

# The Next Big Thing?

Trends Shaping Nordic Innovation

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## **The Next Big Thing?**

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### **Nordic co-operation**

*Nordic cooperation* is one of the world's most extensive forms of regional collaboration, involving Denmark, Finland, Iceland, Norway, Sweden, and three autonomous areas: the Faroe Islands, Greenland, and Åland.

*Nordic cooperation* has firm traditions in politics, the economy, and culture. It plays an important role in European and international collaboration, and aims at creating a strong Nordic community in a strong Europe.

*Nordic cooperation* seeks to safeguard Nordic and regional interests and principles in the global community. Common Nordic values help the region solidify its position as one of the world's most innovative and competitive.

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# Supporting Open Innovation



From the perspective of innovation policy that promotes networking, there is particular reason to monitor the routes linking subsystems. “Connect and develop” is the name of the open innovation model adopted by Procter & Gamble and has been well-documented in the Harvard Business Review. This approach requires a very different network of channels to the traditional “research and develop” model. Universities, for example, should take a fresh look at how they move within these networks, because the innovation environment is changing for the more open and practice-oriented organisations. Network-based innovation policies aim at monitoring the condition of these routes (social capital and its various forms) and developing the necessary practical tools for improving network activities<sup>33</sup>.

Open innovation deals with new ways of organising economic activities.

#### Changing the nature of innovation<sup>34</sup>

Invention	Innovation
Linear innovation model	Dynamic innovation mode
Build to forecasted demand	Sense and respond to demand
Independent	Inter-dependent
Single discipline	Multidisciplinary
Product functions	Value to customer
Local R&D teams	Globalized 24/7 collaboration

To some extent, open innovation has been around for longer than most of us care to think. Companies have always co-operated with the suppliers within their value chain and have sought innovative solutions outside their own organisation. The major and more recent changes have involved the opportunity to get things done on a global scale and 24/7 combined with the increased levels of competition to gain access to the best global innovation eco-environments and the best talent. Achieving this requires a new and alternative organisational model in which a company is able to compete equally well well and prosper simply by directing focus towards its inherent capacity for innovation.

The successful organisation of a new global model for open innovation requires new organisational and personal skills among all those in-

<sup>33</sup> Quote from Sitra, 2008 Finland: [http://www.sitra.fi/en/News/articles/Article\\_2008-01-22.htm](http://www.sitra.fi/en/News/articles/Article_2008-01-22.htm)

<sup>34</sup> Source: Innovation Ecosystems and Prosperity, March 29 2005, Egils Milbergs, Center for Accelerating Innovation

volved. To date, knowledge about open innovation has been drawn mainly from cases such as P&G's "connect and develop" approach, the internet-based Innocentive solution, 9Sigma, and from multinational corporations such as IBM, Google, Philips, Nokia, Electrolux and Intel, to name but a few. Lesser known examples include those of SMEs such as Quilt and Gabriel in Denmark and Beneq in Finland

Small- and medium-sized Nordic companies share a good starting point for developing organisational models which suit their needs, based on open innovation. Arguably, the Nordic business culture displays very low levels of hierarchical structure and is more open to co-operation. However, it seems obvious that Nordic SMEs would benefit somewhat if there were more case histories relevant to their own situation, thus enabling them to accumulate more knowledge about what is good practice in terms of organising open innovation in the SME setting.

Currently, initiatives are surfacing in the Nordic region addressing the development of new organisational models involving open innovation. For example, the Norwegian Forum for Open Innovation and the organisation Nordic Open Innovation have emerged, together with national government programmes. These are good and relevant initiatives. However, if the Nordic region is to lead the way and reap the full benefits of open innovation, a stronger focus is probably required not only on individual cases, but equally also on the approaches to organising open innovation within an entire value chain or within an innovation ecosystem. Kraft Foods represents an example of a company that is retreating from the model by which the value chain is utilised to cut costs. Today Kraft Foods favour a model by which the company recognises its value chain as a valuable source for innovation. Nordic innovation policy and the Nordic Innovation Centre both appear to constitute a natural locus for the accumulation of Nordic intelligence and practical know-how, combined with the dissemination of knowledge as to how open innovation can work in these different settings. Finally, it is important to involve the higher education institutions in this work, since they will also have to reorganise themselves in various ways if they too are to fit into these new organisational models for open innovation.