, employment levels in Vinnof-funded companies increase from an average of two employees to an average of eight employees. In ARKiv companies over the same period, the number of employees increases from nine to no fewer than twenty-four. These rapid growth figures

mean that on average both the ARKiv and the Vinnof companies create significantly more job opportunities over a two year period than comparable companies which have not received risk capital (see Figure 2).

The strong growth in both investment and employment is not reflected to the same degree in the figures for turnover and added value. The level of turnover achieved in the ARKiv companies is higher than for the reference group, but the average turnover per employee is almost three times lower. Vinnof companies also realise lower turnover per employee than the reference group. This lower added value, combined with increasing staff numbers, means that ARKiv and Vinnof companies consistently have a negative cash-flow and are usually loss-making (see Figure 3).

In this respect, however, there is a major difference between the ARKiv companies and the Vinnof companies. In the case of the ARKiv companies, the negative cash-flow and the level of loss continue to get bigger, whereas in the Vinnof companies the negative cash-flow becomes positive after a period of two years, and the level of loss is reduced by an average of 75%. In contrast, the companies from the reference group generally have a positive

cash-flow and make a modest profit (see Figure 4).

The need for secondary funding

Finally, the study analysed the extent to which the assisted companies were able to attract secondary (follow-up) funding. The negative financial results (negative cash-flow and accounting losses) mean that ARKiv and Vinnof companies usually need external follow-up investment. The initial Vinnof funding usually allows the assisted companies to bridge the financial gap for about two years. Some of the ARKiv companies are unable to hold out even for this limited period and require secondary funding after just one year. Although most of the companies in both schemes do not run up additional bank debts after the initial ARKiv or Vinnof investment, only a limited number (just 18%) manage to attract additional resources from outside sources. This could be interpreted as meaning that the investment of risk capital acts as a positive signal to the credit institutions. To a certain extent, the willingness to invest 'guarantees' the quality of the company, so that subsequent loans can be more easily granted with lower levels of risk.

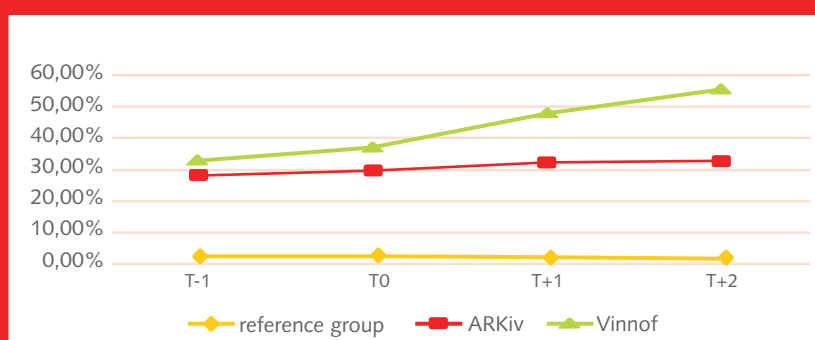


Figure 1: Patent applications (% companies)

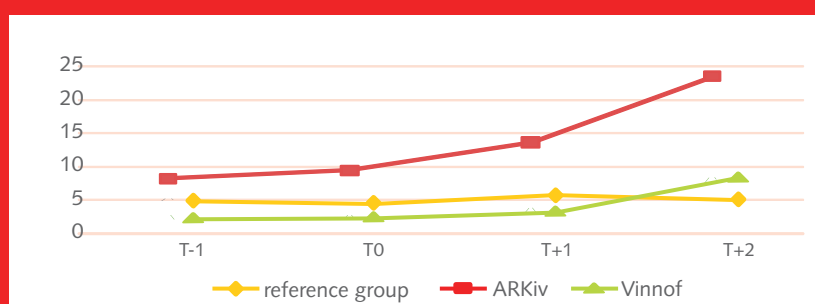


Figure 2: Employees (in full-time units)

In for a penny, in for a pound...

The results of this study have far-reaching implications. ARKImedes and Vinnof invest in start-ups and young, innovative companies or growth companies which create extra job opportunities. Viewed from this perspective, they have achieved their objective. However, many of the assisted companies – 84% – are still making a loss two years after the initial investment, and have consistently negative cash-flows. They remain wholly dependent on external financing, either from the banks or from other risk capital investors. If the flow of outside money is cut, most of the companies will not be able to survive and the ARKImedes and Vinnof investments will all have been for nothing.

The key question is whether or not these companies will ever be capable of financing their own growth. Most of the Vinnof-assisted companies achieve a positive cash-flow within two years and manage to reduce their losses considerably. This is a hopeful evolution. In contrast, the situation in the ARKiv companies continues to deteriorate and their need for external financing becomes greater. In view of the fact that Vinnof and the ARKiv funds have only a limited capacity to provide secondary funding, it is crucial that

these companies seek to develop sufficient maturity during the first two to three years after the initial investment, so that they become a more attractive proposition for other external investors.

This analysis proves once again that the provision of initial risk capital funding is just the first step along the long financial pathway which needs to be followed by innovative companies. Sufficient secondary funding is just as crucial in the development of healthy, sustainable companies, which can create prosperity for Flanders in the long term. This secondary funding must be sufficient to cover the large losses and negative cash-flows which the large majority of growth-oriented companies experience in their early years.

ARKImedes II Fund

From 2011 onwards, the ARKImedes I Fund will concentrate exclusively on the provision of secondary, follow-up capital. This is doubly necessary, since the current financial and economic crisis has made it harder than ever for companies to obtain bank loans. Moreover, since the need for risk capital financing remains high – as the above survey shows all too clearly – it was decided in June of this year to launch a second ARKImedes fund. With this

new initiative, it is hoped to guarantee the provision of risk capital to start-ups and growing companies after 2010. The ARKImedes II Fund will initially have 100 million euros at its disposal. In contrast to its predecessor, ARKImedes II will not seek to attract investment from the public. Instead, the resources will be allocated directly from the budget of the Flemish government and will be made available in various instalments to the PMV, who will take a major capital stake in the ARKImedes II Fund.

*Sophie Manigart,
UGent and the Vlerick Leuven Ghent
Management School
Andy Heughebaert,
UGent*

9 EWI-Review 3 (1): 6

10 EWI-Review 1 (1): 32 – 33

11 A situation in which one party has more information at his disposal than another party, and therefore possesses a competitive advantage.

12 EWI-Review 3 (1): 6 – 7

13 Capital to get a company up and running, usually from the founders, their family and their friends.

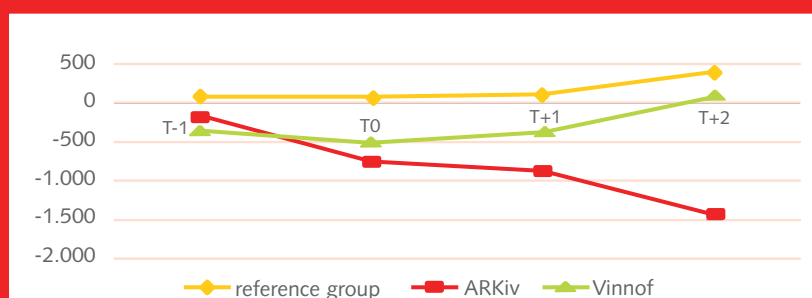


Figure 3: Cash-flow (in K euros)

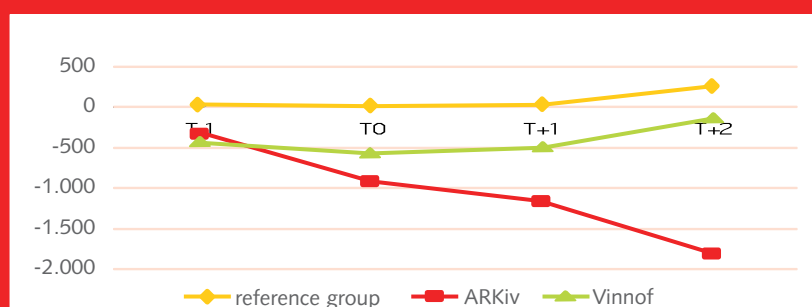


Figure 4: Profit/loss after tax (in K euros)



Cradle to Cradle: waste is food



The title of the ground-breaking book 'Cradle to Cradle: Remaking the Way We Make Things' (2002) by the chemist Michael Braungart and the architect William McDonough was only half translated in the Dutch edition, which was published as 'Cradle to Cradle: afval is voedsel' (Waste = Food). Perhaps this was intended to spare the feeling of the very young and their parents? Be that as it may, the term Cradle to Cradle (C2C) has since entered the Dutch language.

Whichever language and whatever metaphors you use, the central message of the C2C concept remains the same: waste is no longer waste, but is a raw material for the creation of something new. In this sense, every raw material gives birth – or stands at the cradle – to a product, and after this product has reached the end of its useful life cycle it again gives birth – or stands at the cradle – of a new product.

A good example of a C2C product is the original book by Braungart and McDonough. It is printed on a synthetic material made from plastic resins and inorganic fillers, which after use can be reprocessed to

look and feel like top quality 'paper'. The harmless ink dissolves in warm water and can also be reused. A similar example is the use of bio-plastics in the manufacture of bottles and other products. These types of plastic are no longer made from scarce petroleum, but from renewable substances such as lactic acid. After the use and recycling processes have been completed, there are no waste products, just new bio-plastics of the same high quality as before.

From A to Z to A to ...

The C2C concept stands or falls with the proper management of the entire process.

In this sense, it is not only the production process which is important, but also the initial choice of raw materials, as well as the maintenance, further refining, improvement and recovery of the used product.

This concept goes much further than anything we have known before. In 'classic' recycling, for example, products and materials are also reused, but they are often of an inferior quality second time around, so that they quickly reach the end of their useful life – and become 'unusable' waste. In this context, Braungart and McDonough speak of 'downcycling'. Their aim is to achieve 'upcycling': the continu-



ous re-circulation of non-harmful products (non-harmful both to man and the environment), in a manner which results in the creation new high-quality materials which can be reused for the same or a different purpose. Eco-innovation also devotes careful attention to the choice of raw materials and design, but the further steps in the product life-cycle are sometimes overlooked.

A number of ideas from the C2C concept – such as separate biological and technological cycles, eco-design and sustainable chains – have long been incorporated into both Flemish and European environmental policy (including waste and materials management). There are also a number of important opportunities and pointers for policies relating to the economy, science and innovation; for example, in the bio-economy, the carpet-manufacturing sector and the agro-economy. In this manner, it may be possible for economic and environmental policy to undergo a transformation from eco-efficiency to eco-effectiveness.

If we compare the C2C concept with existing opinions about the basic principles and practice of sustainable development, it will soon become clear that there are significant differences. C2C breaks with

a number of ideas which have hitherto been regarded as 'self-evident' – and this has made the concept controversial. For example, McDonough and Braungart contend that industry is capable of making the transition to C2C design under its own steam. This means without the intervention of government in the shape of supporting legislation, since the concept must also remain viable in economic terms: a product based on C2C has lower costs for waste management, whilst at the same time contributing towards greater economic and ecological quality.

The European C2CN initiative also focuses on governance aspects

The Public Waste Agency of Flanders (OVAM), working with a number of other European partners, has recently started the Interreg IVC project 'Cradle to Cradle Network' (C2CN)¹⁴. This project must make the governance aspects of C2C more visible and more discussible. The aim of this joint European venture is to gather insights, knowledge and practical examples which can show that C2C is more than just an abstract idea or a 'technology fix'.

In the C2CN project, ten European regions – ranging from the UK to Romania and from Italy to Finland – will seek to identify best practices in the C2C domain. Together, they will investigate how and why these practices work in a particular location and assess whether or not these practices can be applied with equal success elsewhere. It is not even necessary that the practices should be 100% C2C, as long as they offer the potential to learn useful lessons for the future. In this manner, the partners hope to initiate a joint innovation process which will make C2C principles more achievable. In other words, C2C is not simply seen as a technological solution aimed at closing the circuits. It is a broader attitude which seeks to give a new shape to innovative processes, in which sustainable development, realisation, management and transformation are the essential starting points.

The application of C2C was initially limited to products (processes) and buildings. In the C2CN project, C2C will also be utilised to give sustainability a more central position in regional development. C2C has the potential to become a driving force for the deepening of regional development into a sustainable form of spatial organisation. In the meantime, a number of 'perspective studies' have been drawn up and a series of (inter)national 'expert seminars' have been arranged on key C2C themes. OVAM was allocated the central theme of 'governance for C2C'.

Progress of the basis of achievement and performance

The objectives of the C2CN project are well defined. In the first instance, the collaboration must result in the delivery of action plans by the end of 2011. The aim with regard to processes is equally clear: it is not the intention of the participating regions to reinvent the wheel. Interaction with existing initiatives and networks in Europe can help to book efficient step-by-step results. The European Commission also has high expectations. It awarded the C2CN project the 'Fast Track Network' label, a recognition that C2C offers many interesting possibilities for the European Union. It also seems likely that C2CN will be used as a learning trajectory for the new EU 2020 strategy, which will follow on from Lisbon and Gothenburg. Amongst other matters, efforts will be made to examine ways in which the Structural Funds of the partner regions can be mobilised to finance C2C projects and experiments.

*Walter Tempst,
Public Waste Agency of Flanders
(OVAM), Policy Innovation Service
and Mieke Houwen,
Enterprise and Innovation Division*

Would you like to know more about the European C2CN project?

www.c2cn.eu
www.ovam.be/C2CNNetwork
www.ovam.be/C2Cases

Do you want to be kept informed about the C2CN project?

Send a mail to C2CNNetwork@ovam.be

Flemish C2CN stakeholder meeting: Kick off on 25 May 2010 in Mechelen

- Watch and listen to some of the interviews on <http://vimeo.com/12176323>
- Follow the presentations and first reactions on www.slideshare.net/wtempst

Flemish C2CN expert seminar: Governance for C2C on 12-13 July 2010 in Leuven

- Watch and listen to some of the interviews with participants on www.c2cn.eu
- Follow the presentations on www.slideshare.net/Governance

¹⁴ Source: milieuDirect (Kluwer), Walter Tempst, 'Cradle to cradle (C2C) requires a new policy paradigm', October 2010

Flanders is not enterprising enough: truth or lie?



We have all heard about the studies which suggest that too few Flemings are willing to take up the challenge of entrepreneurship: think of the Global Entrepreneurship Monitor¹⁵ and the Eurobarometer. However, these studies are based on very limited samples. Moreover, the studies only investigate attitudes and intentions towards entrepreneurship. So is the situation in Flanders really as poor as it seems?

