

Task Force

UNLEASHING INNOVATION AND ENTREPRENEURSHIP IN EUROPE: *PEOPLE, PLACES AND POLICIES*

Prospectus for CEPS Task Force

Chair: **José Manuel Leceta**, Chairman and Co-founder of the ‘Insight Foresight Institute’; former Director of the European Institute of Innovation and Technology (EIT); former International Director of the Spanish Innovation Agency (CDTI), Madrid.

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Background

Innovation and entrepreneurship are key pillars of economic growth and well-being, and are also a crucial driver of Europe’s possible future economic (and possibly political) recovery. Not surprisingly, around the world, governments are looking for opportunities to foster recovery while one of the deepest economic crises of modern times is still raging.

Everywhere, innovation and entrepreneurship are evoked as major avenues for achieving economic growth and competitiveness while recent debates also aim at reconciling sustainability and governance (Fagerberg et al, 2015 forthcoming). This comes as no surprise: economic theory is unanimous in concluding that both innovation and entrepreneurship are key contributors to long-term well-being:

- **Knowledge “for” and “in” action.** Innovation benefits future generations in several ways: biological innovation mitigates disease and hunger and thus contributes directly to health; innovation in communications and the organisation of information fosters educational, political and social development; innovation in smart grids leads to more efficient and sustainable energy consumption, etc. And most importantly, innovation is the engine of economic growth, which is central to increasing well-being, particularly to the extent that the fruits of this economic growth flow in some measure to the least well-off. More specifically, innovation fuels economic growth by creating new markets and

reaching new productivity levels; as observed by Nobel laureate Paul Krugman, “productivity isn’t everything, but in the long run it is almost everything”.

- **People-driven Innovation. Entrepreneurship** heavily relies on the actors that commit themselves to the discovery of new ways of producing existing goods or services, or entirely new products to place on the marketplace or any other locus where exchange can take place. These individuals, in economic theory, are called “entrepreneurs”. Nobel Laureate Edmund Phelps asked: why did prosperity explode in some nations between the 1820s and 1960s, creating not just unprecedented material wealth but “flourishing” – meaningful work, self-expression, and personal growth for more people than ever before? Phelps makes the case that the wellspring of this flourishing was modern values such as the desire to create, explore, and meet challenges. These values fuelled the grassroots dynamism that was necessary for widespread, indigenous innovation. Most innovation wasn't driven by a few isolated visionaries like Henry Ford and Steve Jobs; rather, it was driven by millions of people empowered to think of, develop, and market innumerable new products and processes, and improvements to existing ones. Mass flourishing – a combination of material well-being and the "good life" in a broader sense – was created by this mass innovation (Phelps, 2013).

At the same time, innovation and entrepreneurship are very difficult subjects for public policy: they are at once pervasive and elusive subjects. They are pervasive, since they entail both government and private investment, and involve all areas of public policy, from tax to labour, from telecoms to energy, from competition to industrial policy, from education to intellectual property, from immigration to health and agriculture, from supply-side to demand-side policies; and also, because they require actions at global, European, national, regional and local levels. At the same time, they are elusive subjects because they are hard to define, and also because there is no easy mix, no one-size-fits-all solution, no recipe *bonne à tout faire* to unleash the potential of innovation and entrepreneurship in a given country. In these policy areas, quality is as important as quantity, and control as important as speed. This is why every government wants innovation and entrepreneurship, but no government can be sure of how to boost their full potential. A growing consensus is, however, that policies need to be much more holistic and systemic. Recent thinking by OECD points to the evolution from innovation policies to ‘policies for innovation’, giving interventions a higher priority. Another way to increase the degree of holism is to separate innovation policy from research policy, since their integration tends to cement the linear character of innovation policy (Edquist, 2014).

