

INNOVATION AND CREATIVITY MANAGEMENT

Training material

Part 5

INCONEXT PROJECT

**Supported by:
THE LEONARDO DA VINCI PROGRAMME**

Project No. LLP-LdV-TOI-2010-LT-0074

1. Organizing for Innovation

1.1 Support system for innovation

Non-financial support for innovations in Lithuania is provided by the state and public institutions forming the so-called innovation infrastructure, which consists of innovation centers, science and technology parks, business incubators, business information centers, agencies and associative business organizations. Most of these institutions are implementing innovation policy by providing specialized innovation support services. Innovation policy and its implementation is developed and managed by the Ministry of Economy which is responsible for innovation in business, and the Ministry of Education which is responsible for the growth of the potential of innovations, development of research and partially for the commercialization of scientific results.

1.2. Opportunities for innovation funding

Funding sources for innovations differs from a traditional activity because innovations are always associated with high risk and banks often refuse to pay for them

Below are the major sources of innovation. Which of these sources and in which stage they will be used depends on the phase of development of innovative project, size of innovative company, required amount of funds and other factors.

- **Personal, family and friends savings.** This funding source may be used only in the initial stage of the innovation project - research. For the implementation of further steps much greater financial resources are required.
- **Government support and EU funds.** The country's economic growth is determined by innovations, therefore their development is supported by the state. One of the ways of financial support is the provision of grants. These grants are provided through a variety of state support and EU funding programs. The state also helps companies to obtain grants by providing financial guarantees.
- **Other companies.** In order to survive businesses must continually innovate. This makes them not only to create innovations by themselves but also invest in other companies carrying out innovative research. These investments is one of the sources of financing for small and medium-sized enterprises as other investors are very reluctant to support research due to high risk.
- **Informal investors – „business angels“.** They can fund the establishment of the company as shareholders and directly consult the company on

management issues. „Business angels“ are well-off people who are willing to invest their capital in risky activities based on their experience and interests. Usually they are investing in those sectors where they have extensive work experience. They also apply less requirements for the growth than venture capital companies, but they emphasize entrepreneur's personal qualities. Informal investors maintain the provision of „direct control“, i.e. through the experience they track their investments. In most cases they become the company's shareholders. Typically „Business Angels“ do not invest more than Eur 250 000. „Business Angels“ funding may be provided in all primary stages of the process of innovation until the beginning of an intensive exploitation of innovations.

- **Venture capital funds.** Venture capital may fund the process of innovation when a product prototype has already been created or a test production has been launched. The establishment of new companies or the innovative project of already existing company could be financed from the venture capital funds. Most investments are made into shares in the hope that the company will be successful and its value will greatly increase. Venture capital funds seek to obtain a profit by selling the shares of large and high-performing company. The main job of venture capital managers is to identify companies that have growth prospects and them with the necessary support for further development. The majority of venture capital funds focus on large transactions (over 250 000 euros).
- **Commercial banks and private investors.** These funding resources may be involved in the later stages of the process of innovation when the risk is significantly reduced. The potential of profitability of innovation is highlighted upon placing the innovation into the market and increases the number of investors. Commercial banks provide loans more easily making it possible to offer the company's stocks in exchange.

2. CONCLUSIONS AND Q/A

2.1. Opportunities for improvement of the innovation management

When solving the problems of the development of innovations in Central and Eastern European countries, it is important to understand the essential elements, which should be followed in forming and implementing of appropriate management measures for improvement. Such provision perception and realization is the basis for the development of innovative activities and effectively decide the political, economic and technological development issues.

The most important and priority innovative management and development - related provisions are:

- Innovation management should be oriented to the intellectual priorities of the business.
- Innovation management should be oriented to the democratisation of society, humanistic ideals and realisation of human rights.
- Innovation management should be oriented to the greening of society's development.
- Innovation management and improvement of management must be based on application of the information technologies and modern communications.
- Innovation management and improvement of management must be directed to the maintenance of the internal harmony in society and design and development and creation of psychological climate.

Summing up these statements it is possible to confirm the conclusion, that the innovation processes are extremely important feature in lifestyle of modern society and public character of transformations.

2.2. The implementation of innovative organizational forms

In the modern conditions of the globalisation of socio –evolution and the internalisation of progress of science and technology in the various fields revealed the growing needs for to create, develop and implement such organisational forms which would be particularly favourable for activity of innovations miscellaneous. In the modern conditions of the globalisation of socio –evolution and the internalisation of progress of science and technology in the various fields revealed the growing needs for to create, develop and implement such organisational forms which would be particularly favourable for activity of innovations miscellaneous and promotes innovative developments and competitiveness in various sectors. This means, that the creation, development and implementation of organisational forms for the activity of innovation becomes priority assumption promoting of the internationalisation processes of socio-economics development and science and technological progress.