This is the question which the researcher Sels tried to answer in the update of the study: *'The Flemish entrepreneurship rate, A European comparative perspective'*¹⁶. In the first instance, this study was intended to make a contribution towards the positioning of the Flemish Enterprise Council in a European context. In addition, they hoped to gain greater insight into the transitional process which allows people to make the move from unemployment or paid employment into self-employed entrepreneurship. With these aims in mind, they made use of the data of the European Labour Force Survey (ELFS¹⁷), which is based on a very wide-ranging sample, and on the population records and career panels of the Data Warehouse for the Labour Market and Social Protection.

Not as bad as we thought?

On the basis of the ELFS data, the researcher calculated the entrepreneurship rate – the percentage of entrepreneurs in the total labour force – for various member states and regions of the European Union. This revealed that the level of entrepreneurship

in Flanders in 2009 stood at 9.7%. This is more or less comparable with the figures for Germany, Denmark, Finland, Sweden and France (see Figure 5).

The same is true if a similar regional/national comparison is made between the percentage of self-employed persons with staff and other entrepreneurs.

Has this always been the case, or is it a more recent phenomenon? To answer this question, the researchers compared the level of entrepreneurship for the EU-15 from 2000 until 2009. During the period 2000-2003, the entrepreneurship rate in the Flemish Region showed a negative evolution. However, this was more than counteracted by a strong growth in entrepreneurial activity – in comparison with the other EU-15 member states – during the period 2003-2007. Between 2007 and 2009 the entrepreneurship rate declined slightly by 0.1%.

The study also contained a subdivision of the results into different sectors. This revealed that the largest numbers of

entrepreneurs in the Flemish Region are to be found in the commercial services sector and the industrial sector (including the building sector). In contrast, the number of entrepreneurs in agriculture, horticulture and fisheries is relatively low (just 6.3% of all entrepreneurs). In comparison, Greece Portugal and Ireland have a high overall entrepreneurship rate, but they also have a very high number of entrepreneurs in the agricultural, horticultural and fisheries sectors.

What about self-employed starters?

If the population statistics of the RSVZ are analysed, they reveal an increase in the number of self-employed starters in the Flemish Region in recent years: from 29,544 in 2002 to 43,245 in 2009. It is therefore clear that until 2007 entrepreneurship was still on the rise (to 46,920 self-employed starters) but slightly decreased thereafter.

The researchers also calculated the likelihood in percentage terms that a person will be self-employed in the European Union. Here again, the Flemish Region scored

well: higher than the European average and comparable with Poland, Ireland and the other two Belgian regions. This led the researcher to ask another question: perhaps the Flemish 'problem' is not situated at the level of entrepreneurial activity itself but rather at the level of employment.

Who becomes an entrepreneur?

The likelihood of a person making the transition to self-employed entrepreneurship was also examined. A large proportion of the people in the Flemish Region who make the switch to a self-employed activity as their main professional activity were engaged in paid employment in the fiscal quarter before they took this step, or were not professionally active.¹⁸ (In this context, paid employment means full-time salaried employment, salaried employment combined with a secondary self-employed activity, or a period of semi-paid career interruption, as foreseen by law). In other words, few Flemish starters make the transition to entrepreneurship from an unemployed or low-wage earner status. In the two other Belgian regions, many more entrepreneurial starters are drawn from these categories. In other words, the 'refugee effect'¹⁹ is a less significant factor in Flanders.

The researcher also established that the

likelihood in percentage terms of a person in Flanders making the switch from unemployment or employment to self-employment is lower than the European average. Moreover, the level of self-employment in the Flemish Region appears to be relatively stable. This suggests that there is little mobility between the different categories of employment status.

The unemployed find it harder to survive as a starting entrepreneur

The study also investigated the chances of sustainable long-term survival for unemployed people who make the transition to self-employed entrepreneurship. This involved a comparison of the salaried employees who made the transition to a self-employed status in 2001 with the unemployed people who took the same step in the same year. The results were very clear: people making the transition to self-employment from an employed status have a significantly greater chance of success than people who make the transition from an unemployed status.

Most starters become traders

When considering these figures, one important matter needs to be borne in mind: calculations made on the basis of the career panels indicate that the majority of people

making the transition to self-employment do so in activities which are not highly innovative. During the period 1998-2004, trading (included retail services and catering) was by far the most popular sector for new Flemish starters.

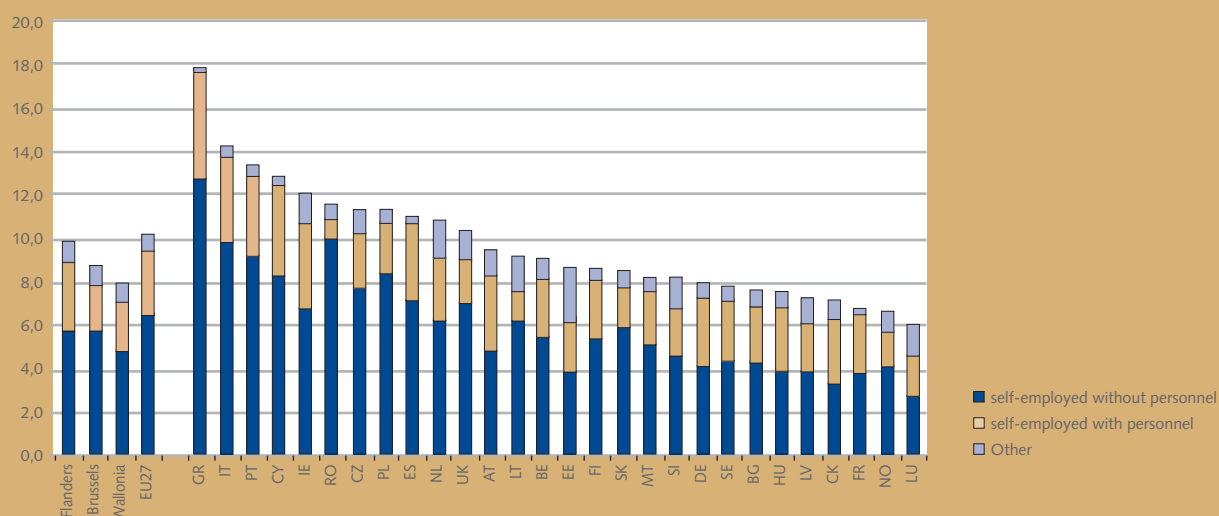
What is actually better?

It is difficult to reach a definitive conclusion with regard to our initial question: is it true or not that Flanders is not enterprising enough? It all depends on how you look at the matter. Is it important that there should be as many entrepreneurs as possible? Or as many starters as possible? Or is it more important that these starters focus their activities in 'promising' sectors?

Within the context of the further stimulation of entrepreneurship, the researcher argues that there is a need to gather more information about (and to take a greater account of) a wide range of key factors and performance indicators. The entrepreneurship rate is one of these factors, as is the level of burgeoning entrepreneurial talent (the proportion of the adult population actively engaged in the setting up of a company) and the number of starters in relation to the total professional population.

*Ilse Boeykens,
Enterprise and Innovation Division*

Figure 5: Entrepreneurship rate: number of entrepreneurs in the population (15-64 years) in the Flemish Region and the member states of the European Union (2009). Source = ELFS, processing = Policy Research Centre WSE



15 EWI Review 1 (1): 9 and EWI Review 2 (1): 5

16 Luc Sels, *De Vlaamse ondernemersgraad. Een Europees vergelijkend perspectief*, Faculty of Economics and Business Sciences, Catholic University of Leuven

17 http://circa.europa.eu/irc/dsis/employment/info/data/eu_lfs/index.htm

18 This group includes (amongst others) house-wives or house-husbands reentering the job market, school-leavers, co-working family members who wish to formalise their status, etc.

19 I.e. becoming an entrepreneur because of long-term unemployment or because of the lack of any real possibility of finding attractive and/or lucrative paid employment.

The contextual determinants of entrepreneurship in Flanders

In February 2010, Flanders DC published a research report that synthesised the most important contextual determinants of entrepreneurship. These contextual determinants were discussed on the basis of the professional literature and were supported with figures from the OECD, the World Economic Forum (WEF), the World Bank and the Economic Freedom Index (for Flanders, Belgium and the reference countries: Ireland, Sweden and the United States). This study allows a comparison to be made between the environmental factors for entrepreneurship in Belgium, Ireland, Sweden and the United States.

Cultural context: no risk-takers

The report starts with an analysis of cultural determinants, since culture is to a large extent responsible for the development of the political, social and institutional systems in a country or region (see Figure 6). To describe the relationship between cultural context and entrepreneurship, the researchers²⁰ first examined the Hofstede²¹ dimensions, supplemented with further studies relating to the interaction between religion, creativity, diversity and entrepreneurship.

The Hofstede dimension of 'Power Distance' (PD) indicates 'acceptance' of an unequal distribution of power. Although

research has so far only produced mixed and inconclusive results with regard to the relationship between PD and entrepreneurship, it is noticeable that in Flanders the PD is significantly higher than in the other entrepreneurial reference countries. Flanders also scores higher for 'Uncertainty Avoidance' (risk aversion), which measures the need for 'rules' to offer a degree of security in the face of future uncertainties.

This implies that the Flemings want to keep everything neatly under control. However, the professional literature suggests a negative association between risk aversion on the one hand and innovation and entrepreneurship on the other hand. There is therefore a possible – and problematical

– link between Flemish cautiousness and Flemish entrepreneurship.

Institutional context: doing business easily?

If the cultural context is primarily a catalyst for entrepreneurship, the institutional context has a much more direct effect on the development of a positive entrepreneurial climate. The researchers analysed the following institutional determinants: rules, property rights and the legal system, the efficiency of state regulation, start-up procedures, limitations on the movement of capital, the 'ease of doing business' indicator, corruption, the unions and the mechanisms of the labour market.

As far as the quality of its institutions is concerned, in 2009 Belgium stood in 24th place in the WEF world rankings. Sweden did much better, with an impressive second spot. More worrying is the level of hindrance caused by state regulation in Belgium (112th of the 133 countries in the WEF rankings). With regard to start-up procedures, Belgium does not differ greatly from the other reference countries, except with regard to the procedures for planning permission, where our country once again scores poorly in comparison. The score for restrictions on the free movement of capital was good, but not as good as Ireland and Sweden. As far as the absence of corruption is concerned, Belgium must once again recognise the superiority of the reference countries. OECD likewise records a higher level of union density in Belgium than in either Ireland or the United States. Sweden also has a very high level of union participation, but this is more than offset by the more efficient working of the Swedish labour market. According to the World Bank, in 2009 it was easier to do business in all the other reference countries than in Belgium.

Social context: a moderate approach

According to the professional literature, population growth, immigration, population density, the quality of training and education, and human capital can all have a positive effect on entrepreneurship. In terms of population growth, Belgium – like Sweden – scores less well than Ireland and the United States, but we score better than Sweden and the US for net immigration ratios. For education, training and human capital, Belgium performs as well as – or in some cases better than – the reference countries.

Economic context: some special characteristics

The report also looks at the relationship between the economic context and entrepreneurship. The studies to which the authors refer point out a significant positive correlation between entrepreneurship and entrepreneurial density²², the importance of small companies and the level of unemployment in a region or country. Income per capita can also have an influence on entrepreneurship, although the literature is less conclusive on this point.

In comparison with the reference countries, Flanders only scores moderately for entrepreneurial density. Per capita income is also lower in Belgium and the level of unemployment is higher than in Ireland, Sweden and the US. Belgium does, however, have more small companies. The researchers identify the openness of the Flemish economy, in terms of international trade and

investment, as an economic determinant of special importance.

Political context: room for improvement in fiscal policy and R&D expenditure

The report concludes with an analysis of the relationship between the political context and entrepreneurship. In this field, a flexible tax policy and the stimulating role of public expenditure on R&D can have a positive influence.

As far as fiscal matters are concerned, it will surprise no one that the reference countries score much better. Belgium is also lagging behind in terms of the state funding of R&D expenditure, although the situation in Ireland is even worse. The authors also offer a short discourse on Hoffman's study, which investigated the link between the highlighted priorities in a country's (or region's) entrepreneurial policy and the

actual performance of that country (or region) in terms of effective entrepreneurship. They concluded that the effectiveness of government policy can vary greatly, depending upon the nature and dynamic of the country's (or region's) systems. Some results can also be time-related.

In its final conclusions, the report gives a summary of the strengths and weaknesses of Flanders/Belgium in comparison with the reference countries. This underlines the fact that Flanders exhibits considerable cultural differences from Ireland, Sweden and the United States. In particular, the general unwillingness of the Flemings to take risks is put forward as a particular point for attention – and improvement.

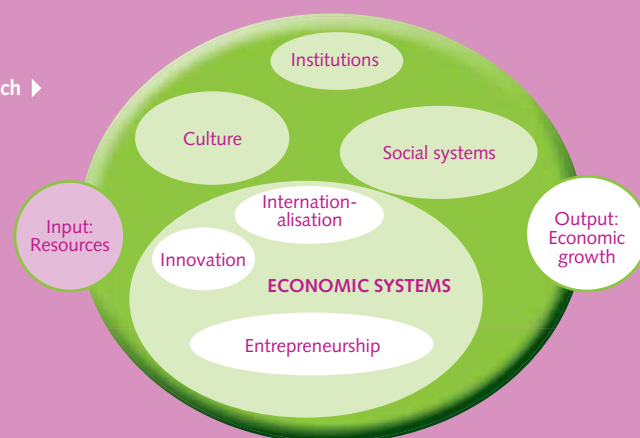
*Ilse Boeykens,
Enterprise and Innovation Division*

Report on Entrepreneurship in Belgium: problems and challenges

The Central Economic Council published a report in August 2010 which highlighted the problems and challenges for entrepreneurship in Belgium. This also involved a study of the professional literature to assess the factors which are likely to have the strongest influence within the Belgian context. This comparative study takes as its starting point the five basic categories identified by Hoffman – opportunities, capital, skills, incentives and motivation. The reference countries were Finland and the United States. A number of points for improvement were identified and further analysed. For example, it was concluded that Belgium has a very open economy which is heavily dependent on foreign multi-national corporations and is subject to severe foreign competition via import. Belgium also faces the problems associated with a low birth rate and an ageing population. In addition, it suffers from a weaker enterprise culture. The report also looked in depth at the following themes: international entrepreneurship; the problem of replacing retiring entrepreneurs; and the role of education in countering the lack of an enterprise culture.

