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## Experience Based Business Development in Conventional SMEs (ExBased)

Final Report

Public Part

## Project information

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## Executive Summary

This public section of the final report for the ExBased project is intended for publication and distribution to the general public. We have strived to make it as accessible as possible to this target audience. Furthermore, it is also our aim (as described in our Exploitation Plan) through this project to inspire other European projects.

The overall objective of the ExBased project was to provide training and tools for business consultants to unleash the potential for experience-based business development in conventional SMEs (understood as primarily micro and small companies). Basically the objective of the ExBased project was two-fold: (1) to provide local and regional public sector business consultants with knowledge of and insight into creative business approaches and the dynamics of experience based business development, and (2) to enable the business consultants to support and inspire local companies to bring creative approaches into the company's marketing and product development processes.

Collaborating with colleagues from different academic and professional backgrounds meant that collectively, we had multiple approaches to problem solving. As a group we had a broad understanding of issues which informed the project, including influential trends in business and culture, methodology of business consultation, the European economy and the Experience Economy itself. This learning not only helped strengthen the ExBased project as a whole, but also the individual partners. We also had a large online archive of shared resources – contacts, knowledge and technology – available on our SharePoint intranet platform.

For the ExBased project quality has been both process oriented (management, coordination, administration) and equally important, because ExBased is a very hands-on project, product oriented (the quality of the training needs analysis (TNA) as well as the quality of the training module and the Toolkit).

As ExBased now has come to a conclusion we can look back at the completed project and truly say it was successful. We went through each of the four practical work packages (WP 5-8) and we learned valuable lessons with each step taken. The TNA from WP 5 proved to be extremely useful all the way through. In WP 6 a prototype training module and Toolkit was developed that made the WP 7 trial-out phase a great experience in the 4 countries that conducted the trial-out: Finland, Denmark, United Kingdom and Belgium. We received substantial feed-back from both business consultants and businesses that led directly to significant changes in the content of the Toolkit, adjustments to the training module and web site, and an overhaul of the ExBased project handbook. All these changes were made in the final fine-tuning phase WP 8

The major achievements in this project include: A flexible training module for business consultants, a toolkit with coherent tools, a project handbook, the project web site and a great final conference workshop as part of the WCF in Hasselt.

The final project web site can be accessed at [www.exbased.eu](http://www.exbased.eu) with all content fine-tuned and updated for immediate use.

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# 1. Project Objectives

The term “Experience Economy” is a fairly new one when it comes to business development. It holds great potential for growth, innovation, collaboration and synergy across different business sectors – including conventional. Most of the ingredients that form the “Experience Economy” come from the creative sector. This sector has for many years insisted and proved that innovation, design and creativity were valuable assets when it came to not just developing your business, but also making profit. However, it was not until recently that conventional businesses realized this and the current financial crisis has undoubtedly inspired and/or forced many companies to radically change their view on how to do business. So, many SMEs are open to new ideas such as the “Experience Economy”, but they do not know where to start. Neither do many business consultants and this was the gap which the ExBased project aimed to fill.

The overall objective of the ExBased project was to provide training and tools for business consultants to unleash the potential for experience-based business development in conventional SMEs (understood as primarily micro and small companies). Basically the objective of the ExBased project was two-fold: **(1)** to provide local and regional public sector business consultants with knowledge of and insight into creative business approaches and the dynamics of experience based business development, and **(2)** to enable the business consultants to support and inspire local companies to bring creative approaches into the company’s marketing and product development processes.

The benefits to the consultants and businesses were that it allowed them to expand their knowledge on business practices and take part in a new and innovative program exploring how experiences could potentially provide added value to their business.

The consultants participated in train-the-trainer courses in the partner countries, which gave them a new approach to strengthening and sustaining the competitiveness of SMEs, by bringing new creative knowledge into SMEs’ business approaches. Hence, the ExBased project provided consultants with knowledge and new tools in the area of experience based business development, a domain that we discovered in the trial-out, was still quite unknown for most business consultants.

Also, the toolkit was developed in such a way that theory, practices and tools would be provided to the consultants for business advice. The consultants would then ultimately pass this newly gained knowledge on to SMEs by offering a set of strategic tools for facilitating SMEs’ decision making-, planning- and implementation processes.

The immediate impact of this project has been that in the local and regional framework the SMEs have the access to the business support they need in order to develop.. The longer term perspective, was that the impact of the project would hopefully be a serious contribution to sustaining European economies by enhancing the competitiveness of SMEs, thus safeguarding businesses and work places within the local/regional communities. Best practices show that SMEs that have moved into the experience economy have grown to a higher level of development and are able to charge a higher price for their products and services. The project partners are convinced that the ExBased Toolkit offers consultants an opportunity to stimulate

business development and therefore that the project will be beneficial and contribute to the development of conventional SMEs.

