

# An agenda worthy of the

A broader, more inclusive understanding of innovation is vital if the Lisbon agenda is to successfully tackle future economic and social challenges, argues **Ann Mettler**

**R**election on the Lisbon agenda post-2010 is in full swing, and few words are used as often as “innovation” to lay the path for a more successful future course. Innovation is seen as the panacea to getting out of recession; to soften the impact of our demographic crunch; to show the way to a more sustainable, green economy.

While the Lisbon agenda is indeed well suited to tackle these future challenges, it needs a much more ambitious and significantly broader understanding of innovation policy. To date, innovation has been more or less reduced to the goal of spending more on research and development – three per cent of GDP to be exact, a goal which only two of the EU’s 27 members managed to achieve. In addition, innovation has been seen primarily as an activity taking place in the private

sector, with success measured by input indicators – such as the number of patents or research and development spending – rather than output indicators. Innovation, in the “old” Lisbon agenda paradigm, is driven by highly educated professionals, particularly scientists, and is focused on high-tech manufacturing industries, such as aerospace, mechanical engineering or telecommunications.

Essentially, this is an elitist 20th century concept of innovation which does not account for current realities. Against this backdrop, it will be important that the Lisbon agenda post 2010 dramatically expands its current remit on innovation.

The excessive focus on research and research spending has overshadowed other important drivers of innovation, such as process innovation, business model innovation, collaborative and workplace innovation. The reality is that research and





*“Given this new, multifaceted nature of innovation, the best – and most important – skill may be to “learn how to learn”, to develop the ability to acquire new skills throughout one’s life”*

porous, that information is shared not only within an organisation but also with other actors on the outside, in the quest to produce better ideas, better value and better solutions. This new, collaborative approach to innovation is in many ways contradictory to the previous paradigm, which sought strict intellectual property protection under all circumstances and was based on “closed” innovation, with companies guarding their patents and idea development from the outside world.

Largely overlooked or not taken sufficiently seriously, the ultimate success of innovation hinges on the acceptance that society musters for new ideas, for risk taking and for the dynamic, and at times disruptive, change that a true knowledge based economy will inevitably bring about. Our innovative companies don’t operate in a bubble. If we want them to succeed, we need consumers that are willing to give their business to the new kid on the block rather than the no risk, big establishment.

Given the changing nature of innovation, the Lisbon process post-2010 should pave the way for a broader, more inclusive agenda for social and economic transformation. A promising way forward could be to assign a commissioner for innovation, which would not only signify the importance of the issue, but also the horizontal nature of the portfolio, which would ultimately touch all pertinent policy areas – from consumer affairs and transport, to environment and education. Perhaps most importantly, the Lisbon agenda has to embody the change that it calls for, meaning that first and foremost, the policy process needs to be more innovative, risk taking, and ground breaking. Only then do we stand the chance of having an agenda for renewal and transformation that is worthy of the name. ★

Ann Mettler is executive director of Brussels-based think-tank the Lisbon Council. The Lisbon Council is an official partner of the 2009 European year of creativity and innovation

# name

research spending is very much tied to the industrial age and the post war era, when innovation took place incrementally and by a few select actors. Today, innovation, particularly in the service sector, is less about long standing research and more about speedy market entry and adoption of new business practices. The nature of today’s innovation is much more disruptive, involves more actors and gives first movers a significant advantage over competitors.

Innovation is as much about the death of companies as it is about entrepreneurship. Linked to the disruptive and dynamic nature of 21st century innovation, it is important that policy not only focuses on bringing new entrepreneurs into the marketplace, but also on refraining to provide life support to uncompetitive companies, be it through shielding them from competition, subsidising under performance or picking national winners. The ultimate losers of sustaining and protecting so-called zombie companies that under meritocratic circumstances would be forced to leave the market are horrendous, both to the aspiring entrepreneurs and well performing competitors who find distorted market conditions, but also to consumers who are forced to pay more – and receive less – for products and services they purchase.

Thanks to the onset of a networked, web 2.0 economy, which has made possible broader participation in the innovation process, we observe that users and consumers are becoming an increasingly important source of new ideas and drivers of demand for new products and services. The shift to the consumer holds important lessons for policymakers too, as research has shown that over time a political and regulatory focus on consumers rather than producers is a key indicator of a country’s economic success.

More and more, innovation takes place at the intersection of different disciplines – be they different industry sectors, such as information technology and pharmaceuticals – or is based on the collaboration of different actors, such as between the private sector and non profit organisations. This requires a broad set of skills, as most people will not only have several jobs throughout their lifetime but are looking at the prospect of embarking on several careers. Given this new, multifaceted nature of innovation, the best – and most important – skill may be to “learn how to learn”, to develop the ability to acquire new skills throughout one’s life.

Innovation is about knowledge sharing, openness and meritocracy: open innovation is a hallmark of many successful organisations. It means that organisational borders become