The report can be consulted on: <http://www.ccecrb.fgov.be/home.asp?>

Figure 6: a systemic approach ►



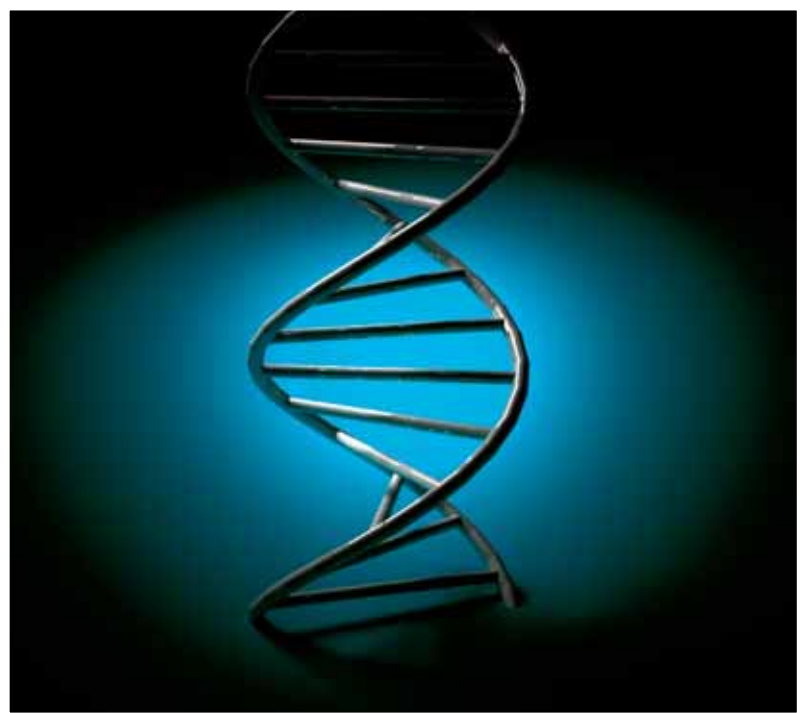
²⁰ Reinout Buysse and Leo Sleuwaegen.

²¹ The study by Geert Hofstede on culture in the workplace forms the basis for a considerable part of the research corpus with regard to the relationship between entrepreneurship and culture.

²² Entrepreneurial density is measured by dividing the number of private companies in a region by the total population of that region.

The DNA of innovation dynamics

Why is it that an innovation dynamic is created in one company but not in another? Which human factors play a role in this process? How can a company climate favourable to innovation be encouraged, so that managers and staff are stimulated to behave in a creative and entrepreneurial manner? Eight consultants and twenty-five industrial companies tried to find the answers to these questions, with the support of Flanders InShape²³.



Sooner or later, every company experiences that innovation is a real necessity: not only to strengthen and protect their current business position against the competition, but also to discover and develop lucrative new products and services for the future. Even so, innovation remains a difficult matter for many businesses. It is by no means an easy task to translate the 'intention to innovate' into 'concrete innovation successes'. It is our experience – and perhaps yours as well – that things most frequently start to go wrong during the initial phase of the innovation process: the step which should lead from 'the intention to innovate' to 'the discovery of a worthwhile valuable innovation with business potential and the decision to invest in it.'

Are there enough innovative ideas? And do we capture them?

There is usually no shortage of innovative ideas in a company. The problem is that people seldom do anything with them. They are so busy with their routine daily tasks that they simply do not have the time to explore their bright ideas any

further. The real challenge facing all companies is therefore to capture these ideas and turn them to practical use.

Suggestion boxes seldom work and are usually viewed with cynicism by the staff. Who in their right mind is going to drop their brilliant idea into an anonymous box, with the likelihood of never hearing anything about it ever again? Someone who really believes in their own idea is unlikely to give it up lightly. Notwithstanding their busy agenda, they still want to find the time and a framework in which they can further develop and defend their brainwave. A suggestion box implies precisely the opposite: it means "I am handing my idea over to you – and also the decision about its future." As a result, suggestion boxes usually remain empty after a time or else attract 'suggestions' which are seldom constructive – and not always printable.

Brainstorming sessions are more 'fun' than suggestion boxes and initially inspire more enthusiasm. However, it soon becomes clear that the resulting ideas often require a good deal of further analysis – usually carried out by others – and seldom lead

to something worthwhile and marketable. As a consequence, the initial enthusiasm fades quickly.

In brainstorming sessions managers and staff both fall prey (often unconsciously) to three implicit (and undesirable) assumptions. First of all, they see the session as the time and the place to be creative, following which everyone can return to 'business-as-usual' (whereas in reality idea generation can only be successful if there is a permanent innovative approach to all the company's activities, including those which take place outside the brainstorming session). Secondly, the managers ask for ideas and so they are automatically given them, irrespective of whether the staff really believe in them or not (after all, some other poor fool will have to take the matter further). Thirdly, there is a belief that the output of a brainstorming session means that we immediately have ideas for new products and services, which allows us to take our innovation process to the next stage.

The forgotten third dimension: experience and meaning

In theory, there is nothing wrong with the various techniques and methods which exist for the capture of innovative ideas, but they often acquire an unintended meaning in the minds of the staff, which is usually different from what the management had hoped. How does this situation arise – and what can we do about it?

Every activity or process – a meeting, a project, a suggestion box, a brainstorming session – consists of three separate dimensions: content, structure and experience/meaning (see Figure 7).

During our research, we established that it is not very common in industrial companies to pay much attention to this third dimension: the manner in which the staff experience the process and give it meaning. The senior management usually concentrates on the end result (the content) and on the methods or instruments (structure) by which this result can be achieved. In this respect, the assumption is usually made that “if this method or instrument worked elsewhere, it will also

work for us.” In contrast, the staff are less concerned with the ‘what’ (that is a matter for the bosses), but they are very concerned about the ‘how’. How will this affect my work? What will I have to do? What does it mean for me? Do I want this? Will I be able to do this?

Meaning often differs

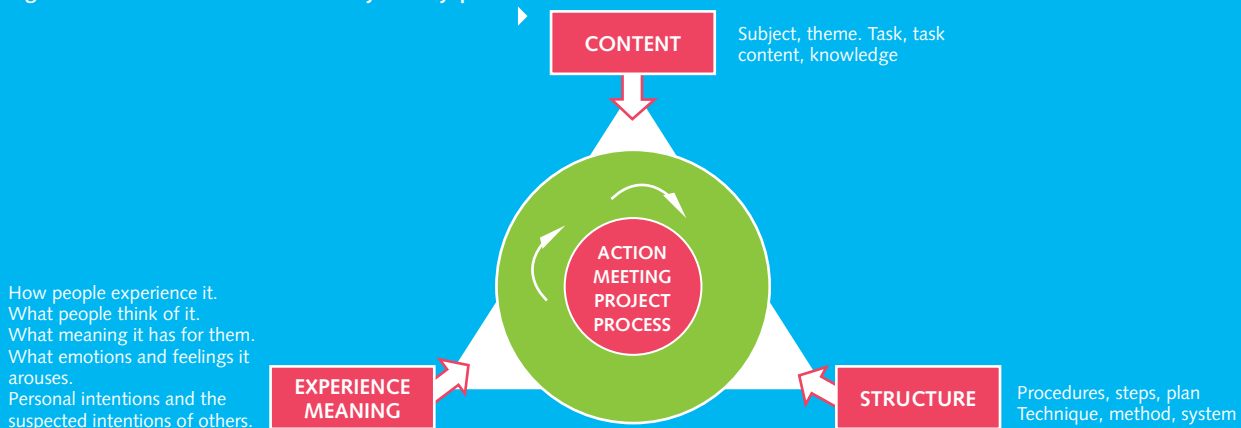
The ‘meaning’ which each employee gives to the action and the use of instruments and methods can differ radically from what the management has in mind (or from what happened in a similar situation in another company). The company culture – the way in which an individual company does things, sees things and interprets things – plays an important role and will help to colour perception and meaning, certainly when the proposed action takes staff outside their usual comfort zone. Of course, it also helps if the management communicates clearly about the objective, the approach and the ‘why’ aspects, but even so many managers still forget that it is not they who will ultimately determine the meaning which the action acquires in the minds of the employees: this is something that the em-

ployees do for themselves! Each member of staff will take individual account of all the different elements, including those that the managers never mention or of which they are not even unaware: past history, management style, management reliability (do they do what they say), personalities, egos, the reaction of colleagues, etc. This means that the effect and results which can be achieved with the chosen instrumental approach – even if this choice is made and implemented in a correct manner – will often be surprising and disappointing for the management.

As with suggestion boxes and brainstorming sessions, the important thing is not so much what you are trying to achieve, but the manner in which you try to achieve it. This is the decisive factor in the eyes of the staff. Consequently, for the management suggestion boxes ‘mean’ a simple and useful way to capture ideas, but for the staff they ‘mean’ the surrender of their idea and its further development to others.

The importance of this third dimension and its effect on the overall process is greatly underestimated by almost all

Figure 7: The three dimensions of every activity/process



When one of the three dimensions – content, structure, experience/meaning – is systematically neglected, the result will be a badly working company with a climate unfavourable to innovation.

- If company directors, senior managers or even colleagues fail to give due recognition to the meaning / experience of others, this will result in a culture of ‘selling the message’, the persuading and pressuring of people (often against their will) to do what needs to be done. In these circumstances, people react formally and mechanically, so that the real essence of the matter is seldom discussed. This results in the implementation of false solutions, even though everyone senses that the real objectives will not be fully realised. There are too few options to express opinions freely to managers, and so people just keep their thoughts to themselves (“Why should I stick my neck out or risk my job?!”). Discussions about meaning and experience take place ‘underground’: in the corridor, at the coffee machine, etc. Many companies formulate a mission, vision and values for which there is no real support amongst their own staff, since the staff are not able to ‘translate’ these concepts in their own work situations. The mission statement is usually framed and hung in the entrance hall of the head office building, but it remains a dead letter. This ‘fact’ is also given a meaning by the staff, but it is a very different meaning from what the management had in mind.
- If structure and method are lacking, the organisation will simply become a talking shop. Typical characteristics in this situation are endless talking and equally endless listening, following which the ‘agreed’ decisions continue to be called into question, time after time. No progress is made, no one takes the bull by the horns, and inertia creeps in.
- If content and knowledge are lacking, the organisation will become a rudderless ship, with no clear vision or destination in sight.

companies. And it is precisely here that inspirational leaders can make a difference! Through his behaviour and without the need for many words, an inspirational leader can both sense and react to the perceptions of his staff and is therefore able to positively influence the meaning which they attach to the situation. He has the ability to inspire his people, and always acts in a spirit of intrinsic motivation.

CARA: Competencies, Autonomy, Relatedness and Aspiration

People wish to make use of their strengths, their competencies; they like doing the things that they are good at. This gives them greater self-confidence and increases the likelihood of positive recognition. At the same time, they usually like to enjoy a degree of autonomy and independence in the performance of their duties. Similarly, they are also searching for a degree of relatedness, perhaps in the shape of team-forming with colleagues who possess complementary skills or an inspirational leader to whom they look up. And we all have our own aspirations and ambitions. For some people, this might mean "doing my job to the best of my ability", for others it might mean "meeting all my customer's wishes" or "discovering new success niches in the market for my company". Underlying all these elements is a desire for recognition, both from themselves and from their environment. This final motivational aspect is intrinsic and personal; in other words, it differs from person to person (even if two people are performing exactly the same duties). This means, as leader, that you cannot determine or impose motivation. All that you can do is to create a context, a series of actions and processes, in which the people you need will be able to find their own individual source of motivation.

Unfortunately, many companies fail to understand the mechanisms by which intrinsic forms of motivation can be tapped – and hence they resort to extrinsic reward systems. However, these seldom work in matters where innovation is involved. They fail to reach – let alone influence – the motivational drivers of the individual. As a result, offering a reward for a good idea (or organising a competition to capture various ideas) will rarely lead to more than one or two useful proposals, but it will certainly lead to a whole lot of mediocre ones. Similarly, there will be just one or two lucky winners – and everyone else will be disappointed. And even the winners may eventually become disappointed, if their bright idea is taken no further, perhaps because the relevant department has no time, or no budget, or more pressing priorities. In these circumstances, idea generation and their associated reward

systems can suddenly take on a whole new – and not very positive – meaning.

An alternative innovation process, based on intrinsic motivation

Within the framework of this study, we developed an SME version of the Entrepreneurial Boot Camp innovation process pioneered by Alcatel-Lucent and other major companies (see also www.TheSecondPhase.be). This process focuses on the true essence of innovation: not simply the generation of ideas, but the transformation of those ideas into products and services which can be brought to market. Moreover, this approach speaks more directly to the intrinsic motivation of the company's 'internal entrepreneurs', primarily because it keeps ownership of the idea in the right place: in the hands of the 'internal entrepreneur' and his team. The only ideas which are activated are the ideas which this 'intrapreneur' and his team believe in – and are willing to develop. There is no brainstorming which leads to others eventually having to do all the work! The generator of the idea puts together his own – preferably multi-discipline – team of 'believers', who are all motivated to translate the idea into a real business opportunity. They are coached and advised in this process by a team of experienced specialists. Because membership of the team is voluntary, the collaboration is more intense and more effective than when management chooses the different team members.

Since the team can rely on the input of members from different disciplines, the quality of the business opportunities is frequently much higher than the quality which can be achieved by a single individual. The pioneers of this process had a success rate in the order of one new marketable business product or service for every ten ideas. Compare this with the 150 or so ideas which come out of an average brainstorming session, the vast majority of which lead to nothing or at best to the incremental improvement of existing business.²⁴ The new process also makes it easier for management to take decisions: a number of external specialists – risk capital investors, business angels and business coaches – are on hand to give their opinions about the wisdom of investing (or not) in the business opportunities put forward. This valuable information is not always available to managers within their own organisation and provides an added stimulus for the taking of prompt and decisive action. Through the strict application of the core principles of the new process, the employees will be given the 'right' sense of meaning, namely: "I am being given the chance to lay the basis of a future business opportunity for my

company and am getting the recognition for this fact; I am not alone in this matter, but am being coached in the themes that I am less familiar with."

An innovation-friendly company climate

Perhaps you are thinking: "It could never work like that in my company!" And perhaps you are right. In addition to innovative ideas and a good functioning innovation process, based on intrinsic motivation, there are a number of other (human) factors which can help or hinder the creation of an innovation dynamic. In this respect, there is both good news and bad news. The bad news is that there are many such factors: involvement, trust, cooperation, remuneration systems, the decision-making process, conflict management, freedom of opinion, diversity and commitment, to name but a few. You can find a full summary on www.innovatieklimaat.be, together with a number of tracks and tools which can help you to get to grips with them. There are also six processes (including the innovation process mentioned above) which can help you to tackle – and hopefully improve – the culture in your company. And the good news? Many companies have already dealt successfully with these factors and are moving their culture in the right direction. There is no reason why you should not do the same.

Do you still have doubts about the innovation climate in your company? Do you find it hard to assess the dynamic in your organisation? During our project we developed a tool that can help you to map out the innovation dynamic in your business, in a manner which brings priorities to the surface, whilst at the same time initiating a dialogue on these matters between your key members of staff. Interested? Then why not give it a try?

Marc Bogaert,
One Small Step

More info

www.OneSmallStep.be
www.TheSecondPhase.be

²³ EWI-Review3 (2): 38 – 39

²⁴ The professional literature suggests that the success rate for brainstorming is one successful business opportunity for every 1,000 to 2,000 ideas (www.inventionstatistics.com/Innovation_Risk_Taking_Inventors.html).