## 2. Project Approach

The Exbased project chose a very practical way to approach experience based business development. As mentioned in the executive summary, the ExBased project quality was seen as both process oriented (management, coordination, administration) and product oriented (the quality of the training needs analysis as well as the quality of the training module and the Toolkit).

For process quality the detailed work plan was a crucial tool. In terms of product quality there were 3 important milestones during the lifespan of the project:

- (1) The training needs analysis being the whole starting point for the products to be developed (WP 5)
- (2) The Trial-Out phase where the quality of the training module and toolkit would be tested during train-the-trainers sessions and with SMEs (WP 7)
- (3) The quality and usability of the training module and toolkit would be evaluated and fine-tuned (WP 8)

For each phase of the project as mentioned above there was an evaluation of the outcome, the process and quality of the products. These evaluations were done right after the partner meetings which also indicated the transition from one work package to the next.

In relation to process quality, management and coordination this was approached as a joint task (between the lead beneficiary BASW and the international coordinator SDEO). Also, the project partners in charge of the respective work packages were for specified periods of time during the project period responsible for the smooth, efficient and timely coordination of the work and deliverables.

In relation to product quality, the project was not be able to evaluate the long term impact of the training/Toolkit and whether introducing the idea of experience-based business development made an actual difference to individual companies. The reason for this was twofold: the project time frame was too short and the tools were dealing primarily with raising awareness and changing mind-set in conventional SMEs. Hence, this was an intangible element which was impossible to measure. Further, the anticipated sample of companies (4 x 10) is too small to conclude from. The quality of the Toolkit (and being able to measure it) was not as such a success criterion for the ExBased project, but it would however make sense to get some feedback on the immediate usability of the tool for the companies and of the training module for consultants. During the trial-out phase this was taken into account and a follow-up was done with the companies as well as with the trained business consultants.

In the project, communication at the local-regional level, is acknowledged as an efficient way of producing multiplier effects and ensure the sustainability of the project results. Cooperation between the project partners is an important factor in succeeding in communicating results to relevant business and policy networks in partners' respective spheres and countries. Detailed local-regional dissemination plans have been developed in which all partners have thoroughly considered how

best to use their existing lines of communication to raise awareness about the project, its theme, scope and results. The trial out phase naturally was a very important part of the dissemination strategy.

The exploitation strategy aims to ensure the sustainability of the project results and the establishment of communication channels in order to transfer results to regions and countries beyond the project partnership. The ExBased partners will make sure to keep the project results visible and available, especially through the project website, so that the target groups can access them, learn from them, and adapt them where necessary to local needs or perhaps even build on or further elaborate and develop them.

### 3. Project Outcomes & Results

The WP 5 - TNA was led by Flanders DC and saw contribution of all project partners (except for the UK partners because of temporary organisational hindrances). The project considered this analysis as crucial because of its impact on the choices in developing the tools later on in the project.

We have therefore striven to conduct an analysis that is both founded theoretically as well as practically and is clear in its recommendations. As it turned out the TNA met exactly these criteria and proved to be a solid foundation for moving on with the development of a toolkit and training module.

Practically, the TNA involved interviews with 20 business and innovation consultants from 5 regions.

One of the benefits of the TNA was that it was kept concise and very much to the point. We did not want “blue sky” research, but something that could guide and inspire us as we moved on to the development phase. The project partners were the main target group for the TNA and we greatly benefitted from the collaborative effort that went into completing it.

Consequently, the TNA was able to deliver important input to the WP 6 - Development phase lead by CIDA.

Here a new unique tool – the Customer Experience Tool – was developed to help business consultants introduce and apply the theories underpinning the Experience Economy to the products and services of their business clients. The Customer Experience Tool sits within a virtual Toolkit which also includes other tools for helping businesses generate and process ideas for developing their products and services. It also includes case studies drawn from companies across Denmark, Finland, Belgium and the UK who are already using the principles of the Experience Economy in their business planning and delivery.

Business consultants within each partner country have been trained in how to use the Customer Experience Tool, and how to make use of the Toolkit. As a result they have developed new skills and improved their understanding of the Experience Economy, and they are now equipped with a new and effective method to pass this information onto their clients. The businesses who took part in the trial period were provided with personalised coaching on how to apply the Experience Economy to their business and are now benefiting from a new or better understanding of the concept. Customers of the business – both B2B and B2C – benefit from a product or service to which value has been added as a result of the Customer Experience Tool.

