International Innovation’s Rosemary Peters chats with Elena Bou, Chief Innovation Officer at KIC InnoEnergy, the innovation engine for sustainable energy across Europe, about innovation and entrepreneurship in Europe and how it compares with what she has seen abroad.
Can you start off by introducing the concepts of innovation and entrepreneurship as you see them as Chief Innovation Officer of KIC InnoEnergy?

Innovation has been through a long historical journey, starting from the modern-day origin of the word; as we think of it today, innovation was introduced in 1945 by Peter Drucker. In his first definition of the term, innovation and entrepreneurship were the same thing.

Since that moment, the concept and the way innovation is implemented have evolved a lot. Today, we can identify many ways to innovate: from a technology linear approach, to consumer innovation or employee-driven innovation. For example, open innovation is a hot topic at the moment. The essence of this strategic approach is the belief that the innovation process of our organisation is not closed anymore and ideas, knowledge and other innovations may come in from ‘outside’. Indeed, open innovation advocates for collaboration.

KIC InnoEnergy was conceived under this principle. We focus on collaborative innovation; the concept acknowledges that companies do not always have the required competencies to achieve a certain goal in-house. Through collaborative innovation, they can start a process that includes other partners, companies and organisations – one where their skills complement each other.

Collaborative innovation also gives way to entrepreneurship. This, in my opinion, is one of the most advantageous ways of introducing innovation into an ecosystem, because entrepreneurs are brave enough to take risks, be flexible and have enough courage to launch disruptive innovation into the market. Entrepreneurs don’t have their hands tied in the same way as well-established companies, which have shareholders and bottom lines to which they are accountable.

At KIC InnoEnergy, we try to help foster relationships between companies and the entrepreneurs we are supporting, because we believe there is a synergy that can exist between the two. Entrepreneurs have flexibility and can take risks, while established companies have built up knowledge about the marketplace and have access to customers. We see it as a win-win collaboration.

Many have argued that Europe is in an entrepreneurial rut and that, more often than not, ideas that are generated in Europe are commercialised abroad. What are your thoughts on these statements?

I know about the European paradox, and I believe that at the heart of this trend is not a question of talent, but a question of culture. Europe has great universities, research and talent, but somewhere in this chain many of these are lost to other countries. People who are really willing to dig into entrepreneurship and start-ups are probably looking for places where it is easier to start and build them. One thing in particular that I have noticed in my time as Chief Innovation Officer for KIC InnoEnergy is that in other countries, regulation is founded with the perspective that entrepreneurs and start-ups are in a different category to established companies.

Last year, you travelled to the US, from Boston to Silicon Valley, looking at how the country fosters innovation and entrepreneurship, as well as establishing relationships with networks relevant to KIC InnoEnergy’s mission. Why did you choose the US?

When we first started KIC InnoEnergy, we identified different worldwide innovation ecosystems that we could learn from, and the US was one of them. This trip was a breath of fresh air; we are a young company, and we still have many things we want to achieve. This trip definitely inspired us to think about how we could translate things from America’s innovation ecosystem into our own.

What were the outcomes of this visit?

It was interesting because at first we were just learning, understanding and getting inspiration, but thanks to these visits, we identified actors that are helping us build a bridge into the country. Even though the ventures that are part of KIC InnoEnergy are born in Europe, their business plans are global, and they want to sell worldwide. The US market is a primary market for many of our entrepreneurs.

Another interesting outcome arose from talking with the Massachusetts Institute of Technology Energy Initiative – we realised that Europe has some technical expertise that is advanced in comparison with the US. Take waste energy and concentrated solar power as examples.

We have since looked at the possibility of running collaborative innovation projects with US partners. We also identified many possible opportunities for our ventures and have seen more of our US counterparts; for example, many colleagues came to our Business Booster event in Berlin last October.

Did you discover any that Europe can learn from the US in terms of fostering entrepreneurship?

In the US, entrepreneurship is not only accepted, but admired; this is a fundamental difference. In Europe, if a child says to a mother: “I’m going to be an entrepreneur,” she would often say: “No, go for a safer job”.

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Another problem concerns failure. In the US, failure is accepted as part of the learning experience, but not in Europe. Here, failure is thought of as a black mark on your reputation. In reality, 75 per cent of start-ups in Silicon Valley fail – it is socially acceptable to fail and is part of the process if you want to innovate. Also, the regulations surrounding opening and closing companies (eg. in case of bankruptcy) are easier, and public institutions are really supportive of their entrepreneurs.

Moreover, in America, access to finance is easier and there are more people with money that are willing to take a risk. At the end of the day, I think that cultural differences are some of the key issues preventing Europeans being in the lead when it comes to entrepreneurship.

Conversely, what are some things about Europe that you found special after returning from your visit?

Upon returning, I very much valued how Europe does collaborative innovation across different countries at the same time. European entrepreneurs are working with teams that are separated and come from different countries and cultures. There is something unique about this aspect of Europe, and we can take advantage of it – we are so rich in cultural diversity, and this is a massive bonus in terms of our ability to be innovative and creative.

Europe’s biggest issue here is finding ways to focus this talent and diversity in the right direction. The potential capacity that we have to launch disruptive innovation onto the market is massive.

Often times politicians in Europe talk about ‘building the next Silicon Valley’. What are your thoughts on this mindset?

What is happening in Silicon Valley cannot and should not be copied. Silicon Valley started in 1889, so we cannot copy that – but, we can do it in our own way! We have to find our own model and entrepreneurial ecosystem.

I have also started to realise that there actually is not such a huge gap between the US and Europe. As Europeans, we have a tendency to think that what is happening here is worse than what is happening abroad – that we are not as good as the other countries and that the grass is greener on the other side of the Atlantic. This is not necessarily true, and we need to shake free of this mindset.

Immigration has become a contentious topic in Europe – one that the President of the European Commission Jean-Claude Juncker addressed in his State of the Union address last autumn. Is there a role for immigration in promoting innovation and entrepreneurship?

In general, immigration has been correlated with innovation as business creation, because usually immigrants are the people in a country that start small businesses. If we are talking about disruptive innovation, the branching of novelty solutions onto the market, attracting the best talent is a crucial thing, independent of where it comes from.

As a statistic, approximately 45 per cent of employees in Silicon Valley are foreign. In North America, the average is about 31 per cent. And in London, 53 per cent of employees are foreign. Talented people go to the places where innovation occurs, where the opportunities are. If you want to innovate, you want the best talent, independent of colour, origin or whatever.

We should recognise that when studying innovation and entrepreneurship, immigration is a key factor in successful start-ups and a lot of wealth can be generated. There is a positive correlation that worldwide entrepreneurial ecosystems have a high degree of foreign employees.

What do you think are the major challenges that Europe needs to tackle in order to create an environment to better foster innovation and entrepreneurship?

I wish I knew the answer! Once, I stepped into a classroom of KIC InnoEnergy masters students and asked who was looking for a job. Nobody raised their hands so I asked ‘is nobody looking for a job?’ and one of them said ‘no, I am not looking for a job, I just want to create them’. That’s great. While in all likelihood only a small percentage of those students will create their own companies, just putting the thought in their minds that it is a possibility is extremely important and impactful.

One place where I think we can start to scale this idea is with children. I believe that we need to introduce our children to the idea of entrepreneurship at a young age – from the educational level. I often tell entrepreneurs that they should bring their kids to work – take them to see your start-ups to let them know what you are doing.