What is sure is that, **over the past two decades, Europe has been performing rather poorly, at least on average, in both dimensions.** On the one hand, over the past years many political leaders have denounced the existence of an “innovation emergency” in Europe (Aho, 2006). At the same time, many commentators have observed Europe’s inability to create a suitable environment for entrepreneurship to flourish: a 2012 article published by “The Economist” even defined European Entrepreneurs as “Les misérables”. Data in this respect are self-evident, and show that continental Europe has a problem with creating new businesses destined for growth. Problems refer to the “stand up” phase, but also, and even more notably, to the “start-up” and “scale up” phases of a company’s life (see World Economic Forum 2014). From the availability of skills and attitudes to technology transfer and access to finance, entrepreneurs need an ‘environment’ including empowering values, enabling spaces and co-created regulation that encourages them to engage in the trial and error activities that typically characterize capitalism as a “restless” system (Fransman 2015). Entrepreneurship often get it wrong, and should not be punished when they do. To the contrary, the current EU and national legal frameworks seem to punish excessively failures, and sometimes also punishes success by targeting high growth firms simply because of their disruption potential to the incumbents, be these large or SME traditional business sectors and firms : Uber and Airbnb maybe two illustrative cases

The new CEPS Task Force on “Unleashing Innovation and Entrepreneurship in Europe: People, Places and Policies” will look at the key aspects of the debate on how to boost these two dimensions in Europe. It will adopt a **dynamic, forward looking view of EU policy, in which technological development, new business models, the expected changes in the labour market they may bring about and the evolving role of public**

and private players as platforms and actors of innovation are fully taken into account. The Task Force will gather a group of top-level academics and practitioners, as well as EU and national institutions, to trigger an original reflection that will take stock on what has been understood of innovation and entrepreneurship in the past decades. It will then look forward to a “future-proof”, ambitious agenda for Europe that is much more pro-active, rather than reactive as too often innovation and entrepreneurship has been in the past years, particularly when it comes to the role of the State (Mazzucato, 2013), certainly compared to the US (Leiden and Lyn, 2015) and successful Asian ‘tigers’ (Chang, 2008).

This agenda will include, i.a. a reflection on the role of governments and established companies in their relationship with new companies and individual entrepreneurs; a reflection on the future of education policy for what concerns the creation of skills and competences that are adequate for future market needs; and a more practical reflection on how to boost not only entrepreneurship and entrepreneurial policies but also political entrepreneurs (Huisman & de Jong, 2014) - with due regard to related part of the Juncker plan for strategic investment (EFSI) and the European Investment Bank role. The outcome would be a roadmap whereby the Triple Helix of academia, business and government’s respective roles (producing knowledge, bringing innovation to the market and fixing market failures) is replaced by a more dynamic, holistic and inviting architecture where people, places and policies interact beyond silos and institutional borders.

An open, launch event of the Task Force took place already on June 1, 2015 and featured a very high-level participation, with speakers from the European Commission (DG RTD, DG GROW, DG CONNECT), the European Investment Bank, the European Institute of Innovation and Technology, the Joint Research Centre of the European Commission, the World Economic Forum, the OECD, the League of European Research University, the Massachusetts Institute of Technology and national research agencies such as Italy’s CNR. The event saw also the participation of a significant number of business and top academics in the field of innovation and entrepreneurship policies and practice. The open debate that followed the meeting led to the identification of a number of key topics, which are illustrated below and are proposed as main issues to address in the future meetings of the Task Force.

Schedule and Content of Meetings

Meeting 1: Understanding the Links between Innovation, Entrepreneurship and Growth

What type of innovation contributes to economic well-being? And what are the environmental conditions that link entrepreneurship with economic growth? The European Commission has openly called for contributions on these aspects, and in particular on how to establish a stronger link between innovation, entrepreneurship and economic growth beyond the traditional rhetoric of linking research and innovation, and limited success in evolving from prevalently linear to holistic and systemic policies for innovation.

Proposed Keynote Speakers: Philippe Aghion, Harvard University; Charles Edquist, CIRCLE, Lund University (tbc)

Proposed Date: 23 September 2015

Meeting 2: People-Driven Innovation: Fostering talent and will for entrepreneurship

What is the future of employment? Will it be increasingly relying on self-employment as many experts contend? And if this is true, what are the core entrepreneurial skills that should be taught early-on to ensure that Europe’s economy becomes increasingly competitive and prosperous? Who is best positioned to transfer those core skills, and how could such skills be monitored at the EU level to inspire more accurate policies within Europe 2020 and the EU Semester incl. how and what learning outcomes are delivered?