During the WP 7 - Trial Out phase the ExBased Toolkit and training module was tested on two different levels; first through train-the-trainer trainings for consultants and second through the trained consultants testing their skills and the ExBased toolkit with SMEs. This WP was led by Ideone from Finland, but the ExBased trainings were organized in all four partner countries: Denmark, United Kingdom, Finland and Belgium. The target amount (40) of trained local and regional consultants was significantly exceeded and the total number of trained consultants ended at 65.

The structure of train-the-trainer trainings was based on the developed training module. When organizing the trainings the ExBased partners wanted to take cultural differences into account and left each partner country the possibility to modify their

own training. This action gave partner countries opportunity to address the most needed areas from the training module.

After the train-the-trainer sessions, the trained consultants trialed out the ExBased toolkit with SMEs. The objective was that each trained consultant would trial out at minimum 1 small/micro or medium size company. The target of 40 was not reached although it was very close. In the trial out phase trained consultants reported back a total of 33 cases where they had used one or more of the tools from the ExBased Toolkit. Past the trial-out deadline 5 more cases were received, so a total number of 38 business cases were reported. These cases gave valuable information on how SMEs felt about the usability of experience economy in their business.

The business cases were one level of feedback the ExBased partners collected during the trial out phase. In the project three sets of feedback questioners were developed for: (1) Questions for the business consultants on the usefulness of the training on how to work with and use the tool box; (2) Questions for the business consultants on their experience of using the tool box and working with the companies; and (3) Questions for getting immediate feedback from the companies on the usability of the tool box and the session with the business consultant. The aim of these questioners was to test the quality, relevance and European value of the training module with its training materials and toolbox. The data was processed and summarized. The summary and suggested actions in it functioned as a starting point for evaluating and fine tuning the project deliverables.

This 8<sup>th</sup> and final WP was organized by the lead partner BASW with the purpose of ensuring the quality, relevance, European added value and transferability of the training module and to present the final training module as a common European project. After having completed the trial out phase, the evaluation was done. The evaluation was carried out on two levels:

**(1)** Evaluation of the training that the consultants had received - with focus on the quality and content of the training module and how the consultants experienced the training. This part of the evaluation was carried through on the basis of structured interviews with the consultants that took place during and after the training workshops and were arranged by the project team.

**(2)** An evaluation of the relevance of the competences that the consultants had achieved during the ExBased training, and the relevance of the toolkit for the SMEs serving as a test for SMEs during the trial out phase. Information from the SMEs was gathered on the basis of questionnaires followed by reflections from the consultants. An evaluation report was produced - focusing on good and bad experiences in relation to the 5 issues mentioned in our TNA, and based on the results from the report; the training module was fine-tuned.

Most of the training material used in the trial-out was altered and modified. Based on the feedback from the workshops two of the basic brainstorming tools were skipped. The feedback from the business consultants was that the two tools did not relate sufficiently to the experience economy thinking, and did not support out-of-the-box thinking in the case of developing new experience based services or products for the companies/customers.

Our solution to this problem was to make a new tool on the basis of innovation methods combined with basic methods from the experience economy domain. The tool we developed is called the “Five Senses Tool” and is a brainstorming/innovation tool that is based on 3 principles from the from the experience economy: **(1)** Create a strong theme for the experience. **(2)** Use storytelling. **(3)** Find ways to appeal to all 5 senses. The Five Senses Tool replaces the two tools in the toolkit that were removed.

Another important adjustment that we made after the evaluation phase was to create a tool to prioritize the many ideas that were produced during a training workshop. For that purpose, we developed the Prioritizing Tool. The Prioritizing Tool is a simple tool that forces the participant to prioritize the ideas based on these two criteria: **(1)** How attractive is the market for the idea? and **(2)** how many resources are required to develop and bring the idea into the market?

## 4. Partnerships

Working in a multi-country partnership has had, and will have, many benefits to a project, and to the partners themselves.

Working with colleagues from different backgrounds has meant that collectively, we have various approaches to problem solving. As a group, we have a broad understanding of issues that inform the project, including influential trends in both business and culture, methodology of business consultation, the European economy and the Experience Economy itself. This learning not only helps strengthen the Ex-based project as a whole, but also the partners as individuals. We also have a large bank of shared resources – contacts, knowledge and technology.