'Tussenstap' – entrepreneurs at the crossroads

In May 2010, the Eurobarometer survey of entrepreneurship in the EU was published. This revealed that 47% of the Belgian respondents regarded 'the possibility of bankruptcy' as the greatest risk associated with the setting up of a new business. The Eurobarometer is admittedly based on a relatively small sample of entrepreneurs. Even so, it seems reasonable to conclude that in Flanders – as in Belgium as a whole – there is still a stigma attached to the idea of failure.

The University College of Ghent also recently conducted a study which sought to obtain a clearer picture of the attitudes towards entrepreneurship, bankruptcy and restarts in Flanders. The general image which people have of entrepreneurs is relatively positive, but the attitude towards bankruptcy is much more negative. In this respect, fear of bankruptcy was also the most important reason why potential entrepreneurs are reluctant to start their own business.

It is high time that this image is changed – or this, at least, is the opinion of Zenitor.²⁵ They started to try and do something about this with their 'Tussenstap' project (the word literally means 'intermediary step'), and have recently been granted financial support by the Flemish Government to expand their activities during the next two years. In this manner, the Minister of Economy wishes to show that the Government not only seeks to assist starters and growers, but is also concerned about the position of entrepreneurs in difficulty and restarters.

Words and deeds

Using a series of well-targeted information and sensitisation campaigns, 'Tussenstap' hopes to change the cultural and mental attitudes of people in Flanders, by creating a new perception in which respect for entrepreneurship in all its facets stands central. This also means having respect for entrepreneurs who had the courage to start up their own company, even if it later went bankrupt. Without proper social respect for this kind of 'failure', the psychological threshold (starter fear) and the sociological brake (public disapproval) associated with

the setting up of a business will remain. If this change in attitude can be achieved, it will not only increase the number of new starters, but will also assist the reintegration of 'failed' entrepreneurs into new (self-employed) activities.

This being said, 'Tussenstap' is more than just a matter of social sensitisation. It offers counselling, advice and concrete help to entrepreneurs who have gone bankrupt or whose companies are in difficulty. A bankruptcy (or its impending likelihood) creates great stress for the entrepreneurs concerned. Moreover, their problems are not simply confined to the company itself, but can also have a strong impact on their private lives and personal environment. The majority of entrepreneurs still see bankruptcy as something damaging to their identity and their own sense of worth. In these circumstances, it is easy for them to become isolated from the rest of society. It is at this time that the failed entrepreneurs need professional help and external guidance, but it is also at this time that the entrepreneurs are least able to afford these often expensive services. To make matters worse, most entrepreneurs have an imperfect understanding of the legislative framework applicable in this kind of situation: the law relating to business continuity, the bankruptcy law, the provisions for collective debt settlement, social insurance obligations and entitlements for the self-employed, etc.

A second chance – and a new life

'Tussenstap' acts as an information and contact point which can be used free of charge by any Flemish entrepreneur in need. On the basis of the in-house

knowledge and experience built up in recent years, supplemented by additional advice from highly-specialised outside professionals, 'Tussenstap' is able to offer made-to-measure solutions to the people who seek its help. In addition, bankrupt entrepreneurs receive support from a team of volunteers – most of whom have experienced the pain of bankruptcy themselves – and professional coordinators. If necessary, these services can even be provided at home, rather than in the office. And when the bankrupt entrepreneurs have recovered their balance and confidence, 'Tussenstap' is still waiting to lend them a helping hand back onto the entrepreneurial ladder, via the Zenitor career centre.

Finally, 'Tussenstap' aims to systematically collect and collate its expertise concerning the broader issues associated with bankruptcy – both pre-bankruptcy and post-bankruptcy (fiscal, legal, social, economic) – into a knowledge centre. This knowledge (with related training, if required) will then be made available to welfare workers from other organisations (such as the local social service department) who are not quite so familiar with the specific problems associated with entrepreneurs in need and bankruptcy in the business world.

*Ilse Boeykens,
Enterprise and Innovation Division*

More info

www.tussenstap.be, vraag@tussenstap.be

²⁵ Zenitor is a non-profit-making organisation specifically aimed at bankrupt entrepreneurs and entrepreneurs in difficulty (www.zenitor.be).



The European exchange programme for young entrepreneurs

Eight years after Lisbon,²⁶ European SMEs still have lower productivity and growth rates than their American counterparts. The cause? Continuous market failure, a lack of management and technical skills amongst the entrepreneurs, an inflexible labour market, etc. For this reason, the European Commission decided in 2008 to approve the Small Business Act for Europe: the SBA. In so doing, the Commission recognised the need for a new and more integrated approach in the European Union's policy for entrepreneurship.



To create a level playing field for SMEs and to improve the legal and administrative climate throughout the entire Union, the SBA foresees a far-reaching policy framework. This framework consists of 10 basic principles for the formulation and implementation of entrepreneurship policy, a new series of legislative proposals on the basis of the 'think small first' principle, and new policy measures to effectively put the 10 principles into action. In 2009, 'Erasmus for Young Entrepreneurs' was launched to give concrete expression to the first basic principle of the SBA: "To create an environment in which entrepreneurs can thrive and in which entrepreneurship is rewarded." Erasmus for Young Entrepreneurs offers new entrepreneurs the opportunity to spend between one and six months with an experienced host entrepreneur in another member state of the European Union. New entrepreneurs are people who are firmly planning to set up their own business or who did so within the last three years. Host entrepreneurs are experienced owner-managers of an SME in the EU.

Win-win

In this way, the European Commission seeks to promote and facilitate the cross-border transfer of knowledge, whilst at the same time encouraging the development of an international network between EU entrepreneurs. The ultimate objective? To create stronger and more internationally-oriented companies.

The advantages for the young entrepreneur are numerous. He (or she) can benefit from direct financial support, acquire valuable international experience, establish a network of international contacts, learn to understand foreign markets, strengthen sector-specific competencies, test out his/her own ideas, and explore possible opportunities for cross-border collaboration. During their stay in the host country, the entrepreneurs can secure knowledge valuable for their own company, and they

often make a positive contribution to the business activities of their hosts. They also have the opportunity to work on concrete, practical projects – for example, in the fields of brand development, sales and marketing, innovation and R&D, or financial and operational management.

As this latter point shows, the host entrepreneurs also benefit from the exchange. With no financial investment whatsoever, they are able to meet potential international business partners, they can obtain new insights and knowledge about the latest trends in the guest entrepreneur's sector and country, they can become part of a dynamic European network for entrepreneurs, they can create visibility for their company and exchange ideas about their own expansion plans.

Implementation

Erasmus for Young Entrepreneurs is largely financed by the European Union. The total project budget amounts to 11,450,000 euros, spread over three project calls running from 2009 to 2012. More than 100 intermediary organisations, active in the field of business support (e.g. chambers of commerce, incubators, starter centres, etc.), are responsible for the actual implementation of the exchange programme. Their activities are monitored by Eurochambres, the Association of European Chambers of Commerce and Industry. The intermediary organisations are the first point of contact for the entrepreneurs. The facilitating of good relations between guest and host entrepreneurs and the provision of match-making services (such as promotion, logistical support, the checking and approval of applications, etc.) are their most important tasks, for which they can make use of an online registration and matching tool.

At the start of the programme in February 2009, Enterprise Flanders was designated as the intermediary organisation in Flanders. It is the lead partner of a Belgian consortium with the Brussels

Enterprise Agency (BAO) and the Walloon Agency for Export and Foreign Investment (AWEX).

The current state of play

Since the start of the programme, 2,523 European entrepreneurs have registered via the registration tool. 2,014 of these candidates met the required criteria. About a third of them are experienced entrepreneurs; the remaining two thirds are young entrepreneurs. By September 2010, 430 exchanges had been effectively completed or were in progress. The largest suppliers of candidates and exchanges are Spain and Italy, followed by France and the United Kingdom. Enterprise Flanders has so far processed 45 applications, which have led to 15 actual exchanges.

A promising future

In view of the number of registrations and the number of active European SMEs, this programme has considerable potential. Moreover, questionnaires completed by the participants so far confirm that there is great satisfaction amongst all concerned. The majority of participants, both guests and hosts, state that the programme has had a significant impact on the development of their plans and businesses. As a result, the European Commission wishes to make the programme permanent by 2013 at the latest.

*Christine Vanhoutte,
Flanders Enterprise*

Would you like to know more?

Surf to www.erasmus-entrepreneurs.eu or contact your local partner in Flanders via email christine.vanhoutte@agentschapondernemen.be



Flemish hospitality

Chris Devos was one of the first entrepreneurs to accept a young guest entrepreneur from abroad. His company, Cenerpro, provides high-technology energy advice to large industrial enterprises. In the spring of 2010 he acted as host to an Italian engineer, Enrico Molineri, who is planning to start his own consulting agency specialising in energy efficiency.

"When I was a civil engineering student, I followed six month's of training in Portugal, within the framework of Comett, one of the first European exchange programmes for young people. I found it to be a highly educational experience and it was for this reason that I was happy to share my knowledge and expertise with a starter from another country. During Enrico's stay, I focused largely on the transfer of technical knowledge, including analysis methods and measuring techniques. In addition, I devoted considerable attention to marketing and financial aspects. The exchange also offers an added value for my own company, while the knowledge transfer involves no real commercial risk. Not only have I been able to expand my international network, but I have also found partner with whom I can conduct international projects in the future."

Flanders needs more courage!

In Flanders, just 3% of the population is actively engaged in the setting up of new businesses. On average, other Europeans are doing twice as good. Why is Flanders scoring so poorly? Recent research work by the Flanders DC Knowledge Centre sheds some light on this matter from a cultural perspective.

There are many factors which play a determining role. The most significant are institutional factors (the nature and working of the state machinery); the social factors (population growth and migration); economic factors (the openness of the economy); and political factors (such as fiscal policy). These are the 'determinants' which are studied by economists, psychologists and sociologists.

In addition to these determinants, a recent study carried out for the Flanders DC Knowledge Centre by the Vlerick Leuven Ghent Management School²⁷ also examined the cultural context. The study report defines 'culture' as a collection of shared values, convictions and expectations in respect of conduct at all levels of society. This culture defines to a large extent the nature of the different institutional, social, economic and political systems, but it is also a process which works in both directions.

Flemish culture dissected

Whereas cultural determinants act as a catalyst for entrepreneurship, it is the institutional context in particular which plays a key role in creating a positive entrepreneurial climate. The final harvest of new companies is determined by the potential fertility of the cultural medium, which can be partly or wholly realised by virtue of (or in spite of) the institutional structure (e.g., the level of administrative complexity, tax pressure, etc.).

So just how fertile is the entrepreneurial soil in Flanders? Or is our soil barren and exhausted? And what effect do variable conditions such as the 'weather' have? The Flemish cultural context can be analysed on the basis of the Hofstede dimensions (expressed as a score out of 100), which offer a concise and useful taxonomy of the

most important cultural characteristics:

- **Uncertainty Avoidance (UA):** measures the need to have rules as a form of security against the uncertainties of the future. 'Uncertainty' refers to future events which are new or which differ from our daily pattern of expectations. A high UA score suggests a desire to keep everything tightly under control. In this context, a series of (formal) rules regulating technology, laws, religion, etc. offer a feeling of 'certainty' in the short term. Flanders has a score of 97 for UA.
- **Power Distance (PD):** measures the power or influence of 'superiors', as this is experienced by others lower down the hierarchical ladder. The PD therefore reflects the level of 'approval' or 'acceptance' for an unequal distribution of power. Flanders has a score of 61 for PD.
- **Individualism:** measures the extent to which individuals (wish to) form part of a group. Flanders has a score of 78 for Individualism.
- **Masculinity:** measures the importance of task distribution between the sexes (low masculinity = "Men and women are equal and must always receive the same pay for the same work"). Flanders has a score of 43 for Masculinity.

Two of these scores stand out. Firstly, Flanders has a very high score for Uncertainty Avoidance. Secondly, the Flemish score for Power Distance is almost double the score of our reference countries.

World champions in risk avoidance

The extreme score for Uncertainty Avoidance is bad news for Flanders. There is (logically enough) a negative correlation between UA and innovation. Innovation runs more smoothly when there is less bureaucracy and less fear of uncertainty. The Flemings are wary – much more so than other nationalities – of unknown situations in the future. In this respect, the Flemish score is more than double the American score. Countries such as Ireland and Sweden score three times lower than Flanders. In other words, we could use a stiff dose of courage.

As far as the Power Distance score is concerned, the situation is more nuanced: some researchers believe that there is a negative correlation between a high PD and innovation. In other words, they think that countries with a high acceptance of the unequal distribution of power are less likely to show the initiative which innovation requires. In contrast, they argue, lands with an unwillingness to accept a strong hierarchy are more innovation-friendly. Having said this, there are other researchers who think precisely the opposite!

SMEs: female-friendly?

Studies show that there is a much clearer positive relationship between Individualism and innovative entrepreneurship. Countries with a high score for Individualism generally have a preference for small companies, where innovation is better able to thrive. Flanders has a relatively high score for Individualism, much higher than for Belgium as a whole. Top of the world rankings in this category is the United States, with a monster-score of 91.

Individual entrepreneurs usually display a high level of Masculinity. In global terms, Flanders' score of 43 is about average, but is much lower (and therefore 'better') than the score in Wallonia. In this category, at least, the Flemish score is very close to that of the United States.

A different angle of approach: religion

In addition to the Hofstede dimensions, there are a number of other angles of approach which can be used to examine cultural identity.

For example, there seems to be a significant correlation between hierarchical religions and entrepreneurship. Studies show that authoritarian and strictly hierarchical societies seldom show appreciation for self-made entrepreneurs, which discourages the entrepreneurial process as a whole. Religion can play an important role in this respect. Analyses relating to entrepreneurship and innovation regard Roman Catholicism (like Islam) as a hierarchical religion. Religions which place greater emphasis on the principle of equality – such as Protestantism – are more positively associated with entrepreneurship. In this context, Belgium must still be regarded as a Roman Catholic country.

The *Inglehart-Welzel cultural map of the world* can also be used as a possible determinant for entrepreneurship. Although the process of economic and social development is gradually leading to greater convergence between modern cultures, there is still a possible link between culture (in the broadest sense of the term) and entrepreneurial development. This cultural map takes account of all the major cultural domains and amalgamates a series of values relating to religious, economic and political factors. These values are then processed in two dimensions: traditional/secular-rational and survival/self-expression. Self-expression would appear to be the most crucial factor for entrepreneurship: every country with a high value for self-expression also scores well for entrepreneurship. According to this analysis, Belgium is 'less expressive' than more entrepreneurial countries such as Ireland, Sweden and the US.

What now?

