

Regional Performance and Future Oriented Investment

Stakeholder Reporting of IC-based Value Creation
in the Federal Province Upper Austria

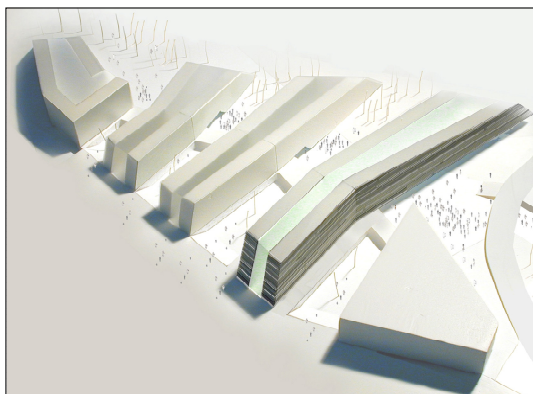


Alexander G. Welzl

The World Bank Conference in Paris

June 29 – 30, 2006





- With a population of approx. 8 Mio. people the national economy reached a GDP of € 235 billion in 2004
- The **service industry** contributes 67 percent of the GDP
- Representing approx. 70% of the workforce
- **Creative Industries** in Austria: in 2000 comprise approx. 20,900 companies (9% of companies) with approx. 129,500 employees (5% of employees), average size of company 6.2 employees*

* Erster österreichischer Kreativwirtschaftsbericht, 2003



- Austria follows a policy of implementation of the Agenda of Lisbon to make the EU “the most competitive and dynamic knowledge-based economy in the world by 2010, capable of sustainable economic growth (...)”
- Being a country with fewer natural resources than other countries have, the **most important asset** of the Austrian economy are its **talented, skilled and innovative people**
- More and more in the focus again is the development of an **innovative and creative milieu** (which Austria was famous for at the beginning of the last century)
- Within the last years the Austrian Federal Government initiated a **series of changes in the National Innovation System** to improve conditions for growth, competitiveness and sustainability.
- As one specific consequence the **Austrian Government implemented as the first country in the world a legal standard for Intellectual Capital Reporting in a whole branch** of the National Innovation System: the universities.



Upper Austria is the nation's leading
federal province with regard to
industry, exports and technology:

- 14% of area – 11,982 km²
- 17% of the population – 1,376,797
(census 2001)
- **approx. 25% of industrial
production and exports (2004:
€ 16,1 bn, 26,5%) of Austria**