Proposed Keynote Speakers: Erik Brynjolfsson, MIT (tbc); Kurt Deketelaere, LERU (tbc); Patrick Prendergast, EIT (tbc); Johan Schot, University of Sussex
Proposed Date: 22 October 2015

Meeting 3: Places. Entrepreneurship and Innovation Spaces: Established vs. young firms

This meeting looks at forms of innovation and entrepreneurship: product and process innovation, disruptive and incremental innovation are distinguished. Entrepreneurship is addressed well beyond the often quoted “app economy”, to encompass all those entrepreneurs that decide to start and run a business in all sectors of the economy. In a number of sectors, innovation systems are being created by established companies and become facilitators for entrepreneurs (intra-preneurship). Open innovation is becoming a driver of partnership and synergies beyond the boundaries of the firm, which should be subject to enhanced policy attention. Should emerging platforms and spaces for disruptive innovation be also encouraged by the public? What are the risks and the opportunities of building a policy framework based on synergies between incumbent and emerging companies?

Proposed Keynote Speakers: Clayton Christensen, HBS (tbc); Henry Chesbrough, UC Berkeley (tbc); Martin Fransman, University of Edinburgh (tbc)
Proposed Date: November 2015

Meeting 4: Policies. The Role of the State as Entrepreneur: From facilitator to innovator

With public procurement representing approximately one fifth of the EU economy, governments are increasingly called to play a proactive role as leaders of innovation and entrepreneurship, not simply as market fixers but more importantly as market shapers, in their roles as trend setters and regulators. Today, governments are called to play at once the role of facilitators (by creating fertile conditions for entrepreneurship to emerge in the private sector), and entrepreneurs themselves. How could this result be best achieved? What would be the role of innovation agencies at the EU and national level?

Proposed Keynote Speakers: Mariana Mazzucato, University of Sussex (tbc); Susana Borrás, CBS (tbc); Stefan Kulmann, EuSPRI (tbc)
Proposed Date: December 2015

Meeting 5: Final Presentation of the Task Force Report

During this meeting the main conclusions and policy recommendations of the Task Force are illustrated and discussed with a high-level panel of speakers from EU and national institutions, industry and academia.

Proposed Date: Beginning of 2016

Team and Methodology

Chair of the Task Force



The Task Force will be chaired by **José Manuel Leceta**, currently Chairman and Co-founder of the Madrid-based ‘Insight Foresight Institute’; former Director of the European Institute of Innovation and Technology (EIT) and international director of the Spanish Innovation Agency (CDTI). He joined the EIT as its Director on July 2011 and is since August 2014 was also visiting fellow at the European University Institute (EUI) Robert Schuman Centre for Advanced Studies where he carried out a novel dissertation on ‘Shifting Paradigms for

European Innovation Policy: from Trans-National Cooperation in R&D Project to Pan-European Entrepreneurial Ecosystems’.

A Telecommunications Engineer, José Manuel also studied Business Administration and has diplomas in Strategic Management, Economics of Telecommunications, International Studies and Economics and Management of Innovation. A respected fellow in innovation policy experimentation and learning, he started his professional career working in the space industry in Finland in 1987, followed by assignments in France, Spain and Japan, prior to joining Spain's Innovation Agency (CDTI) in 1992 as part of the Spanish Delegation to the European Space Agency (ESA). Initially responsible for fostering Spain’s leadership in the practical applications of space, he became Head of Department for Technologies and Space Programmes at CDTI in 1996.

He was Chairman of ESA’s Ariane Launchers Programmes Board and Vice-Chairman of ESA’s Telecommunication Programme Board from 2000 to 2002. He played a pivotal role in pioneer space initiatives, notably ESA’s water mission SMOS launched to space in 2009 and AMERHIS (first Hispasat on-board digital multiplexers) as well as EGNOS-Galileo, until he was promoted to the post of International Director at the CDTI in 2004. As CDTI’s International Director from 2004 to 2010, he helped raised the Spanish participation in the EU R&D Framework Programmes by 50%. He also represented Spain in European forums such as CREST, Eureka and TAFTIE – the European Association / Network of Innovation Agencies for which he served as Executive Secretary in 2010.