The above summary highlights the importance of the cultural aspects of Power Distance and Uncertainty Avoidance for Flemish entrepreneurship (or the lack of it). These dimensions are flexible and capable of being influenced, and also vary strongly from individual to individual. For example, entrepreneurs traditionally score higher than others for Power Distance, Individuality and Masculinity, whereas their score for Uncertainty Avoidance is consistently lower. This does not, however, mean that national differences are irrelevant, because culture can still have a strengthening effect on general trends.

Fortunately for Flanders, cultural determinants are not all 'constant'. Collectivist (as opposed to Individualist) dimensions are the hardest to change or eradicate, but this is not really a problem in Flanders, in view of our relatively good score for Individualism (which is positively associated with entrepreneurship). More importantly from a Flemish perspective, Power Distance is capable of change and Uncertainty Avoidance is also flexible to a certain degree, albeit less so than PD.

Education is the key

The main lesson from all of this is that Flanders must launch initiatives to reduce the excess of hierarchical elements in Flemish society and to teach the Flemish people to deal more constructively with uncertainty and failure. One possible way to achieve this is by giving children greater exposure to entrepreneurship at school, perhaps through a series of entrepreneurial projects or seminars with local business people. A separate study conducted by the Flanders DC Knowledge Centre²⁸ has established that the existing Flemish entrepreneurial initiatives are having a beneficial impact. This type of education not only provides the citizens of tomorrow with better technical skills (accountancy, marketing, etc.) but also helps to promote individual self-confidence, creativity and broad-mindedness. This is the only way to turn the Flemings back into true Flemish lions!

Jan Bormans,
Flanders District of Creativity

²⁷ Reinout Buysse, Leo Sleuwaegen, 'The contextual determinants of entrepreneurship in Flanders', a study by the Vlerick Leuven Ghent Management School for the Flanders DC Knowledge Centre, February 2010.

²⁸ Wouter Van den Berghe, Jan Lepoutre, Hans Crijns, Olivier Tilleuil, EFFECTO: on the road to effective entrepreneurial education in Flanders, a study by the Vlerick Leuven Ghent Management School for the Flanders DC Knowledge Centre, December 2009.

Ivan Van de Cloot is the chief economist at the Itinera Institute. He organises and monitors various studies on key Itinera themes (Poverty & Inequality, Economics, Education & Innovation, Labour, Energy & the Environment, Government & Taxation, Health Care, Migration & Integration, and Ageing & Pensions), with the aim of developing concrete policy agendas for sustainable economic growth and adequate social protection. Prior to this, he earned his spurs at the University of Antwerp, at Bureau Van Dyck and at the ING Bank. In Flanders, he writes regular columns for the *Tijd* and *Morgen* newspapers. He is also much in demand as an opinion-maker in Wallonia. We asked him about his vision of entrepreneurship, and the manner in which the government can play a stimulating role.

“It is vitally important that the government realises that innovation is a process of ‘trial and error’.”

We shouldn't pretend that we hold the **keys** to **economic success**

A conversation with Ivan Van de Cloot

What does the term 'entrepreneurship' mean for you?

"When people talk about enterprises and entrepreneurship, their perception is often coloured by their ideas about a small number of very large companies. For example, a business newspaper like the Financial Times devotes 95% of its column space to companies of this kind. Yet in reality, 98.8% of companies in Belgium employ fewer than 50 workers. If people come into contact with the reality of entrepreneurship, then they quickly begin to realise that this is largely a question of small companies. They also learn that most of these companies are operating in a turbulent environment, and that this is an intrinsic characteristic of entrepreneurship."

A small entrepreneur in a turbulent environment

What makes the entrepreneurial environment so turbulent?

"Entrepreneurship is a matter of starting, stopping and failing enterprises. 80% of starter companies still exist one year after their foundation. After 3 years, this figure has fallen to 65%. After 5 years, just 50% are still in business. That is a turbulent environment – by any definition. This means that you need to have a certain kind of mental attitude, before the idea of entrepreneurship is likely to appeal to you. The question is: do the Flemings and the Belgians possess this kind of attitude? According to a recent study of young people by the King Boudewijn Foundation,²⁹ we currently have the lowest level entrepreneurial zeal in all Europe. And if we look at the overall level of entrepreneurship, certain countries (such as Norway) achieve scores of around 9%, with Belgium lagging far behind."

Do entrepreneurs have other common characteristics, other than a desire to operate in a turbulent environment?

"One of the most important things that we

need to understand about the entrepreneurial culture is that it is populated by people who want control of things in their own hands. Countless analytical, psychological and other studies of entrepreneurs have been carried out on this subject, but this characteristic is consistently reported as one of the most crucial."

Hitting the big time

"Apart from this, we can also conclude that the entrepreneurial class is very heterogeneous. There is small group at the top, who earn huge amounts of money, but there is a very long tail, such as small retailers and local traders, who find it hard simply to keep their heads above water. Entrepreneurs are not so 'risk-avoidant' as the rest of the population: in fact, it is the unequal distribution of financial returns that appeals to them. The perception that a small number of entrepreneurs really can 'hit the big time' is necessary to keep the entrepreneurial dream alive. It is this that makes the real entrepreneurs throw their hat into the ring: the chance, however small, that they are going to be super-successful at what they do. Of course, this is a culture that we need to promote and maintain."

Any other characteristics?

"According to the professional literature, over-optimism is another quality typical of entrepreneurs. If you start thinking too much about the risks you are running and what might actually happen if things go wrong, you will never get anywhere. For example, the recently published Eurobarometer³⁰ revealed that the main reason in Belgium why people do not want to become an entrepreneur is the fear of losing a regular fixed income. The majority are simply unwilling to give up that security. This is understandable. An employee does indeed have more certainty about his income than an entrepreneur. In fact, you need to be a little crazy – but not too much – to want to take the entrepreneurial risk."



On the other side of the coin, surveys into job satisfaction regularly report that entrepreneurs are more satisfied than employees. The thing that entrepreneurs most value is autonomy. We therefore need to stimulate a culture in which our entrepreneurs are allowed to be autonomous. Whenever this is possible, however, it soon becomes evident that family life can be an obstacle to entrepreneurship. This is an aspect where society at large can help. Child care provision and other similar facilities can make it easier for entrepreneurs to take the plunge."

Do you mean that we should support entrepreneurs with measures of this kind, such as child care?

"That is exactly what I mean. A number of the interest groups who represent entrepreneurs – most of whose representatives have never been entrepreneurs themselves – prefer to push measures which are seen as being good for everybody. It is so much easier to argue for lower rates of taxation: they know in advance that everyone is going to support that idea! However, the reality is much more diverse. I am not saying that the tax question is not important. But it is not the only question, and it is not equally important for every entrepreneur. Our aim must be to find the most pragmatic way of helping to stimulate entrepreneurship – and this can mean a wide range of very different things. We need to be more creative in our thinking: there are lots of different stumbling blocks for entrepreneurs, but often we fail to see them."

Rowing against the stream as prosperity increases

In what type of culture are entrepreneurs most likely to thrive?

"The professional literature makes a distinction between 'pull' and 'push' factors. If the economy stagnates and unemployment is high, is this likely to stimulate entrepreneurship or put the brake on it? 'Push' says: 'I am unemployed, there is an economic crisis, there are no jobs, and so I had best become an entrepreneur.' In other words, you become an entrepreneur for the lack of a better alternative. You have a specific motivation – and it is as good a motivation as any. In Germany, they attempted to harness this kind of motivation through the creation of the 'Ich-AG' initiative. Something similar was also tried in Belgium, where there was an attempt to lower the threshold for the procedure for changing from an 'unemployed' status to an 'entrepreneur' status. This has been relatively successful in Germany, but we shouldn't focus exclusively on this 'push' side of things. A recent survey in Flanders concluded that more people still start a company because they think that

they have spotted a gap in the market. In other words, 89% of entrepreneurship arises not from necessity, but because the potential entrepreneurs see an opportunity – and this is 'pull', not 'push'."

What are the other limiting or stimulating factors?

"It is important to detect the obstacles which are standing in the way of potential entrepreneurs. Are we creating more obstacles and do we have a tolerant attitude towards entrepreneurship in general. One of the great economists, Joseph A. Schumpeter, had a theory about this: according to him, entrepreneurship will eventually die out because people will become too prosperous. Advances in technology are also determining for economic development. For example, the computer has ensured that an entrepreneur has enough technology at his disposal to replace an entire organisation. You no longer need two secretaries to run a lawyer's office. Everything can be done on a smaller scale."

The stigma of failure

What makes entrepreneurship more difficult in Flanders than in the United States?

"If you ask someone in Europe to define the criteria for the success or failure of an entrepreneur, they will usually answer that the successful entrepreneurs are the 'lucky' ones. In America, people do not regard success as a question of luck: they see it as a question of the entrepreneur's talent. This is indicative of an important cultural difference. Moreover, in Flanders entrepreneurs are still burdened with the stigma of failure. In America, a bankruptcy is regarded as just another way of acquiring valuable experience, experience that can be used to avoid making the same errors in future. In Flanders, a failed entrepreneur is generally 'blamed' for having made 'a serious mistake'. Instead of assuming that they will learn from this mistake, like the Americans, we assume that they will make the same mistake again. And so we fail to give them a second chance."

One of the tools at the disposal of the government to improve this situation is education. Do you think that this is feasible?

"It all depends to what extent an entrepreneur can actually be 'made'. Just because you show an interesting film in the classroom about entrepreneurship, this does not mean that everyone is going to rush off to become an entrepreneur. We can only hope that the spark of interest will have been kindled in some. Similarly, it is simplistic to assume that every child will want to go into business just because they are given the

opportunity to take part in a mini-enterprise at school. People who expect that in 20 years' time every Fleming will be a potential entrepreneur are simply dreaming.

We need to make sure that all the right pre-conditions for entrepreneurship are in place, and we must understand that we can also seek to attract foreign entrepreneurs to Flanders. The Americans have already learnt this lesson. Half the new starter entrepreneurs in Silicon Valley are foreigners: Chinese, Taiwanese, Vietnamese... And you never hear anyone in America complaining that the country has become 'less enterprising' as a result. They are just more pragmatic in their approach to filling the enterprise gap."

Forget the old ways of thinking

What practical measures or actions would you propose?

"On the one hand, we can work at the wider environmental factors. Research suggests that there is still a close correlation between the studies followed by parents and the studies followed by their children. As a result, the children of entrepreneurs are more likely to become entrepreneurs themselves than their contemporaries. For this reason, there is much to be said for inviting entrepreneurial parents to come and talk in the classroom, without overestimating the extent to which new entrepreneurs can be 'made'.

In addition, in our changing society there is a growing challenge to make people more mobile between different statuses. If we look at the people who become entrepreneurs, we can see that there are important network effects at play. Today's entrepreneurs are, on average, older: the idea that all entrepreneurs are young is no longer true (if it ever was). As you get older, you acquire more experience and better judgement. These are also important factors in the making of a successful entrepreneur. In other words, we should be making better use of people over 50 years of age, who have built up a treasure store of experience during their careers. They must be persuaded to turn this wealth of experience into commercial activities. And we must ask their opinions about the obstacles to becoming an entrepreneur. The only thing that I plead for – repeatedly – is creativity. We must shake ourselves free from our old patterns of thought."

Should we not make better use of our examples of good entrepreneurship?

"Magazines such as Trends put successful entrepreneurs in the spotlight. This allows people in Flanders to see that it is indeed sometimes possible to hit the jackpot.

“If we look at the overall level of entrepreneurship in Europe, Belgium is lagging far behind.”

Moreover, it stimulates others to try their own hand at entrepreneurship. We need to encourage this type of motivation, not pull it to pieces.”

Innovation policy is trial and error

What is the difference between the policy in Scandinavian countries and Flanders?

“To a significant extent, the situation in Scandinavia is determined by the success of a few very large companies. Without Nokia, Ericsson and others, the picture there would look very different. You don’t suddenly have an innovative economy just because everybody says that it is innovative. Or because every law that you pass contains the word ‘innovative’. Nevertheless, the reality in Flanders is that we have to content ourselves with smaller-scale innovations, such as new hooks for shower curtains. Unfortunately, this kind of innovation will never create thousands of jobs.”

But surely the work culture in Scandinavia is different as well?

“People in Flanders stop working when they reach 60 years of age. People of this age in Scandinavia often opt for half pension or a part pension, which they combine with other (professional) activities. The unemployed are another production factor which is grossly underused in Flanders: here, too, there is an enormous potential.”

Presumably this means that it is a good thing that policy in Flanders wishes to set up large-scale social innovation projects, as foreseen by the European Union?

“If you sow ten seeds today which you think may bear fruit in the future, only one or two of them will actually blossom and flourish. It is vitally important that the government realises that innovation is a process of ‘trial and error’.³¹ But they must also be prepared to pull the plug, when it is clear that things are going wrong. Opel Antwerp is going to close, and so everyone says that we must now concentrate on the car of the future or the car battery of the future. As if this know-how just ‘happens’ to be available in Flanders! We need to keep our feet on the ground; we must understand what we are good at, what knowledge we possess, and what we do not. If necessary, we can try and import ‘extra’ knowledge from abroad.

In other words, you need to sow many different seeds and at the same time you need to realise that only a few of them will survive. This, too, is a question of cultural attitude. Our policy is often based on the assumption that a few strokes of a pen are sufficient to create an innovative economy. This is nonsense. We first need to work hard at the framework. This is something

very different from the simple accumulation of funding to set up the so-called ‘industry of tomorrow’.”

Pull the plug – in time!

Do you think that the policy-makers and the general public can accept the fact that certain projects are almost doomed to failure? Won’t people regard this as a waste of taxpayers’ money?

“That is very clearly the case. If a project is successful, it is praised to the heavens. If a project fails, everyone is ready to put the knife in. It is important to create the right mentality, but it is equally important to create the right attitude in government. This means that we must dare to evaluate. For example, the management of the Oosterweel Link project in Antwerp was a complete disaster. If you want to set up this kind of project – or similar projects in the field of innovation – you need to go about it in a much more professional manner. At a certain point, you need to make an evaluation. If this evaluation shows that the situation is hopeless – and the evaluation must be honest enough to make this clear – then the plug must be pulled. This should not – must not – result in the ‘punishment’ of a convenient scapegoat. We need a transparent evaluation culture, which assesses effectively whether or not the further commitment of resources to a project can be justified. There must be no stigma attached to projects which fail to reach their objectives. This is simply part of the game.”

Imagine that you were given carte blanche to introduce just a single measure that would have the greatest impact on the way people look at innovation and entrepreneurship. What would you do?

