



New Paradigms in Innovation; Creative Experiments and Public Pool Information as Source of Innovation

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Li Maor

Legal Consultant, Division for Certain Countries in Europe and Asia (DCEA)

Defining competitiveness

- WEF: “The set of institutions, policies, and factors that determine the level of productivity of a country.”

OR

- “capacity of its industry to innovate and upgrade”*

OR

- IMD: “how a nation manages the totality of its resources and competencies to increase the prosperity of its people.”

*Porter, M.E., 1990. The competitive advantage of nations. Free Press, New York

competitiveness



National economic competitiveness

The 2010-2011 Report on Global Competitiveness:

- factor-driven economies (stage 1)
- efficiency-driven economies (stage 2)
- innovation-driven economies (stage 3)

Pillars of competitiveness:

- Basic requirements
- Efficiency enhancers
- Sophistication factors

Competitiveness Factors for Transitioning Economies*

- Institutional structure
- Macroeconomic stability
- Higher education and training
- Goods market efficiency
- Financial market sophistication
- Technological readiness
- Innovation

* C. R. Torrasi, Gokhan Uslu, (2010) "Transitioning Economies: A Calculus of Competitiveness", Journal of Applied Business and Economics

Or *competitiveness* doing more with less

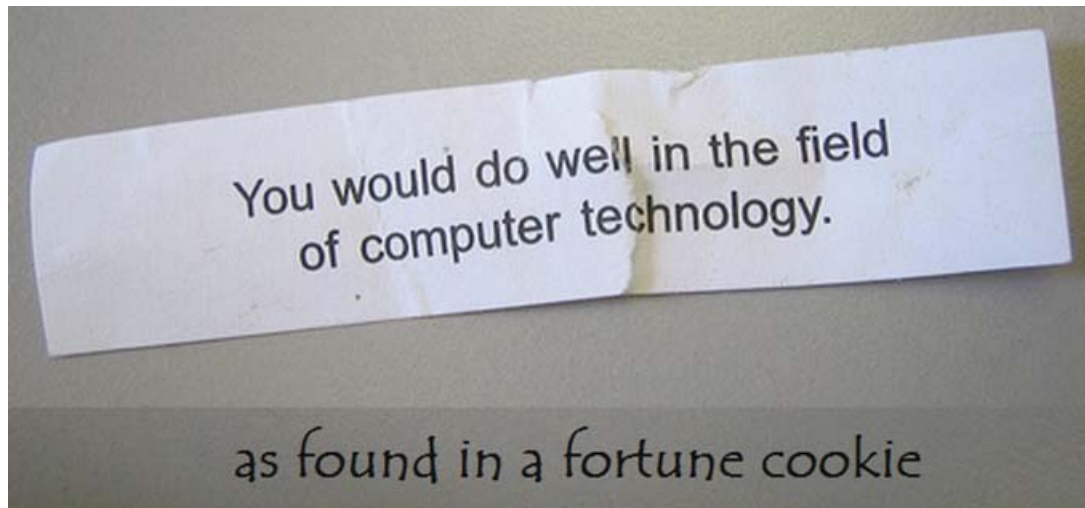


Competitive company and competitive nation

- “A nation’s competitiveness depends on the capacity of its industry to innovate and upgrade. Companies gain advantage against the world’s best competitors because of pressure and challenge. They benefit from having strong domestic rivals, aggressive home-based suppliers, and demanding local customers.”*
- “while the notion of a competitive company is clear, the notion of a competitive nation is not.”

Innovation

- The design, invention, development and/or implementation of new or altered products, services, processes, systems, organizational structures, or business models for the purpose of creating new value for customers and financial returns for the firm.



Innovation

“ There is nothing more difficult to take in hand, more perilous to conduct, or more uncertain of success than to take a lead in the introduction of a new order of things, because innovation has for enemies all those who have done well under the old conditions and lukewarm defenders in those who may do well under the new.”

Machiavelli, The Prince (c. 1515)



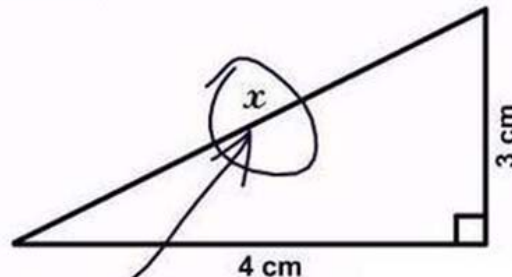
HikingArtist.com

Good ideas and inventions- where do they come from?