Innovative organizational forms designed for promoting of internationalisation processes in the various social and economics development and science-technological progress areas must be innovative: the innovativeness of these forms must be expressed in the willingness to generate, promote, spread and implement innovations allowing to create new quality products and maintain the required level of competitiveness in all areas of modern economic and social life.

Innovative organizational forms designed for promoting of the internationalisation processes in the various of social and economics development and science-technological progress can have a huge variety, so

it is appropriate to discuss separately the most promising for of such organisations.

Innovative organizational forms designed to promoting of the internationalisation of social and economics development and science-technological progress can have a huge variety, so it is appropriate to discuss separately the most promising for of such organisations.

Innovation Centres are very important in the development of modern innovation in all areas of business and public sections. Innovation Centres can be described as an organisation, the purpose of which - in various forms of consulting and design works to promote the creation of innovations. Innovation Centres, as organisations, can act both as a variety of forms of independent or autonomous functioning institutions as well as individually services or departments in the structure of institutions and companies.

Business incubators are defined as organisations, whose purpose – to support the creation of innovative business by creating and developing prospective business subjects and on easy terms to provide them services of the training, consulting and informing, as well as legal, marketing support and services for accounting, staff management, office administration and other fields. Business incubators, as organisations, can operate in various forms: as independent or autonomous organisations, companies or institutions and as structural department in other organisations.

Parks of technology and science or techno poles are estimated as organisations, characterised by complexity of functions, participating in today's innovation promoting and business creating development and modernisation activities. These organisations are particularly important when actively designing and developing the modern technologies in contemporary conditions of creation of the social, economic, science and technological progress in the internalisation and knowledge based society and knowledge economy conditions.

In summary, it can be stated the importance of all these organisations with recognise, that those advert organisations in the global environmental basically can to assert only as a regional, designed for innovation development. Despite the fact, that the products, developed in these organisations, may have very high level of competitiveness an the same organisations in the specific fields of economic development and technological progress can even be a leader in international and even on global scale, under modern conditions, there are a greater needs to develop more complex and larger organisations, which would be able not only to operate effectively in global areas of economics and technological progress, but also formed a new breakthrough direction on global scale.

Network type organisations, which could be seen as even higher level organisations and parks of technology, industrial units or techno poles are

regarded variety unions of companies, institutions and organisations and other formations, such as clusters.

References

1. Gilbert, T. (1998). *Managing Creativity in Organizations: a Total System Approach in creativity and Innovation Management*. New York: Palgrave Macmillan.
2. Training material in creativity and innovation for european R&D. Organizations & SMEs - Tractors. Prieiga per internetą: <<http://www.train4creativity.eu/root.lt.aspx>>.
3. Vernon, P. E. (1970). *Personality Assessment: A Critical survey*. London: Methuen.
4. Zakarevičius, P. (2005). *Vadybos arimuose*. Kaunas: VDU leidykla.
5. INNOVATION MANAGEMENT. BUILDING COMPETITIVE SKILLS IN SME'S. European Commission. [interaktyvus]. 1999. Prieiga per internetą: <http://www.cordis.lu/innovation-policy/studies/im_study1.htm>
6. KARATHANOS, P.; KARATHANOS, D.; ir ROHATGI, J. Imagination: An Organization's Treasure. *Industrial Management*. July-August 2004.
7. SEFERATZI, E. Creativity. Europos Komisijos finansuojamas projektas – INNOREGIO: dissemination of innovation and knowledge management techniques. 2000.
8. <http://www.lic.lt/index.php?-382459073>
9. http://www.ukmin.lt/web/lt/inovacijos/strategijos_ir_programos
10. <http://www.inovacijos.lt>
11. [Inovacijos: finansavimas, rizikos kapitalas. - Vilnius: Lietuvos inovacijų centras, 2003. - 80 p. Strazdas R., Jakubavičius A., Gečas K.](#)
12. [Inovacijos: procesai, valdymo modeliai, galimybės. - Vilnius: Lietuvos inovacijų centras, 2003. - 127 p. Jakubavičius A., Strazdas R., Gečas K.](#)
13. [INOVACIJŲ IR PROJEKTŲ VADYBA \[www.lzuu.lt/file.doc?id=33239\]\(http://www.lzuu.lt/file.doc?id=33239\)](#)