Furthermore, he widened CDTI’s Overseas Network of representatives by opening up two new Delegations in India and the US, and successfully launched a set of new Bilateral Programmes for close-to-market technology co-development projects with counterpart Innovation Agencies from Canada, China, India, South Korea, Japan and South Africa.

The Research Group

Coordinator:



Andrea Renda, Senior Research Fellow, CEPS

Andrea is a Senior Research Fellow and Manager of the Regulatory Affairs Programme at CEPS. In 2010, he also became the Founder and Manager of the CEPS Digital Forum. Andrea is an ongoing consultant for a number of institutions, including the European Commission, the European Parliament, the OECD and the World Bank. Andrea is Adjunct Professor of “Economic Analysis of Law”, “Antitrust and regulation”, “Policies and policymaking in the EU” and “International Public Governance” at Luiss Guido Carli University, in Rome, and a Senior Research Fellow at Luiss’ Law and Economics Lab.

Rapporteurs



Totti Könnölä

Totti is the Managing Director and Co-founder of Insight Foresight Institute specialised in transforming innovation ecosystems. He is an experienced entrepreneur, researcher and consultant in the realm of innovation and sustainability management and strategic policy intelligence. Totti has designed and coordinated many strategic foresight, appraisal, evaluation and decision-making processes together with industry management, research directors, policy-makers and other stakeholders. Totti is editor and author of over 100 papers and/or books, for instance 'Eco-

innovation: When Sustainability and Competitiveness Shake Hands' published by Palgrave Macmillan and translated into Spanish and Chinese.



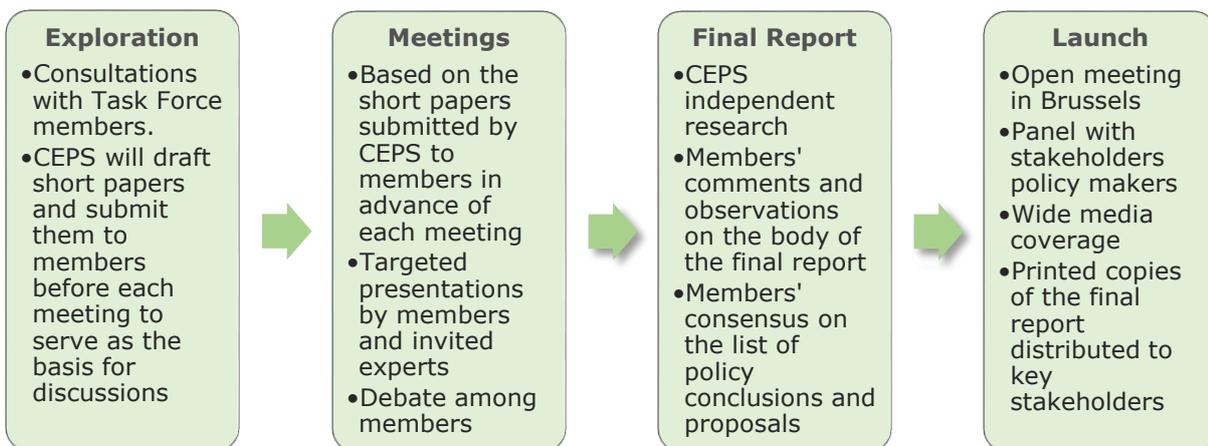
Felice Simonelli

Felice is a Researcher at CEPS' Regulatory Policy Unit where he conducts research and consultancy activities in the areas of better regulation and analysis of EU public policy. Felice is also a Research Fellow at the Italian Space Agency where he focuses on space economy and EU innovation policy. He published several papers in peer-reviewed journals in the fields of regulation, competition, and industrial policy. He holds a Ph.D. in Law and Economics from LUISS University, an LL.M. cum laude in Law and Economics from Erasmus University of Rotterdam and from Ghent University, an M.Sc. cum laude in Law and Economics and a Bachelor cum laude in Economics and Business from LUISS.

Advisors

- **Nicholas Ashford**, MIT
- **Charles Edquist**, CIRCLE, Sweden
- **Dirk Pilat**, OECD
- **Martin Fransman**, University of Edinburgh
- **Angelo Volpi**, Italian Council for Research (CNR)
- **Nicholas Davis**, World Economic Forum
- **Massimiliano Granieri**, University of Brescia, Italy
- **Harald Gruber**, EIB
- **Johan Schot**, SPRU, University of Sussex, UK
- **Stefan Kulhmann**, EuSPRI
- **Jerome S. Engel**, Berkeley Haas School of Business

Methodology



See the Annex for background information of the functioning of CEPS Task Forces.