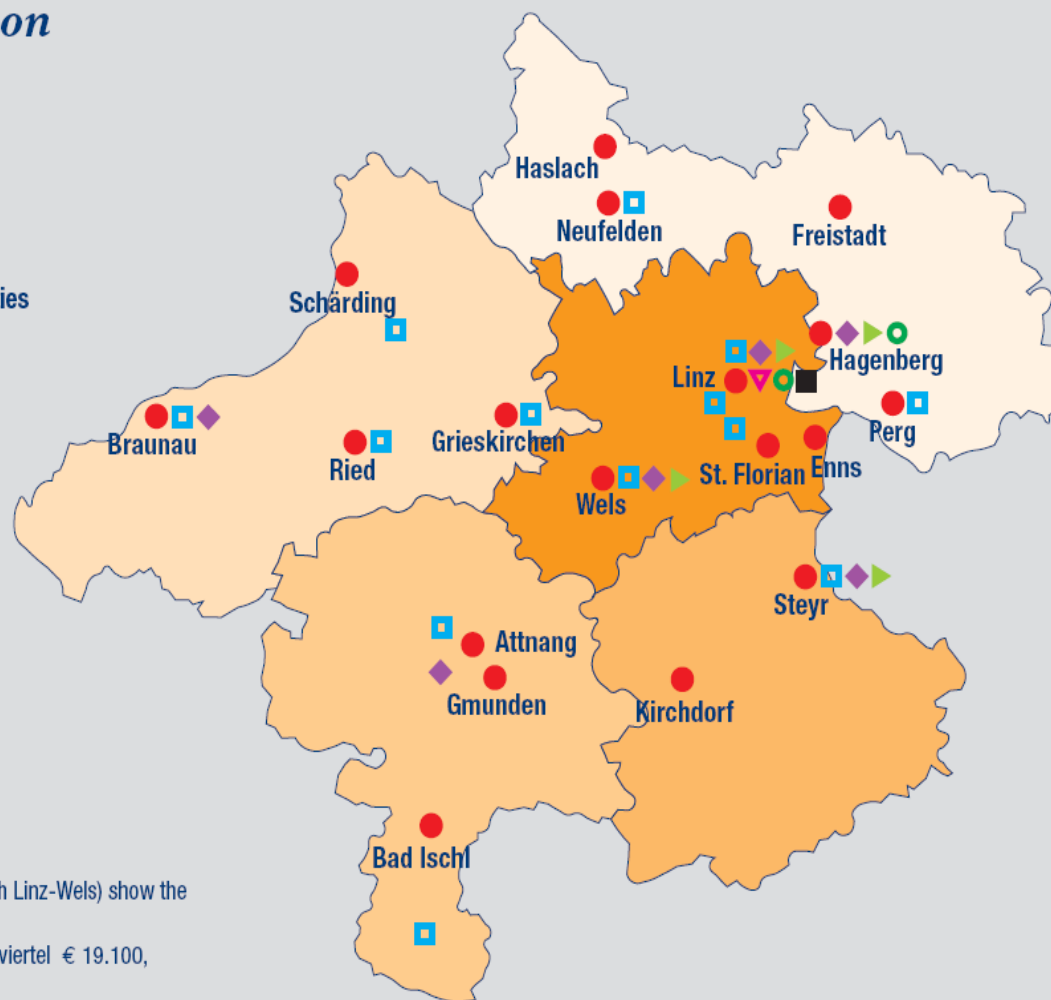


- Vehicles, engines, components
- Mechanical, plant and environmental engineering
- Plastic products, chemicals, paper
- Steel, aluminium
- Wood, furniture, windows, doors
- I&C-technologies

There is a huge wealth of skills, specific knowledge, organisational capabilities and intellectual capital (IC) based development potentials ...

The Upper Austrian Innovation Network

- Impulse Centres (Technology, Venture, Innovation and Services Centres)
- ◆ Competence Centres, other non-university research facilities
- University
- ▶ University of Applied Sciences location
- Secondary technical college
- ▼ Further training institution
- Other institutions

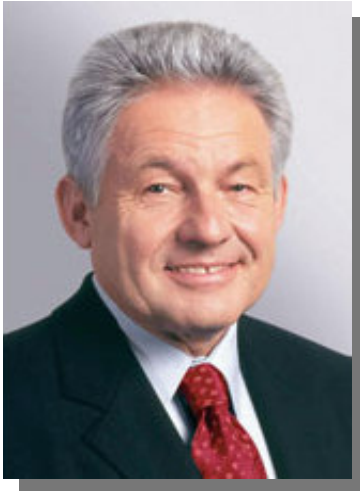


The various shadings of the five NUTS 3 regions (beginning clockwise with Linz-Wels) show the gross regional product per inhabitant:

Linz-Wels € 33.900, Steyr-Kirchdorf € 26.100, Traunviertel € 23.400, Innviertel € 19.100, Mühlviertel € 15.100 (figures for 2002, source: Statistik Austria).



- In 2004 Upper Austria decided to implement a monitoring system for annual evaluation of regional performance
- Together with ESPRiT Consulting the regional **Agency for Innovation Management and Location Development (TMG)** created the first report
- The report was published in June 2005



Foreword of Josef Pühringer (Governor, Upper Austria) and Viktor Sigl (Upper Austrian State Minister of Economic Affairs):

- The implementation of a **key indicator system concerning location development and innovation policy** represents a response to both, a concern of the Upper Austrian Research and Technology Council and a recommendation of the Austrian Court of Audit.
- The achievement of the given objectives (stated in the Strategic Programme) is to be monitored by means of **annual reports**.
- The **addressees** for these monitoring reports comprise the members of the Upper Austrian government, the TMG Supervisory Board and the Upper Austrian Research and Technology Council as well as all persons with an interest in location and innovation policy





Upper Austria 2000+ strategic programme:

- 1998 – 2003
- 3 strategic areas
- Total budget: € 300 m

“Innovative Upper Austria 2010” strategic programme:

- 2005 – 2010
- 5 strategic areas
- 43 measures (Priority 1)
- 250 experts involved in development phase
- Total budget: € 600 m, thereof State of Upper Austria: € 200 m



Vision: “Upper Austria - a leading innovation region in Europe”

- **Consolidate existing strengths and exploit new opportunities:** We wish to consolidate the current strengths of the Upper Austrian economic region, but also actively exploit new chances.
- **Use of measures with a high leverage effect:** We wish to give priority to those measures which increase corporate competitiveness through high leverage.
- **Practicality for the transition into market success:** The economic implementation of innovations is the no.1 priority.