The partners were very strongly committed to the project and this was demonstrated by putting a lot of effort into the development of the toolkit, by making extra translation and extra field work, by having a lot of direct communication with trained consultants, by making substantial changes to the final fine-tuned toolkit and by postponing the end of the project so that it was possible to have the end seminar at best possible event when considering dissemination and exploitation of the project's outcomes. An extra deliverable in the form of a project handbook was also jointly developed.

The advantage of working with international partners is that the project has the potential to have a much greater impact to the economy than if it was confined to only one country. The relationship among partners in ExBased grew stronger throughout the project period and these different organizations from different countries have committed themselves to continue working together. The project has definitely brought added value by making experience based business development more accessible and applicable around Europe. The project has already benefited SMEs and business consultants to see new approaches and possibilities.

## 5. Plans for the Future

The partner group behind ExBased are committed to go further with innovation, creativity and the realm of experience economy. The two final conference workshops we organized as part of the World Creativity Forum in Hasselt indicated that we had our hands on something useful and interesting for a variety of businesses and organizations.

We have all agreed to meet up in Denmark during the spring of 2012 where BASW will host a two-day workshop with the specific aim of finding a great idea for a new LLP project that could make the application deadline in early 2013. We also look to possibly expand our group of partners to include EU countries from the southern part of Europe. At this stage we are already in contact with possible partners in Spain and Italy, who have seen our project web site and checked out the ADAM portal.

Another interesting aspect that has come out of this ExBased project is that colleges and universities have found our toolkit useful. Universities in the UK have begun using the tools in both design and business courses and this is also the case at the lead partner BASW, where elements of ExBased are integrated into undergraduate courses in the marketing and design degree programmes.

With the website now fully implemented and updated we also expect to get even more activity there. The LinkedIn group of business professionals, consultants and academics is also still growing. The potential for continued exploitation of the ExBased project outcomes is definitely there and there is both a website and an online forum to support this now that the project has officially ended.

## 6. Contribution to EU policies

The concept and the idea for the ExBased project was developed at a time when the EU's Lisbon strategy of making Europe the most competitive and dynamic knowledge-based economy in the world by 2010 was the reference point and the challenge faced by all member states and regions in Europe. With small and medium sized enterprises (SMEs) being the backbone of the European economy, reaching the goals of the Lisbon agenda was a challenge of fostering innovation, increasing competitiveness and unlocking business potential among SMEs in Europe. One important aspect in this ongoing process was to fully exploit the business potential in the regions in different sectors.

Europe was, already, far from fulfilling the Lisbon agenda and reaching its 2010 targets. Statistics even suggested that Europe was going backwards. A number of European local-regional initiatives and projects had taken up the Lisbon challenge by seeking to boost the creative industries sector as a contribution to entrepreneurship, growth and development of the knowledge economy. The ExBased project, however, wanted to move one step further than current and past initiatives dedicated to boosting the creative industries sector. In the design of the project, the partners wanted to approach conventional industries and companies with a view to, on the one hand, fully unleash their business potential and on the other, to contribute fully to exploiting the impact which the creative industries sector should have across the whole economy.

Thus today, looking at the current and upcoming EU policy agenda, the ExBased project tapped perfectly into the EU2020 growth strategy for smart, green and inclusive growth as well as the EC Communication on regional policies for SMART development and within this communication, the attention and recognition given to the cultural and creative industries and their importance for SMART development in Europe.

The ExBased project likewise tapped into the European Commission's Green Paper "Unlocking the potential of the cultural and creative industries", which was recently in consultation (July 2010). Apart from seeking to better identify the specific needs of the creative sector itself, the Green Paper put in play also the spillovers from the cultural and creative industries (CCIs) as a means towards a European Creative Economy. Concretely, the Green Paper posed the question on how to accelerate the spill-over effects of CCIs on other industries and society at large as well as how effective mechanisms for such knowledge diffusion can be developed and implemented. By hands-on means and tools, tested transnationally at the local-regional level, the ExBased project delivered practical input to answer such questions.

As such the ExBased project has contributed also to ambitions voiced by the European Commission's DG Enterprise & Industry (DG ENTR); that Europe will now "move from talking to walking, from networking to partnering and from analysis to real impact and practical results". In acknowledging that barriers still exist that hamper the transformation of creativity and new ideas into innovative products and services, the DG takes amongst others the approach that more direct spillover from creative

industries into other industries should be facilitated. The concept of the ExBased project is fully in line with this approach. Depending on the exact scope and design of DG ENTR's newly announced initiative, the European Creative Industries Alliance (ECIA), the ExBased project is likely to have good practices to feed into the initiative.

The ExBased project has been liaising with both DG Education & Culture and DG Enterprise & Industry to make the project and its potential contributions to the current EU policy agenda known.