“My belief is that the factors which promote innovation and entrepreneurship are many and varied. The most important? You must dare to take risks, but you must also

dare to evaluate. This is still a problem in Flanders. We are all linked to each other in networks, so that we find it difficult to openly evaluate other people and other people’s projects. We need to build up a culture which adopts a more professional approach to project management. Similarly, the creation of an evaluation culture is still in its infancy. For the time being, we must make do with an ex-post evaluation by the National Court of Audit. But this often means that we only discover that a mistake has been made six years after the fact! We need to carry out intermediate evaluations, while projects are still in progress. We need to set down evaluation criteria on paper in advance, which make clear what steps need to be taken, and when. We need to work flexibly within these parameters and, above all, we need to remain honest – and to take evaluation seriously.”

If the government and its policy were to adopt this attitude, do you think that it would have a positive effect on entrepreneurship in Flanders?

“You cannot force people to accept new ideas, but you can certainly bring them into contact with them. People have the right to be critical. And that is part of the problem in Flanders: we tend to regard critical people as difficult people. But critical people are generally constructive – and that is what we need. We must not have the pretension to say that “we are a mature economy and have the keys to success in our own hands.” We still have much to learn. If this attitude can be absorbed into government policy, it may filter its way down to society at large. Let’s hope so.”

Liesbet Schruers
Enterprise and Innovation Division
and Peter Spyns
Strategy and Coordination Division

The Itinera Institute, an independent think-tank, was founded in 2006 and has deliberately opted for a ‘stand-alone’ position in the social landscape. The institute operates throughout Belgium and has as its mission: “To show, to defend and to build roads for policy reform towards sustained economic growth and social protection, for Belgium and its regions.” The activities of the institute are spread over nine separate themes: Poverty & Inequality, Economics, Education & Innovation, Labour, Energy & the Environment, Government & Taxation, Health Care, Migration & Integration, and Ageing & Pensions. Itinera brings together people who wish to show their social commitment to the prosperity and welfare of the next generation.

29 <http://www.kbs-frb.be/allpublications.aspx>

30 http://ec.europa.eu/public_opinion/index_en.htm - http://ec.europa.eu/public_opinion/flash/fl_283_en.pdf p.18

31 The 10 commandments for successful industrial policy in Belgium, Itinera Institute, http://www.itinerainstitute.org/nl/biblio-theek/_paper/industrieeel-beleid/

32 An evaluation which takes place after the completion of the activity, measure, project, etc. See also EWI Review 3 (1), which had evaluation as its central theme.

EWI-Focus: making Flanders sexy for international researchers

EWI Focus – a series of workshops organised by the EWI Department on current policy themes, challenges and results in connection with the economy, science and innovation – is gradually becoming an established feature in the research landscape. On 12 October 2010, around 75 people from different R&D disciplines attended the fourth edition, which had as its theme “the attractiveness of Flanders for foreign researchers”.

In the research community – which is essentially an international labour market – Flanders must become both an outbound source of talent and a pole of attraction for mobile researchers from other parts of the world, so that the region can contribute towards the further global exchange of knowledge. Different angles of approach were discussed during the workshop: the image of Flanders abroad; the obstacles to the recruitment of international researchers from the employer's perspective; open recruiting; European policy initiatives.

The difference between wish and reality

The image which foreign researchers have about our region was clarified. A presentation about international perceptions of Flanders by the DAR³³ was supplemented with an analysis by ECOOM³⁴ about the ‘push’ and ‘pull’ factors which influence international researchers in this context. This was followed by the fascinating personal testimonies of a number of foreign researchers who are already working in the region.

Different types of research employers (a university, a strategic research centre and a private company) were also given the

opportunity to explain their views on the matter. A number of common factors immediately became obvious. While all the employers accepted the importance of an open HR policy and international recruiting, they also emphasised the obstacles standing in the way of such recruitment, both for the employer and for the researcher. For example, the screening of international candidates is complex and expensive; nor is it clear whether the level of salary offered has a major influence on the attractiveness of the overall package. In addition, the creation of an international profile requires a great deal of time and effort on the part of the institution/company, while the administrative procedures to allow foreign researchers into the country are also far from straightforward. Finally, the problems of integration and the personal cost of an international move for the researcher should not be underestimated.

To round off the ex cathedra session, two European initiatives – the HR strategy for researchers³⁵ and Euraxess³⁶ – were examined. These both have the potential to contribute towards a solution to the problems outlined above.

The debate at a glance

A closing debate offered the speakers and the other participants the opportunity to air and discuss their different points of view. Some highlights:

- The Euraxess job portal can become an important aid for international recruitment. The added value of the portal will increase exponentially as more vacancies are advertised on it and more researchers and employers use it as a reference point. Efforts have been made in recent years to improve the user-friendliness. Now is the time to try and attract more users.
- Working conditions and the prestige of the employer are important selling points for the recruitment of foreign researchers. The visibility of the research centres can also contribute to the better visibility of Flanders as a whole. Quality, underpinned by sufficient and wisely used funding, is an important factor, but the perception of this quality abroad is just as crucial. We need to place a greater emphasis on the positive aspects of living and working in Flanders.
- Social matters must be a priority, if we wish to attract top people (pen-



sion rights, social insurance, etc.). The Flemish Minister of Innovation will set up a work group to search for a solution to the social problems which hinder mobility.

- An important condition for attractiveness is the openness of our research institutions. Government-funded institutions must set a good example by opening their own recruitment process to foreign competition. In recent decades there has been a positive switch in the direction of greater internationalisation and greater openness.
- More flexibility with regard to the region's language legislation – for example, in education and administration – can have a major impact. English is the working language of the research community and we cannot expect every international researcher to immediately learn Dutch. The Flemish government has drawn up a proposal which, under certain conditions, will relax the language requirements for higher education.

*Karen Haegemans,
Research Division*



For more information:

the presentations and a summary of the debate can be found on www.ewi-vlaanderen.be/ewifocus4

33 General Government Policy Services Department

34 Expertisecentrum O&O Monitoring - www.ecoom.be

35 <http://ec.europa.eu/euraxess/index.cfm/rights/strategy4Researcher>

36 <http://ec.europa.eu/euraxess>

THE POLICY RESEARCH CENTRE

Work and Social Economy

The Policy Research Centre Work and Social Economy (WSE) has a longer history than many of its counterparts. It evolved from the former Policy Research Centre for Employment, Labour and Training (WAV), which was first created back in 1990. The centre also has a very typical embedding. The social partners are strongly anchored in the supervisory Steering Group for Strategic Labour Market Research. This anchoring guarantees the direct involvement of the WSE in the development of Flemish policy for the labour market, which is a major plus point with regard to programmes for policy-preparatory research.

The old WAV focused primarily on the monitoring of the labour market. This work was of incalculable value for ensuring the better collation and accessibility of European, Belgian and Flemish administrative data for labour market research. The mission of the WSE is much broader, and includes long-term research in several different fields. To deal with this broader scope, the centre has opted for the development of a wide consortium of partners. These partners come from the faculties of Business and Economics (FBE), Psychology and Pedagogic Sciences (PPW) and the Higher Institute for Labour Studies (HIVA) at the K.U.Leuven, the faculties of Social and Political Sciences (SPS) and Law at the University of Antwerp, the Department of Commercial Sciences at the Lessius University College and the Competence Centre for People & Organisation at the Vlerick Leuven Gent Management School.

This consortium is directed by a single senior promoter-coordinator, who also assumes final responsibility and is the contact person for clients, co-promoters, university administrations and research co-ordination. The senior promoter also represents the WSE in the Strategic Steering Group for Labour Market Research.

The Policy Research Centre Work and

Social Economy has two main pillars: monitoring and research.

Monitoring in different fields

The Unit for Data Development (UDO) is responsible for the centre's monitoring activities. This unit is located within the FBE. Its main task is the follow-up and comparison – both national and international – of the situation with regard to the Flemish labour market, the strategic policy objectives and current government policy. The UDO continues the work begun by the WAV: the development of indicators, the accessing and linking of databases, and the critical interpretation of labour market statistics. In addition, the unit is working on the design of an integrated statistical model for the Flemish labour market – the Flemish Labour Account. This project is being conducted in close collaboration with the Flemish Government's Department for Work and the Social Economy. The UDO also closely follows the latest trends in the labour market and publishes an annual Trend Report for the Flemish Labour Market. In the future, a number of simulation models will also be elaborated, which will allow (for example) the most likely future evolution of the level of employment in Flanders to be more accurately defined.

The UDO is further responsible for the compilation of a number of statistical scoreboards, which each consist of a series of validated indicators and target values for the monitoring of the labour market. A widely-used example is the scoreboard on active ageing, which allows the progress of the sixteen crucial levers for active ageing policy to be tracked. Other examples are the scoreboards that deal with training investments and participation, the position of young people in the labour market and labour mobility.

The UDO also plays an important role in policy preparation dossiers, by highlighting particular options based on a detailed analysis of relevant figures. Examples include the proposals for the introduction of a single statute for manual and non-manual workers, the reform of the policy for the stimulation of greater investment in training, and the modalities for the extension of the system of temporary unemployment to white-collar workers.

At the same time, the UDO acts as an important information centre for details about the labour market. It functions as a key provider of statistical data for both the policy makers and the research world (via the website www.steunpuntwse.be and indirectly via www.werk.be).



The unit's network function is strongly developed, via the different user-groups of labour market statistics and the annual labour market conference. Last but not least, the UDO is also responsible for the WSE periodical: *Over.Werk* (ACCO, four editions per year³⁷). This magazine consists of a series of themed articles dealing with important labour market issues (e.g., the social economy, career interruption and closure, problem vacancies, etc.), interspersed with a 'Going Public' column, which seeks to make the wider Flemish labour market more accessible for the general public.

Research in five key areas

The core mission of the research pillar is to formulate answers to concrete questions relating to current employment policy and the strategic policy options for the long-term. With this purpose in mind, the WSE pursues research in five key areas: (1) evolutions in supply and demand in the labour market; (2) the quality of jobs and careers; (3) the competence-based labour market; (4) activating labour market policy; and (5) the social economy.

'Evolution in supply and demand in the labour market' focuses on long-term research into the determinants for job

creation and job destruction (in industry and services) in the Flemish labour market, and their effects on the job structure and the skills structure. WSE reports and scientific articles sketch a general picture of structural changes in the job market in Belgium and Flanders in comparison with other countries and regions (benchmark function). These changes are also linked to economic and socio-demographic factors, such as technological advancement, globalisation, the ageing of the population, immigration, etc. The ultimate objective is to provide deeper insights into the dynamic of the labour market.

'The quality of jobs and careers' focuses on changes in career patterns and on the determinants and consequences of career transitions, both in terms of the Belgian and Flemish labour markets in isolation and in comparison with the wider European situation. Examples of the themes which are regularly and extensively treated include the effects of career interruption on salary and career evolution, the effects of increasing labour mobility on the micro-, meso- en macro-levels, and the impact of career guidance on the strengthening of career competencies. This research line is also involved in the development of a career survey which covers working, unemployed and inactive categories. The

parameters of the survey were defined in 2010 and must help to bring research into the antecedents and consequences of career transitions to a higher level. Running parallel with this survey is a programme of detailed research into the career panels which have been built from the data held by the Data Warehouse for Labour Market and Social Protection.

'The competence-based labour market' gathers together expertise in competence development and competence management, as instruments for the strengthening of employability, the increase of productivity and the strengthening of competitiveness. Amongst other activities, this research line follows the policies of a panel of companies – each of which has a proactive approach to competence policy – on the basis of a biannual survey. The objective is to map and monitor the newest trends in staff education, training and development at company level, since best practices in competence management are a barometer for the health of the business world in general.

'Activating labour market policy' is largely concerned with measuring the net effectiveness of the various measures initiated within the framework of the Flemish activation policy (both at the level of the in-



dividual job-seeker and at the level of the wider labour market). The aspects which are central to the work of this research line include the development of a method for correctly measuring net policy effectiveness; an assessment of the best moment to intervene in individual unemployment trajectories; the calculation of a cost-benefit analysis for the different activation measures; and an effect evaluation of the activation measures from a macro-perspective. Special attention is devoted to the compilation and critical discussion of an inventory of international initiatives in the field of active labour market policy. In 2011 a special study will be conducted to investigate the activation of persons with a particular labour handicap, focusing (amongst other things) on the reach, effectiveness and permanence of current policy. Working in close collaboration with the WSE Department and the UDO, this research line has also made a significant contribution to the preparation of the policy dossier relating to the extension of the systematic approach to the problem of older job-seekers.

'Social economy' supports the development and expansion of a monitoring system for the social economy and carries out research into the importance of innovations in this field, as well as investigating the relationship between the general economy and the social economy, and the legal framework of the latter. The activities of this research line will be concluded in 2010. During the past four years, the 'social economy' team has set up an effective monitoring system for the social economy in Flanders and has successfully measured the effects of the social economy on employment and career progression in specific target groups of employees.

Output of the WSE

The Policy Research Centre for Work and the Social Economy seeks to combine a strong short-term policy focus with sound and reliable long-term research. This

mixed strategy has proved its merits and borne considerable fruit.

In terms of policy-oriented reports, the output in recent years has been impressive. By the beginning of October 2010, no fewer than 59 research studies had been published in the so-called WSE Reports, the majority of which were devoted to current policy themes. In addition, 24 'labour market snapshots' have been issued. These snapshots seek to focus media attention on specific trends in the labour market. The number of questions fielded by our information hotline – requesting particular statistics or interpretations – remains consistently high. Each year the hotline forwards between 200 and 250 requests to the UDO for priority answering. With 113,000 visitors in 2008 and 99,000 in 2009 (following the start-up of www.werk.be) the statistics platform and the WSE website both continue to be popular.

Professional and academic recognition was not long in coming. In recent years, WSE staff have had articles published in leading periodicals, such as the *American Economic Review*, *Gender Work & Organisation*, the *Journal of Vocational Behaviour* and the *Journal of Occupational and Organisational Psychology*, to name but a few. The current WSE team is also actively engaged in seven Ph.D. trajectories. This all goes to prove that a strong focus on long-term research need not stand in the way of a clear policy orientation (and vice versa). Within the right structure and with correct working conventions, the one can act as a strong lever for the other.

Luc Sels,
Promoter-coordinator, Policy Research
Centre for Work and the Social Economy

Name: The Policy Research Centre for Work and the Social Economy

Promoter-coordinator: Professor Luc Sels

Consortium members:

- Katholieke Universiteit Leuven

- University of Antwerp

- Lessius College

- Vlerick Leuven Gent Management School

Address: Parkstraat 45, bus 5303 - 3000 Leuven

Tel.: 016 32 32 39

Fax: 016 32 32 40

E-mail: steunpuntwse@econ.kuleuven.be

Website: <http://www.steunpuntwse.be>

Competent ministers:

- Flemish Minister of Energy, Housing, Cities and the Social Economy

- Flemish Minister of Finance, Budgetary Affairs, Work, Spatial Planning and Sport

Budget: 488,000 euros





Round-table: the Gazelle Leap analysed

Growth companies play an important role in our economy. But they are also confronted with specific problems. If we wish to further increase the impact of these gazelles, then we will need – in addition to a generic entrepreneurial policy – a specific policy geared to the needs of these extreme growers. The Flemish ‘Gazelle Leap’ policy seeks through a process of intensive guidance, information dissemination and networking to attract more and more successful international growth companies to Flanders. In the summer of 2010, eight months after the initiation of the policy trajectory, the official starting-shot was given to the Flemish Gazelle Leap policy.