The Five Strategic Areas



①

Research & Development

Concentration of R&D



②

Professional qualification

Strengthening of innovation-conscious education



③

Networks

Co-operation in corporate networks



④

Business and technology location Upper Austria

Further enhancement of location factors

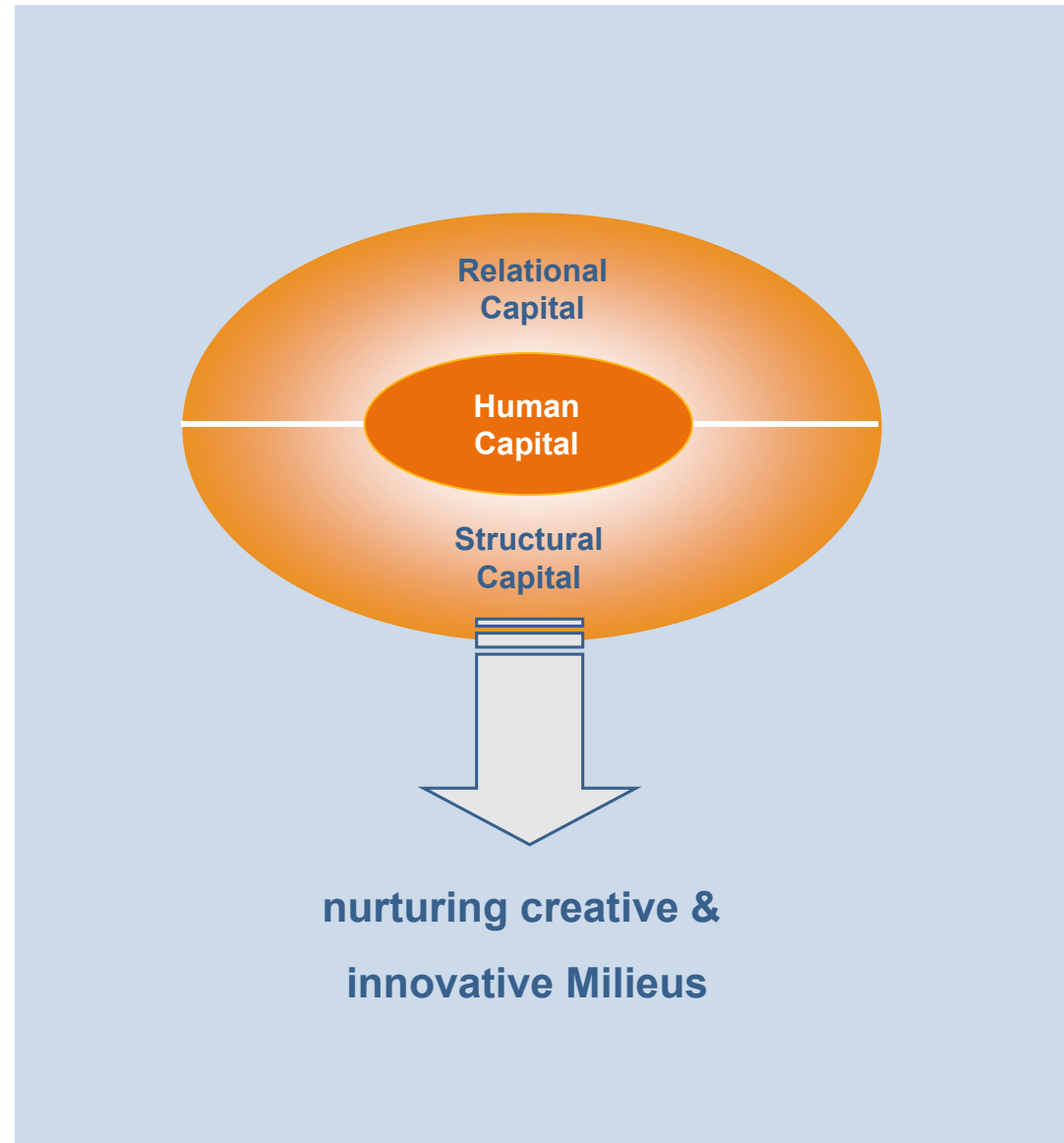


⑤

EU – networking

Exploitation of new opportunities

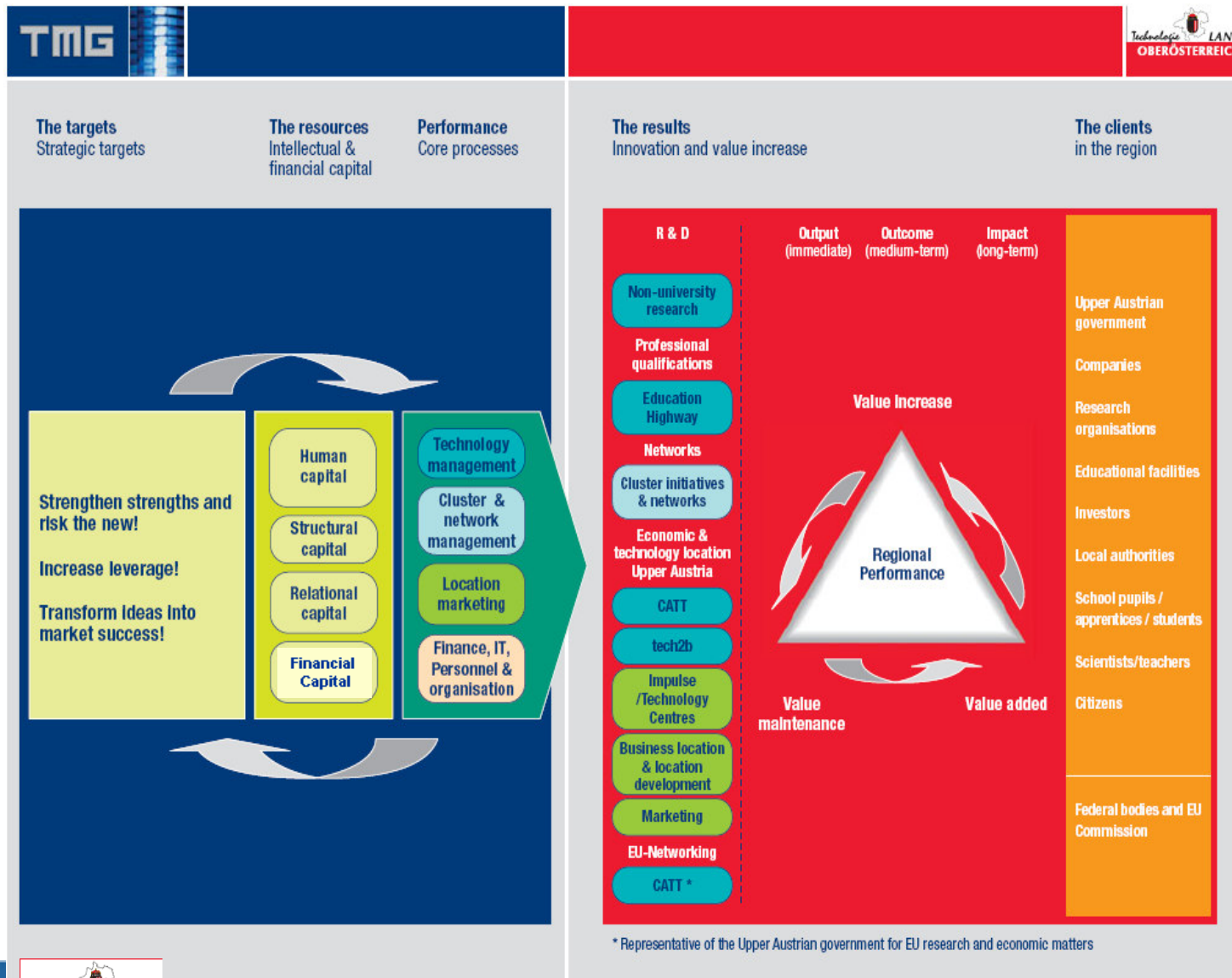
Ignition of Value Creation Process in Innovative Milieus: People in the Center