“If I had asked people what they wanted, they would have said faster horses”. (H. Ford)

You cannot only ask the right questions, you have to ask them the right way as well.

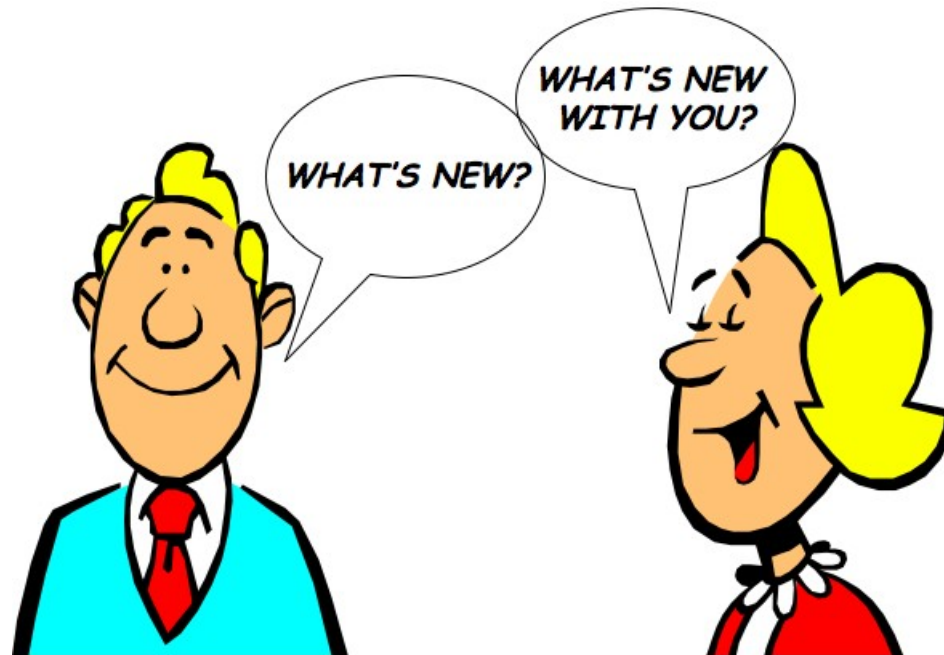
3. Find x .



Here it is

Inventing by sharing

- Innovation- involving others



Inventing by sharing

■ Incremental innovation

Component: Making an improvement on an existing product or service, for example:

- Adding a camera feature to a cell phone.
- Increasing the displacement of an engine to increase horsepower.
- Adding a new ingredient to a plastic formulation to increase its strength and elasticity.