Growth companies: the driving force behind the economy

More growth companies in the Flemish economy: from a social and policy perspective, this is a highly desirable ambition. Various surveys and policy-oriented research have concluded that extreme growers are significantly more innovative than the average company. They are also responsible for a more than equal share of newly created job opportunities. Moreover, they export more and stimulate a certain degree of renewal in and of the market.

However, there is a reverse side of the

coin. Extreme growers and potential extreme growers are confronted with a number of problems that are specific to the realisation of growth. Notwithstanding the high levels of motivation of both the entrepreneur and his/her staff, and notwithstanding the existence of a well-conceived growth plan, these specific problems can hinder the successful achievement of the desired growth. Or they can ensure that any growth which is achieved is not permanent. A specific policy, targeted at the removal of these growth barriers, is essential, if Flanders wishes to attract more successful growth companies.

Growth barriers

The barriers which growth companies are required to surmount vary widely, depending upon the specificities of the company, the sector, the product, and even the individual entrepreneur. Although this means that each company can be faced with its own unique set of problems, the most common stumbling blocks can be classified into four broad categories.

One of the most important and most frequently occurring barriers is the personnel barrier. On average, a company in full growth experiences greater difficulty in finding suitable and (above all) motiva-

ted staff, who are necessary to generate further expansion. And even if the right staff can be found, it is far from easy to integrate these new employees into a rapidly changing company structure.

A second barrier relates to financing: growth costs money. The rapid expansion of a company therefore needs to be supported with sufficient financial resources. Many growth companies have reported that it is often difficult to find this necessary funding. The banks are sometimes reluctant to become involved in extreme situations of any kind – even extreme growth. This can be particularly difficult for small companies, since they do not always know how to tap other sources of financing, such as risk capital. The time factor is also important. Company growth is often achieved by reacting quickly to exploit new opportunities as and when they arise. This means that growth companies need quick and efficient access to funds at short notice.

The third barrier is to be found in the area of management and organisation. This broad category includes a range of problems relating to the control of the growth process and the adjustment of the organisational structure both during and after that process. To keep growth moving in the right direction, the information streams within the company need to be re-channelled. IT-systems must be amended or replaced. Tasks need to be redistributed to reflect changing circumstances. In some cases, greater delegation may be necessary.

Finally, the problem of finding the right partners can also be a growth barrier. There is an old business adage which says that “you seldom grow alone”. Partners (knowledge institutions, universities, other companies, etc.) are an important element in the growth equation, but where do you find them, and how? If you can find compatible partners, this may lead to synergies which result in further rapid growth. But finding suitable partners is no easy task and managing the partnership successfully can also be difficult. Lack of trust or an unequal distribution of advantages/disadvantages can easily upset the delicate balance between the partners – and put the brakes on potential growth. All these different aspects make the partner barrier one of the most serious.

Most of these growth barriers are organisational. This means that the solutions to overcome them can also (largely) be found within the organisation. However, there are a number of other growth barriers, which are more difficult for individual

companies to surmount, since their origins are to be found outside the company environment. These external barriers to growth are not specific to growth companies, but they can have a greater effect on extreme growers than on more average players. Such barriers include: the financial crisis, the general entrepreneurial climate, the gap between the educational system and entrepreneurial requirements, tax pressure, and the level of state interference in the economy. These are all factors beyond the control of the companies, but they can have a negative impact on their growth potential.

Towards a Flemish gazelle policy

On the basis of international benchmarks, we can conclude that Belgium and Flanders do not score well in terms of the number of fast growers present in the economy. The Flemish Government wishes to attract more successful growers, particularly those whose activities are strongly geared to export. With this aim in mind, a policy trajectory was initiated which sought to examine the problems of gazelle companies not only from a policy perspective, but also from a research perspective and from the perspective of the companies themselves. The end objective was to draw up a specific and clearly defined gazelle policy for the future.

This gazelle policy is a two-track policy, contained within a general framework targeted at the broader entrepreneurial climate. A better entrepreneurial climate with more starters and more competitive companies must serve as a breeding ground for potential gazelles.

Two tracks aimed at breaking down the growth barriers

The first track consists of a very specific, almost individual guidance programme for a select group of ‘high potential’ growth companies, which can have an important impact in both the economic and social fields. This coaching will be very intensive, will focus on the growth barriers specific to the company and will be combined with extensive networking activities.

The second track is designed to meet the needs of the more average or potential grower. The guidance offered will be less intense and will focus (in contrast to the first track) on the provision of information about the general growth barriers and the ways in which they can be overcome. Whereas the first track provides made-to-measure guidance specific to the needs of the company as a whole, the second track

will provide guidance specific to the elimination of particular problems. On the basis of the instruments offered by the policy, the entrepreneur must be able to develop his own solutions to these problems. To supplement this approach, the second track also makes extensive use of learning networks.

Entrepreneurship call

In the spring of this year, Flanders Enterprise launched a midfield call for project proposals related to the attraction of more and more successful growth companies to Flanders. More than thirty proposals were received and these were ranked according to their merits. Nine proposals were given a positive ranking.

Each of these promising proposals has its own unique methodology and is targeted at a specific growth public. They include projects which seek to offer guidance to entrepreneurs along the growth pathway, as well as projects which aim to collect and collate further information about the problems facing gazelles. Minister-President Kris Peeters officially launched the projects in September 2010 at an event held to mark the closing of the preparatory phase of the policy trajectory. The projects will serve as testing grounds and will be closely monitored on the specially created growth platform. The lessons learned will be absorbed into gazelle policy.

If you would like to know more about the selected projects or about the policy trajectory as a whole, please consult the websites of Flanders Enterprise and the EWI Department.

*Jan van Nispen,
Enterprise and Innovation Division*



A summary of four presidential conferences:

1

The KBBE Towards 2020 Conference: more than 500 bio-tech noses all pointing in the same direction (13 and 14 September, Brussels)

As you could already read in the last edition of the EWI Review³⁸, the bio-economy offers a broad range of applications in many different sectors. It stands at the intersection where economics, agriculture, the environment, innovation and research all meet, but also has an impact on policy themes such as health, sustainable development and social policy. This inevitably means that there are numerous stakeholders: agriculture, as the supplier of the raw materials for the bio-economy; industry, whose production processes can be made 'greener' through the use of biotechnology; the research community, which is keen to take the bio-economy a step further; the politicians and the government institutions who seek to create the right policy framework; the non-governmental organisations who campaign for animal and human welfare, and the protection of the environment.

The Knowledge Based Bio-Economy Towards 2020 Conference offered a forum to all these stakeholders. It gave them the op-

portunity to meet each other and to engage in open debate, with the aim of finding a common basis which would allow the further development and implementation of the bio-economy. During the conference there was a clear emphasis on the role of innovative applications to tackle the grand social challenges of our age: climate change, food supply, the ageing of the population, and the threat to biodiversity³⁹. After drawing up a detailed inventory of what has already been achieved, the discussion moved on to the actions and policy measures which can help to create a regulatory framework for the further evolution and expansion of the bio-economy in Europe.

There was general agreement that an integrated policy for the entire value chain – from the production of biomass (agriculture), through technology (research and innovation) to the commercialising of products (economy) and their recycling (environment) – is necessary. In addition, the importance of an active and

2

EurOCEAN 2010 pleads for a blue future (11-13 October, Ostend)

"The dark side of the moon is better understood than the 70% of our planet which is covered by the oceans⁴⁰" This quotation neatly summarises both the theme and the purpose of the EurOCEAN 2010 Conference, held on 12-13 October in Ostend. During two days of intense discussion, scientists from across Europe put their heads together to determine the marine and maritime priorities for the coming decades. All were in agreement that further research is vital, if we wish to make full use of the challenges and opportunities presented by the seas around our continent.

A sea change

The participants were given a summary of the most important realisations to date and the greatest challenges for the future in the fields of maritime and marine research, and a series of top speakers gave their views about how Europe's 'blue future' will look.

At the end of the conference, the Ostend Declaration – a blueprint which will help Europe to meet the challenges and exploit the opportunities in the years ahead – was formally approved. This declaration was the result of an intense preparatory process, involving an open digital round of consultations before the conference and active discussions during EurOCEAN 2010 itself. This allowed a consensus to be reached between the scientists, researchers, policy makers and other stakeholders amongst the 430 enthusiastic delegates in Ostend.

The Ostend Declaration

The Ostend Declaration calls for a better streamlining of marine and maritime research in Europe via joint, cross-border collaboration programmes. In addition, a major effort needs to be made to develop an integrated European Ocean Observation Network that answers social needs and offers support to the most important





transparent policy was emphasised, with proper attention and incentives for the SMEs. Equally importantly, the quality of bio-based products must be preserved at all times.

The excellent contributions by 40 experts (from the worlds of academe and industry, as well as high level officials from the European Commission and the member states) formed the basis for intensive discussions and networking. The real steps towards a true bio-economy were taken during the conversations, debates, contacts, collaborative dialogues and knowledge transfers which were conducted between the more than 500 participants from 47 different countries (including 36 non-EU lands). The various side events related to the conference also helped to broaden the consensus: the well-received visit to the successful Flemish KBBE clusters in Ghent and the much appreciated exhibition of bio-based products. In short, the KBBE Towards 2020 conference really hit the mark. More importantly, it gave Europe a new impetus and

strengthened the basis for the further far-reaching development of the bio-economy.

All documents and photographs relating to the event can be viewed on www.kbbe2010.be.

All documents and photographs relating to the event can be viewed on www.kbbe2010.be.

*Monika Sormann,
Strategy and Coordination Division
and Eva Van Buggenhout,
Research Division*

38 EWI Review 4 (2): 36 – 37

39 For more information about the conference objectives, see EWI Review 4 (1): 40 – 42 and EWI-Review 4 (2): 36 – 37

policy initiatives. Moreover, in order to be successful, the marine research community must share data, information and knowledge in Europe and with the wider world community of researchers, including third world countries. Finally, the education and training of the next generation of scientists is crucial in order to maintain Europe's current position in oceanography. The conference set a good example, by welcoming an important delegation of young researchers and students to its second-day sessions.

At the end of the conference, the Ostend Declaration was formally presented to Máire Geoghegan-Quinn, the European Commissioner for Research, Innovation and Science. During the conference pre-event in the European parliament in Brussels, where MEP Kathleen Van Brempt was the host to 80 or so delegates, the challenges facing our seas and oceans were made clear to the European policy makers by a number of eminent speakers.

The Ostend Declaration has set down the main guidelines and objectives for marine and maritime research and technology, and has brought these matters to the attention of Europe. It is now up to Europe to make the necessary investment in the future of our seas.

All documents and photographs relating to the event can be viewed on www.eurocean.2010.be

*Willem De Moor,
Enterprise & Innovation Division,
Rudy Herman,
Research Division,
and Karolien Waegeman,
EWI staff*

40 Professor Peter Herzig, director of the Leibniz Institute of Marine Sciences IFM-Geomar, Germany.





3

The Industrial Technologies 2010 Conference: a bull's-eye (7-9 September, Brussels)

The Industrial Technologies 2010 Conference was the first-ever conference in Europe to address the full range of NMP-technologies (Nano-sciences, nano-technologies, Materials and new Production technologies). Under the motto "integrating nano, materials and production" the first steps were taken to achieve a cross-fertilisation between the different disciplines, actors and interested parties.⁴¹

More than 1,000 participants took part in the plenary and parallel sessions, with a focus on the social, economic and environmentally-related challenges and perspectives for European industry. Here they discovered interesting new research results, made

the acquaintance of leading-edge organisations (in an exhibition consisting of almost 40 different stands), visited innovative companies and engaged in busy networking sessions. In addition, the delegates also attended 500 individual meetings with potential research, innovation and commercial partners during the match-making day, organised with the support of the Enterprise Europe Network and the National Contact Points for the NMP theme.

From the various discussions and presentations, it became clear that the industry is facing many different challenges: energy efficiency; sustainable use of materials; life-cycle performance; a need for greater innovation (not just product innovation, but also

4

The Security Research Conference – on the road to a safer Europe (22-24 September, Ostend)

On 23 September, the good people of Ostend watched in fascination as rescue workers pulled a survivor from the rubble on the beach. The day before, they had been equally mesmerised by the sight of experts in full safety clothing testing the sand for signs of nuclear or chemical contamination. Fortunately, these simulations were all part of the three-day Security Research Conference, organised by the European Commission, the federal government, the Walloon Region and EWI. The demonstrations added some interesting variation to the conference agenda and provided

graphic illustration for the many interesting presentations in the different conference rooms.

At the conference, the European Commission unveiled its future plans for European research policy in the field of security. The Commission also made a balance of what has already been achieved and what is still in the pipeline, now that we are halfway through the Seventh Framework Programme.





new business models and process innovation); and a need for a far-reaching transformation towards more knowledge-based companies. Further research is vital in all these NMP fields, but must be accompanied by the rapid translation of this knowledge into commercial products with a high added value, which will allow us to compete with other countries.

By encouraging better collaboration and integration at all levels (inter-disciplinary, between the academic and business worlds, between member states and regions), Industrial Technologies can make a contribution to the achievement of the ambitious objectives set down in the EU 2020 strategy. This will require great efforts

to be made by all involved. By the policy makers: a simplification of the policy instruments and their accessibility. By industry: the intensification of investment in R&D, in order to reach the joint 3% objective, which has again been included in the EU 2020 strategy.

All documents and photographs relating to the event can be viewed on www.industrial-technologies2010.eu

*Karel Goossens and Eva Van Buggenhout,
Research Division*

41 EWI Review 4 (2): 37

In between the speeches, researchers from the academic world, the business world and government institutions gave a number of presentations about practical applications and projects. Amongst other matters, attention was focused on nuclear threat, cyber-crime, mobile hospitals and the fight against terrorism. The attacks in European capitals, the earthquake on Haiti, and the tsunami in East Asia have intensified our efforts to prevent such disasters or to react quickly when they do occur. These efforts must continue in future.

During the final day, various organisations were given the opportunity to propose concrete plans for future projects, which were then further discussed with other interested parties and possible partners.

You can read more about the conference on www.src10.be.