Joining the Task Force

Participation in the Task Force is subject to a fee to cover the research and organisational expenses. CEPS Corporate Members are entitled to receive a significant discount. Discounted fees will be considered for non-members if they decide to become a member of CEPS.

The fee covers:

- The research carried out by CEPS for the purpose of this Task Force
- Organisational, catering and other costs of all meetings
- Web access and documentation
- Launch of the final report in Brussels in a public event to maximise exposure
- Press release and communications management
- Printing and editing costs of the final report
- Distribution of the final report to key stakeholders in industry and policy-making
- Three printed copies of the final report per member (mailing included)

The fee does not cover travel and accommodation costs for Task Force members to attend the meetings.

Upon request, CEPS will mail additional copies of the final report to members, at their expense. The final report will be launched at a public event in Brussels, open to the press, with the presence of high-level policy-makers. Additional launch events in other European capitals may be organised, if sponsored by members of the Task Force.

| Fee Structure (+21% VAT if applicable) | |
|---|-------------------------------|
| CEPS Corporate Members | € 1,000 |
| Non-Members | € 5,000 |
| Academics | € 500 [upon request] |
| Policy-makers | Free of charge [upon request] |

To join the Task Force, please fill in the application form on the next page. If you have any questions do not hesitate to contact us:

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REGISTRATION FORM

Innovation and Entrepreneurship in Europe

| Person attending the meetings | | | |
|---|-----------------------------------|--------------------------|--|
| Title: | First name: | Last name: | |
| Job title: | | | |
| E-mail: | | Telephone: | |
| Company / Institution | | | |
| Company / Institution name: | | | |
| Postal address: | | | |
| | Postcode: | City: | Country: |
| Contact Person: | | | |
| E-mail: | | Telephone: | |
| Billing information | | | |
| Tax register number (VAT for Europe): | | | |
| Your reference, Customer Purchase Order No. or Cost Code N: | | | |
| Department: | | | |
| Postal address: | | | |
| | Postcode: | City: | Country: |
| Contact person: | | | |
| CEPS members – check the applicable fee (+21% VAT) | | | |
| <input type="checkbox"/> | CEPS Corporate Member EUR 1,000 | | |
| | | | |
| Non-members - check the applicable box (+21% VAT) | | | |
| <input type="checkbox"/> | Full Fee EUR 5,000 | <input type="checkbox"/> | My company is interested in becoming a member of CEPS* |
| | | | |
| Date: | | Signature: | |
| Return to: Diana Musteata diana.musteata@ceps.eu +32 2 229 39 34 Centre for European Policy Studies 1 Place du Congrès 1000 Brussels Belgium | | | |
| More information: If you would like to become a member or need more information, please contact <i>Andrea Renda</i> , Senior Research Fellow at andrea.renda@ceps.eu +32 2 229 3961 or <i>Kerstin Born</i> , Director for Corporate Relations, at kerstin.born@ceps.eu or +32 2 229 39 10. | | | |

*Discounted fees for this Task Force will be considered for non-members if they decide to become member of CEPS

ANNEX

Principles and Guidelines for CEPS Task Forces

This Annex offers guidance to prospective Task Force members and other interested parties in understanding the functioning of a CEPS Task Force and the process of drafting a Task Force report. Task Forces are processes of structured dialogue among industry representatives, policy-makers, consumers and NGOs, who are brought together over several meetings. Task Force reports are the final output of the research carried out independently by CEPS in the context of the Task Force.

Participants in a Task Force

- ✓ Members are for-profit entities, membership organisations or NGOs which participate in a Task Force and contribute to its expenses by paying a fee.
- ✓ Rapporteurs are CEPS researchers who organise the Task Force, conduct the research independently and draft the final report.
- ✓ Chair is an expert appointed by CEPS to steer the dialogue during the meetings and advise as to the general conduct of the activities of the Task Force.
- ✓ Observers are any policymakers or stakeholders who are invited to attend the Task Force meetings and provide oral and written input.

