

Brussels, 25 September 2009

Innovation management: a business choice

Executive summary

Orgalime supports the idea that innovation can be stimulated through raising company awareness with European guidelines about the role of standards and innovation management good practices.

Orgalime believes that innovation management should stay a business-driven process free from bureaucratic validation procedures.

Orgalime calls on the European Commission to refrain from mandating CEN TC 389 for making certifiable innovation-management standards for two reasons:

- 1. It would be counterproductive for the innovation capacity of companies that decide to make use of public funding under these conditions, especially SMEs that are more financially dependent on funding opportunities to develop their innovative ideas into successful products.*
- 2. Mandating CEN TC 389 to aim at certification would completely undermine the European Commission's efforts towards free competition within the Internal Market.*

Overall Comments

As stated in our position paper on standards and innovation ([23/06/2008](#)), Orgalime believes that standards play an important role for innovation, insofar as it can be conducted in a flexible and unregulated environment. Orgalime is promoting through the *EnginEurope* and *Electra* initiatives the idea of bringing a faster transfer of research results to the market through a closer collaboration between research activities and standardisation.

In our recent views on “a cost-effective and market-relevant standardisation system” ([29/06/2009](#)), we elaborated that education at all levels and targeted information campaigns could be a means to raising company awareness on standards and management practices as a useful tool to support their innovation efforts and strategies.

Innovation is a creative process that exploits new ideas in order to develop new products and services. It is our view that such a process is successful if it remains profitable to the company or organisation that takes the investment and marketing risks and bears the related costs. For a company, the ability to manage its own innovation processes is critical to its survival. That is why innovation is a fundamentally business-driven decision, which should not be curtailed by regulatory requirements, pre-imposed process systems and bureaucratic certification measures.

Orgalime, the European Engineering Industries Association, speaks for 34 trade federations representing some 130,000 companies in the mechanical, electrical, electronic, metalworking & metal articles industries of 22 European countries. The industry employs some 11.1 million people in the EU and in 2008 accounted for some €1,885 billion of annual output. The industry not only represents more than one quarter of the output of manufactured products but also a third of the manufactured exports of the European Union.

Orgalime encourages CEN TC 389 to develop guidelines, not standards

A steady flow of innovations is essential for the success of a company and for its sustainable growth. Tools to make innovation management more professional and to expand their use can help a small or larger company or organisation to foster its innovation flow.

Besides, innovation is a complex process with different actors whose communication, timing and mutual understanding are key to success. Harmonised management processes could help the private and public partners involved to communicate in a more efficient manner. Guidelines could help companies to streamline their innovation planning, in particular SMEs with limited experience.

Therefore Orgalime's constituency which includes both small and larger companies believes that the newly set-up CEN TC 389 should work on providing support to the innovation, research and development capacities of companies – including SMEs – by the **drafting** of innovation management **guidelines** with a focus on:

1. Harmonisation of terminology
2. Harmonisation and provision of tools in order to support exchange of best practices
3. Guidance for self-evaluation, so that it does not require de facto third-party certification

With guidelines aiming at these three purposes, innovation remains the free process that it should be and the management of innovation could assist those who need professionalization.

The European Commission should not mandate CEN TC 389 to develop standards

The development of innovation management guidelines will facilitate the adoption of innovation management tools in companies and organisations that need them, and will help these organisations to foster their innovation flow and to communicate with their innovation partners. This will contribute to further strengthening Europe's innovative knowledge economy. With public support as much as possible, such innovation management guidelines should be widely spread. However, it is Orgalime industries strong belief that **the use of innovation management guidelines should remain voluntary, and should not be turned into standards.** While guidelines would be useful for funded innovation projects, especially those led by SMEs, standards would detrimentally affect them, as they are likely to be:

1. Made de facto mandatory in calls for proposals or other means
2. Subject to certification requirements for bureaucratic control or regulatory purposes
3. An administrative burden for innovators while meant as a validation tool for purchasers.

Contrary to what is hinted in the Commission Communication of 2 September 2009 "Reviewing Community innovation policy in a changing world"¹, Orgalime believes that the Commission should not strive for the establishment of selection criteria for granting funds for innovation through e.g. EU public procurements rules.

Orgalime recommendations

Orgalime calls on Member States in Directive 98/34 Committee and the European Commission to:

1. Refrain from mandating CEN TC 389 to carry out innovation management standards, especially for certification purposes, in accordance with its own Better Regulation guidelines and free competition principles;
2. Request CEN to perform first a robust inquiry on market needs, according to ISO Guide 72, should the European Commission nevertheless consider the idea of a standardisation mandate;
3. Stop promoting the use of any such guidelines as a regulatory/administrative requirement for selection or validation criteria or other for any other interaction between the government and market parties, in particular not for the granting of subsidies or in public procurement.

¹ See last paragraph on page 5 of the Communication and its related footnote 9:
http://ec.europa.eu/enterprise/policies/innovation/files/com%282009%29442final_en.pdf