*Mieke Houwen,
Enterprise and Innovation Division*



The ICT 2010 Conference: a digital agenda for Europe

There is an old adage in many languages which says 'He who is absent is always in the wrong'. The more than 6,000 visitors to the ICT 2010 Conference would almost certainly agree. During the presentations, the networking sessions or at the associated exhibition, these visitors were able to experience the extent to which digital technology impinges on every aspect of our daily lives. This biannual event - the forum in which researchers, industrialists and policy makers are able exchange their ideas - was once again a major success. The new Digital Agenda for Europe was prominent in the discussions.

To support the Lisbon strategy, in 2005 the European Commission launched the ICT plan i2010. However, a number of comparative studies have shown that Europe is still lagging behind the United States, Japan and South Korea in the ICT field. For this reason, a new Digital Agenda has been drawn up within the framework of the EU 2020 strategy⁴². And it was no one less than Neelie Kroes herself, the European commissioner for the Digital Agenda, who came to explain the new initiative during the conference.

The ABC of the Digital Agenda

The Digital Agenda for Europe is one of the seven 'flagship initiatives' of the EU 2020 strategy, which aims at smart, sustainable and inclusive growth. The Digital Agenda clarifies the facilitating role which must be played by ICT if we wish to reach these objectives by the 2020 deadline. The starting point? The realisation of the Digital Agenda must result in a unified digital market, which creates sustainable economic and social benefits based on very fast internet and inter-operable applications. With this aim in mind, seven priority fields of action have been defined:

1. Creation of a single European digital market (e-trade);
2. Improvement of inter-operability and standards;
3. Improvement of trust and security;
4. Speeding up access to the internet (broadband networks);
5. Increasing investment in research and development;
6. Improving digital literacy, skills and inclusion ('e-inclusion');
7. Applying ICT to meet major social challenges (including ageing).

The Digital Agenda foresees numerous actions in each of these seven fields, including new legislation (data protection, payment transactions, consumer rights, intellectual property, etc.). The desired end results have been set within a framework of ambitious performance targets: for example, the availability of a broadband connection for every EU citizen by 2013. In the field of research and development,

the Digital Agenda envisages a doubling of government investment based on the figures for the year 2007 (i.e., from 5.7 billion euros to 11 billion euros). The creation of the right preconditions with ambitious objectives: that is the focus. In this way, it must become possible to offer online services to all Europe, and to ensure that European citizens can work quickly and safely on the internet, with proper guarantees for their privacy. In this respect, the Digital Agenda is not the visionary image of the future that some had hoped for. It is rather a step-by-step plan for the role of ICT within the framework of EU 2020.

In order to map the progress of the Digital Agenda, a scoreboard will be published each year in May, giving the current position. This will be followed each June by extensive consultation between the member states, the European institutions and representatives of the relevant sectors, in order to evaluate this position and discuss possible improvements.

A digital agenda for Flanders

As a response to the i2010 action plan, a Digital Action Plan for Flanders was also drawn up in 2005. The current policy statement (2009-2014) for the Economy, Science and Innovation policy domain foresees a new digital action plan, which translates the objectives of the Digital Agenda for Europe into a Flemish context, with 2020 as the horizon. It is therefore highly likely that Flanders will receive its own Digital Agenda in 2011, although it is not yet clear what the priority lines of action will be.

Only the future will tell whether or not the current plans of the European Commission will be sufficient to deal effectively with the competition and to give the necessary support and guidance to ICT-related societal developments. One thing is, however, certain: our competitors will not sit idly by while Europe tries to close the digital gap. Of course, there is nothing wrong with an ambitious agenda. Many people in many different fields use agendas of this kind to put themselves under 'healthy' pressure, even if they are later forced to conclude

that their agenda was perhaps just a little bit too ambitious. It may well be the same with the Digital Agenda for Europe. Be that as it may, the ICT 2010 Conference has certainly played its part and we are already looking forward to ICT 2012. For those who were unable to be present, the good news is that the ICT 2010 presentations and the speech by Neelie Kroes can be viewed on the internet.

*Karel Goossens,
Research Division*

More info

EU 2020

<http://ec.europa.eu/eu2020/pdf/COMPLET%20EN%20BARROSO%20%20%20007%20-%20Europe%202020%20-%20EN%20version.pdf>

Digital Agenda

<http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0245:FIN:EN:PDF>

Health, science and technology? **Eurekas!**



Eurekas: a project supported by the EWI Department within the framework of its policy relating to scientific communication and the popularisation of science, technology and technological innovation. Project coordinator Tim Willekens fills us in on the details.

The Flemish business world is crying out for technically and scientifically-skilled people. And our politicians understand that we need to evolve towards a knowledge and innovation-driven society if we wish to maintain our international position. Even so, fewer and fewer young people are opting for studies or training in positive sciences and technology. The reason? They often find that these subjects at school bear too little relation to reality. And they have too little idea about the career opportunities which may be open to them after the completion of their education.

This is the problem which Eurekas – now in their sixth edition – wishes to tackle. This science and technology competition for all levels of secondary education builds a bridge between the world of business and the world of innovation by bringing young people, teachers, companies and the government together in a single arena.

Creativity, science and technology for concrete solutions

How does it work? Eurekas challenges the young participants to use their know-

ledge to provide a solution for a concrete situation in one of the partner companies. Are they able with a mix of creativity, science and technology to solve the real-life problem of a real-life boss? In small groups, the participants choose which challenge they want to undertake. In previous editions, the students were obliged to choose a purely scientific test. From this year onwards, they will work on a socially relevant theme. This year's theme is 'Health, science and technology'.

The participants work out their project from beginning to end, from the posing of the problem to the delivery of the final solution. In this way, the young people become acquainted with the many different aspects of research and development. This allows them to see that the solution to a problem does not always run in a straight line.

A winning report and presentation – or just super-cool!

The participants load their test results and share their experiences on a personal mini-website, via www.eurekas.be. They are encouraged to include their failed efforts, alternative solutions and other

thoughts in their end report. On the basis of this report and a live presentation, winners will be chosen in each of the five Flemish provinces. The more realistic and creative the presentation, the better. Because there are also prizes for 'the coolest group' and 'the most fun science video', Eurekas is also a competition that can appeal to students who are less strong in the sciences. The winners of the preliminary round qualify for the Eurekas Awards, the grand final. The nominated groups and the winners are treated to a spectacular show and really great prizes.

A fun detail: during the competition each group is supported by a science godfather (or mother), who is active in the business world, in research or in higher education. They check the content of the project and give guidance, where necessary.

One of the most remarkable things about Eurekas is the room for manoeuvre which the competition allows. A clever and amusing test which proves a relevant scientific principle has just as much chance of winning as a strong practical design or construction. The different challenges relating to the annual theme emphasise different aspects of this theme, and

EurekAs



Meaningful testimonies

Several of the comments placed by participants on their mini-websites during the previous edition of the Eurekas testify to their enthusiasm for a project-based approach to science and technology in the classroom:

- *"Doing experiments is much more interesting than learning things out of a book... The whole Eurekas project showed that teachers sometimes make mistakes as well... We were five good friends working together, and that was great fun."* ('Flow in Fluids', the Royal Lyceum in Antwerp)
- *"The really interesting thing about this test was the fact that we learnt lots about something that we use nearly every day, but without every stopping to think about what it really is, where it comes from, and how it works. It gave us hours and hours of fun."* ('Experimenting with shampoo', Edugo in Lochristi)
- *"It was great to have the chance to test out your own ideas. It was also a real eye-opener to work in a group; you learn to know each other in a different way."* ('The Golden River', St. Joseph's Institute in Herentals)

within a single challenge the group has the freedom to highlight certain elements more than others.

Building towards broad collaboration

Eurekas already has a good deal of experience under their belt. What started six years ago as a project with the K.H. Kempen University College has now developed into a unique collaborative venture involving the Association of the Catholic University of Leuven, Technopolis and various partner companies. The preliminary regional rounds will be held at the end of April 2011 on the campuses of the Katholieke Universiteit Leuven, the K.H. Kempen University College, Group T, University College Lessius - Campus De Nayer, the Catholic University College of South-West Flanders (KATHO) and the Catholic University College Sint-Lieven. On 28 May 2011, Technopolis will play host to the Eurekas Awards. This sixth edition can also count on the loyal support of the EWI Department.

The initiative takers behind Eurekas think that it is vitally important to involve the business world in the content of the projects. This year the Auction of Mechlin

and the Janssen and Genzyme pharmaceutical companies have agreed to take part, by providing the necessary godfathers and mothers. In addition, they will also work together with Eurekas on a number of challenges which will allow the students to apply their theoretical school knowledge in a practical context.

Everything the teachers need

Eurekas does not need to mean additional work for the supervisory teachers. Subjects which are traditionally dealt with in the classroom can easily be worked into a Eurekas project. The competitive element and the great prizes encourage the students to work out their projects in depth. Where necessary, the teachers are given all the support they need, thanks to the provision of a didactic package that contains useful extra information about the project challenges and the organisation of successful project work in the classroom. After the grand final, some of the winning entries are 'processed' into classroom-ready lesson programmes. The winners from previous years can all be consulted on www.eurekas.be: either as inspiration for this year's hopeful competitors or as subject matter for a fun

science lesson at school!

Eurekas: enthusiasm guaranteed

Last year's edition of Eurekas – the first in which the submissions of the participants were initially judged in regional preliminaries, followed by the Eurekas Awards – was yet further proof that this competition is popular with both students and teachers. No fewer than ninety projects were completed and entered. And there was certainly no lack of creativity and enthusiasm. Films, posters, whacky experiments, even fancy dress: the participants left no stone unturned in their efforts to convince both jury and public.

Students and teachers who would like to take part in the Eurekas can find all the information they need on the central website: www.eurekas.be. Registration closes on 27 March 2011. The regional finals take place on 27 and 30 April, and the Eurekas Awards on 28 May.

*Tim Willekens,
K.H. Kempen University College*

in Bruges

Are entrepreneurship and a capacity for innovation the functions of a certain mentality? The product of a 'culture', in the wider sense of the word? This is an interesting question, but leads us immediately to another one: what are the specific features of this mentality? Before you know it, you are swimming in the murky (and emotionally-charged) waters of 'racial characteristics'. Unless, of course, you subscribe to the Marxist view that culture is simply a product of the economic substructure.

A retrospective look into history is often useful in these circumstances. In the Middle Ages, Flanders was a centre of innovation. In Bruges, Simon Stevin invented the decimal point. The same city was also the most important mercantile port in North-West Europe. However, its reputation was not only based on trade, but also on its trendsetting role in art and architecture. Medieval Bruges was a metropolis in the true sense of the word. Twice as many people lived in the city centre than is currently the case at the beginning of the 21st century. Then as now, there were businesses everywhere: Bruges was a commercial magnet with international allures, where innovation and entrepreneurship reigned supreme. Few Flemish people today realise just how important Flanders was within the European context between the 12th and 16th centuries.

During the Middle Ages, Ghent was also a leading international centre, in its case for wool production. Later, during the 19th century, it developed into the most important industrial city in Flanders. The story of Lieven Bauwens – who managed to smuggle a mule jenny and a few skilled operators from England to Ghent, allowing him to set up a successful cotton spinning mill at Dronghen – is well known. It is doubtful whether we can really classify this as true innovation, but it certainly showed enterprise!

Can we say that this innovative 'lever' was a question of mentality or culture? In fact, what exactly do we mean by culture? It is certainly true that these epicentres of enterprise in the economic field, innovation in the scientific field and modernisation in the industrial field all went hand in hand with cultural and artistic creativity. Back in those days, these different domains were not so far removed from each other as is now the case.

In contrast to what historians long as-

sumed, recent studies place the emphasis on the fundamentally innovative nature of the trade and craft guilds, who were able to develop a succession of new production techniques or market strategies which allowed them to adjust to continually changing circumstances. As with the first designers of technological innovations in the new era of steam, their innovations were not the result of theoretical study. Instead, they resulted from a pragmatic approach towards the production process, which meant that the techniques which were passed down from generation to generation never became fossilised, but were gradually amended and improved, as the year passed. Bruges in the 15th century and Antwerp in the 16th century are fine examples of this kind of creative environment: a unique setting in which a high demand for fine art and other luxury products coincided with the existence of a highly skilled artisan class which had mastered the most advanced techniques of the day in fields as varied as painting, tapestry making and the working of precious metals. The international interest in the developments in 16th century Antwerp in printing (Plantijn) and, above all, cartography (Mercator) can hardly be overestimated.

Is it possible nowadays to re-create such a unique setting by attempting to mould our mentality or our culture in a particular manner? If so, how should we go about it? By launching a 'change your attitude' campaign? Perhaps with a questionnaire about why the i-Pod was not invented in Flanders? Or why the Primitive school of art first flourished in Flanders and not in Denmark? Or why the bourse was first set up in Bruges, and not in Ireland?

Of course, the basis for such a creative environment is formed by a wide multiplicity of factors. There needs to be demand. And the right people in the right place at the right time. And a minimum level of knowledge, as well social interaction between people with complementary knowledge, desires and insights, so that the result is a collective change in patterns of behaviour. This is what we today call critical mass.

But it is even more complicated than that. There are geographical factors. Coincidence. Climate. War. Almost everything can have an influence on creativity and innovation. Sometimes it is just a question of fads and fashions. Moreover, in our globalised post-modern world it is open to question

whether or not such a thing actually exists as a space or place that we can define as a 'creative environment'? Or has the spectacular impact of the worldwide web and the so-called new media diminished or even eliminated the possibility of identifying a geographically localised area as a 'creative environment'? Before we start drawing parallels – for example, between Bruges and Ghent in the Middle Ages and Silicon Valley at the end of the 20th century – perhaps we should ask whether or not there is any point in talking about the mentality and culture of 'Flanders'. Or about the culture and mentality of any geographical region. (Don't misunderstand me – I am talking here specifically about innovation and entrepreneurship).

In the past, innovation – as we have seen with our example of the medieval guilds – was a natural and integral part of production. But today something can be designed by a team here in Flanders, while the marketing strategy is determined in the United States and the actual production takes place in Asia. The people responsible for the various innovative breakthroughs which made the product possible have probably never even seen each other.

How long will it remain meaningful to link these matters to a particular region or nationality? Is it not more likely to be the case – as some innovation gurus claim – that the most creative and entrepreneurial people in the future will be those who regard themselves as citizens of the world, who exploit the latest technologies, developed and improved by the exchange of experience and knowledge at the 'organisational edge'? But if the worldwide web doesn't have a centre, how can it have an edge? It is like God – everywhere and nowhere. In these circumstances, the right culture and the right mentality will be an open attitude. A cosmopolitan attitude. The inquisitive attitude of the universal citizen, the world citizen. In fact, if we look more closely at medieval Bruges, where merchants and artists from many countries came together to exchange ideas in the city's hosteleries and taverns, we can see that this is the way it has always been.

Bart Dumolyn⁴³,
Research Division

43 With thanks to Professor Jan Dumolyn for the verification of the historical details.



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