Inventing by sharing

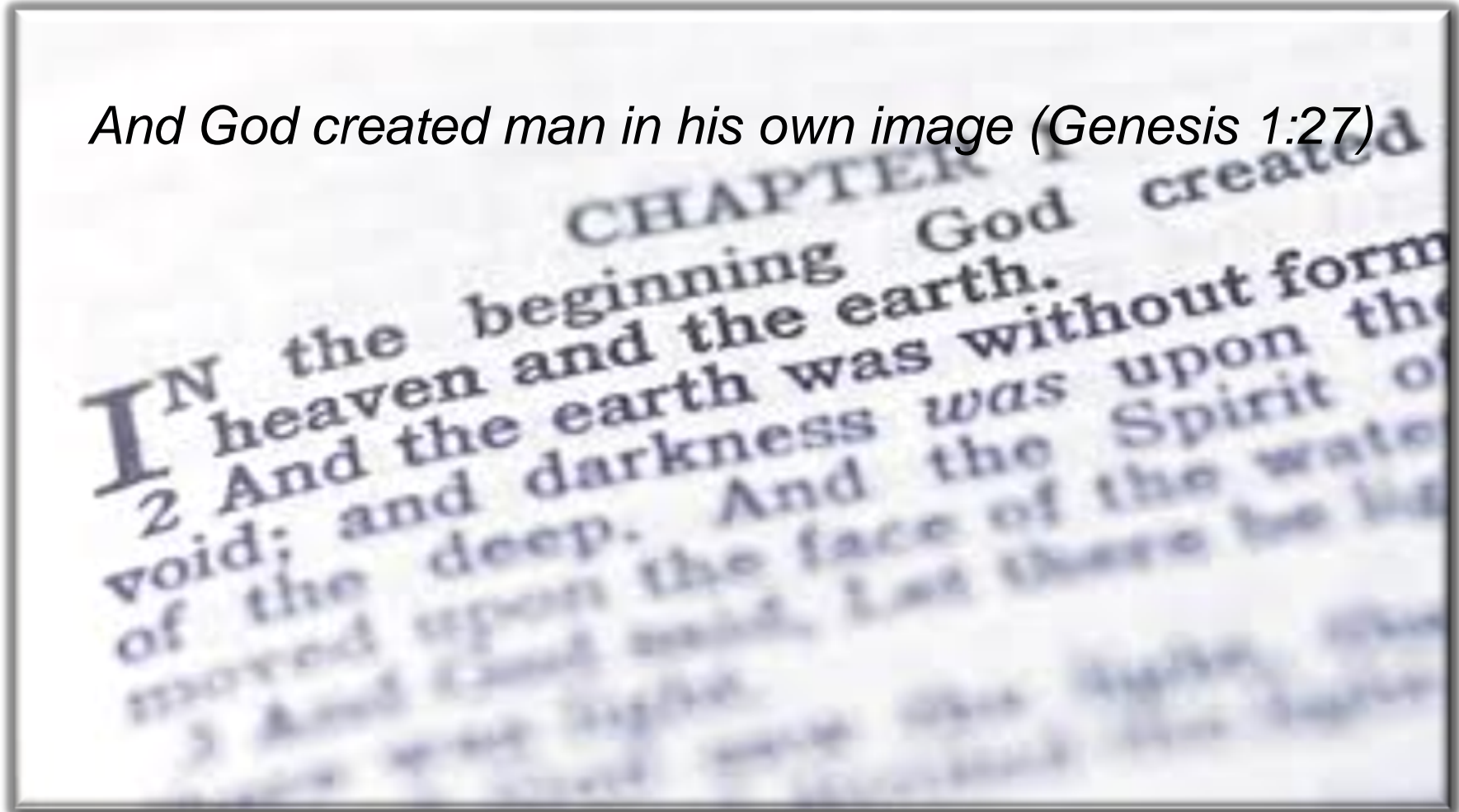
■ Incremental innovation

Gillette used to make razors with a single blade. Later, one of its diligent students of stubble asked, Wouldn't two blades be better than one? Thus was born the Trac II. Next came – guess what? – a razor with three blades – the Mach III



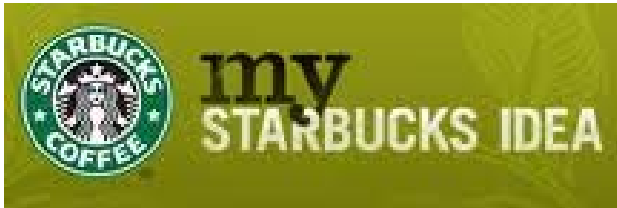
Inventing by sharing

And God created man in his own image (Genesis 1:27)



Inventing by sharing

- Open innovation vs traditional innovation



Foreign direct investments

- Internationalization of R&D
- Global valued chains of Innovation



Foreign direct investments

- best pools of talent
- attractive tax laws
- robust physical and digital infrastructures
- immigration policies
- deepest pools of capital
- the best funding for R&D
- the easiest place to start a business



Importance of institutions

- a pacer of private sector innovation
- public procurement
- "big market players"
- "a smarter customer"
- diffusion of innovation and organizational barriers



Importance of institutions and FDI



The contribution of foreign subsidiaries to host country national competitiveness

S. O'Donnella, T. Blumentritt

Conclusions

- building on our strengths
- enhance processes, relationships, and networks
- adoption of incentives and standards
- innovation depends on individuals
- Using existing knowledge and improving education system



The key to the problem

The key to the problem-
enabling good institutional communication
with a common key- when Sir Humphry is
locked without a key to the **communicating**
door which leads to famous No 10

Sir Humphrey Appleby: Prime Minister, I must protest in the strongest possible terms my profound opposition to a newly instituted practice which imposes severe and intolerable restrictions upon the ingress and egress of senior members of the hierarchy and which will, in all probability, should the current deplorable innovation be perpetuated, precipitate a constriction of the channels of communication, and culminate in a condition of organisational atrophy and administrative paralysis which will render effectively impossible the coherent and co-ordinated discharge of the function of government within Her Majesty's United Kingdom of Great Britain and Northern Ireland.

Jim Hacker: You mean you've lost your key?



THANK YOU!

Vilnius
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