Objectives of a Task Force report

- ✓ Task Force reports are meant to contribute to policy debates by presenting a balanced set of arguments, based on the members' views, available data and literature.
- ✓ Reports seek to provide readers with a constructive basis for discussion. Conversely, they do not seek to advance a single position or misrepresent the complexity of any subject matter.
- ✓ Task Force reports also fulfil an educational purpose, and are therefore drafted in a manner that is easy to understand, without jargon, and with any technical terminology fully defined.

The role of the Task Force members

- ✓ Member contributions may take the form of participation in informal debate or a formal presentation in the course of the meetings, or a written submission.
- ✓ Input from members is encouraged and will be made available to all members, if it is to be used for the final report.
- ✓ Members represent their institutions but are asked to provide input as experts.
- ✓ Members are given ample opportunity to review the Task Force report before it is published, as detailed below.

Drafting of conclusions and recommendations

- ✓ Task Force reports feature a set of conclusions. To draft these conclusions, rapporteurs will summarise members' views. Wherever members' views do not lead to clear conclusions, general phrasing will be employed.
- ✓ Task Force reports feature a set of policy recommendations. These recommendations are meant to reflect members' views.
 - For a recommendation to be featured in the report, there needs to be 'consensus' or 'broad agreement' among Task Force members. Consensus does not however mean unanimity or full agreement as to every aspect of a given recommendation.
 - Where 'consensus' co-exists with a significant minority view, the report will feature this minority view next to the relevant recommendation.

- Where there is no 'consensus' but several contradictory views, the report will feature all these views and either refrain from making any recommendation or simply advise policy-makers to clarify the given subject matter.
- In all cases, the report will seek to identify the points where there is some form of agreement, for instance a common understanding of facts or opinions.
- ✓ Both conclusions and policy recommendations will be summarised at the beginning of the report in the form of an 'executive summary'.
- ✓ Members will be given ample opportunity to review the text of both conclusions and recommendations.

Drafting of the main text

- ✓ In the main text, rapporteurs detail the results of the research carried out independently in the framework of the Task Force. This part of the report will refer to the discussions during the task force meetings but also to available data and literature.
- ✓ Members' views are not simply presented as such but are also put into context. Wherever there is fundamental disagreement, the rapporteurs will ensure that all views are presented in a clear and fair manner.
- ✓ Scientific literature may be cited in this part of the report. Members are not purported to endorse any reference to this literature. A general disclaimer is inserted to clarify this aspect.
- ✓ The conclusions for each section will be clearly presented –and highlighted if appropriate. For the drafting of these conclusions please refer to the section above.

Use of data

- ✓ Task Force reports feature data that are considered both relevant and accurate by the rapporteurs.
- ✓ Task Force members are encouraged to contribute with any data or propose any sources they may consider relevant.
- ✓ Members may question either the relevance or accuracy of any given data. After consultation with other Task Force members, rapporteurs may decide either to exclude this data or to mention these concerns in the main body of the text.

Sample structure of a Task Force report

1. Editorial information
2. Disclaimer (see example below)
3. Executive summary
4. Outline
5. Main text
6. Summary of conclusions
7. References
8. Annexes, if any
9. List of participants

Sample disclaimer

"This report is based on the discussions in the CEPS Task Force on Innovation and Entrepreneurship, which met on five separate occasions in 2015. The policy recommendations offered at the beginning of this report reflect a general consensus reached by Task Force members, although not every member agrees with every aspect of each recommendation. A list of members, observers and invited

guests of the Task Force can be found in Annex 3. The members were given the opportunity to comment on the draft final report, but its contents may only be attributed to the rapporteurs.”

About CEPS – Centre for European Policy Studies

Founded in Brussels in 1983, the Centre for European Policy Studies (CEPS) is among the most experienced and authoritative think tanks operating in the European Union today. CEPS serves as a leading forum for debate on EU affairs, and its most distinguishing feature lies in its strong in-house research capacity, complemented by an extensive network of partner institutes throughout the world.

CEPS’ funding is obtained from a variety of sources, including membership fees, project research, foundation grants, conferences fees, publication sales and an annual grant from the European Commission.



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