- A competitive, knowledge-based economy requires an **intelligent, specific investment blend of tangible and intangible assets** in innovation.
- **People** as citizens, idea carriers, employees and an active element in society **form the focal point**. With them, and for them, as customers and addressees for the services provided, a support agency aims at achieving a multiplication of the public money with which it has been entrusted.
- This process involves **interaction between public institutions, companies and the sciences**. Promotion organisations either have the task of **intensifying and consolidating the existent**, or **creating a nucleus for something new**.
- This leads to a leverage effect, which **multiplies** what are initially private investments and performance by means of public funding. Or the public purse acts in a **preparatory capacity** and encourages the private sector to step up investment.

Getting the Innovation Engine Running: a Systemic Innovation Model of Upper Austria (2005)



The Upper Austria Innovation System: Key Indicator Scheme to the Systemic Innovation Model

New Organisations

New Assets

and

Effects

TMG		Innovations and value increase for the clients in the region							
Ressources	Core processes	Output				Client-oriented outcome			
		Topic areas & organisational units	Human capital	Structural capital	Relational capital	Finacial capital	Economic focus	Social focus	Research focus
Human capital	Technology management	R & D							
Personnel		Non-university research	Personnel	Management	Networking via governance structures	Assets & capital	Economic fitness	Events	Scientific results
Training and further training		Professional Qualifications							
	Education Highway	IT-systems							
Structural capital	Cluster and network management	Networks			Networking via committees and bodies	Leverage effects	Press and public relations	Patents	
Management		Cluster initiatives and networks	Future provisions						
IT-systems									
Future provisions									
Relational capital	Location marketing - Impulse Centres coordination - Business location and location development - Marketing	Economic & technology location Upper Austria	Training and further training		Revenues & grants	Specific results	Specific results	Specific results	
Networking via governance structures		CATT		Specific results					Internal and external networking
Networking via committees and bodies									
Internal and external networking									
Finacial capital	Finance, IT, personnel & organisation - Core functions - IT systems - Services for affiliates	tech2b							
Assets & capital		Impulse Centres							
Revenues & grants									
		Direct output and outcome from activities in the TMG core processes							
		Business location & location development	Business location and expansion	Secured locations	Commercial zone development	Commercial services centres	Other local authority consulting	Inter-authority business location	
		Marketing	Means of communication		Events & awards		Press and public relations		
		EU networking	Cross-sectional function without own key indicators						

Indirect
Results

Direct
Results

- **Founded in** 1995
- **Annual Turnover** 20 Mio EUR (2005)
- **Employees** 165 (2005)
- **Locations**
 - Munich
 - Hamburg
 - Berne
 - Vienna
 - Venezia
 - Toronto
- **Clients**
 - Financial Services Industry
 - Service Provider
 - Non-Profit Organisations
 - Industry

Munich

Prinzregentenplatz 15
D - 81675 München

Telefon +49 89 45599-0
Telefax +49 89 45599-100

Hamburg

Lilienstrasse 11
D - 20095 Hamburg

Telefon +49 40 380806-0
Telefax +49 40 380806-99

Berne

Spitalgasse 3
CH-3011 Bern

Telefon +41 31 31007-00
Telefax +41 31 31007-07

Vienna

Wollzeile 14
A-1010 Wien

Telefon +43 1 253 6666-113
Telefax +43 1 253 6666-120

Venezia

Villa della Pila, 13
I-30175 Venezia

Telefon +39 041 2587-611
Telefax +39 041 2587-600

Toronto

5799 Yonge St #500
CDN-Toronto, Ontario M2M 3V3

Telefon +1 416 229 4500
Telefax +1 416 229 4796



Mag. Alexander G. Welzl, MSc

Intellectual Capital Reporting,
stakeholder reporting

eMail: alexander.welzl@esprit-consulting.at

www.esprit-consulting.com
www.esprit-consulting.at