



TRADINN – Supporting innovation in traditional companies

DESIGN OPTIONS PAPER



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Project consortium:



Barbara Pasiut

Piotr Józefiak - DOP development supervision



Todorka Dimitrova



Francesco Pulejo

Stefano Zamparo

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Chapter 1. Introduction

JUSTIFICATION FOR THE CREATION OF THE DOCUMENT

This document is the result of the project "TRADINN – supporting innovation in traditional companies". TRADINN is a project dedicated to traditional companies that face problems with introducing innovative solutions into their business, whose key benefit will be a new quality of innovation support, unlike old support programmes that often result in clients dissatisfaction about used service. The main goal of the project is to develop a strategy for promoting innovation in traditional business that could be implemented by business environment organisations and policy makers all over Europe. The results will be based on the analysis of the problem encountered by traditional companies and on the identification and analysis of innovative solutions successfully developed by such companies from the countries represented by consortium members.

The project consortium

Three specialized business environment organizations from Poland, Bulgaria and Italy are involved in the implementation of the project:

Torun Regional Development Agency (Leader) – POLAND – since 1995 has actively supported local enterprises (mainly SMEs) and thus affects the economic development of the Kuyavian and Pomeranian (K&P) region. It was established by regional and local authorities. Currently, TRDA is the biggest business support organization in K&P province and one of the strongest agencies in Poland. The agency takes part in various events and consultations especially concerning SME support.

Varna Economic Development Agency (Partner) – BULGARIA - the agency was established in 1997 under the program Local Government Initiative of USAID and Varna Municipality to assist the advancement of regional economic development. VEDA aims towards leadership in the establishment of conditions for sustainable social and economic development of Varna and the region. The agency supports the building of the capacity of small and medium-sized enterprises (SMEs) through impartial providing information, consulting services and training. VEDA promotes networking, attraction of foreign investments in the region, and improvement of the local employment opportunities.

Fondazione Fenice Onlus (Partner) – ITALY - is a joint partnership with Consortium ZIP - Industrial Area of Padova (formed by Municipality of Padova, Province of Padova and Chamber of Commerce of Padova), who detains 50%, and the rest is pitched in by civil society. Fondazione Fenice acts as a real ecosystem, basing its endeavors on strong and lasting partnership with local offices of multinational companies, leaders in their market, (Abb, Baxi, Toshiba, Samsung, Schueco), with the 1.600 companies taking part in ZIP Consortium, with local governmental bodies (Municipality, Province in Padova, and other municipalities in Italian North East), with research and education agencies (Enea, Padova University, CNR, Istituto Zooprofilattico delle Venezie, and others) and other specialized entities (Banca Cividale del Friuli, Trade Unions, etc.). Fondazione's main activities can be divided into 4 differently themed areas: Education; Research; Business Services; Technical training.

Source of project financing

The project was financed from the resources of the Horizon 2020 programme within the INNOSUP 5 scheme: peer learning for innovation agencies.

DOP object and target group

The document will gather all data obtained during the project (peer learning meetings, workshops, online consultations). It will include recommendations to improve systems supporting innovations in traditional companies.

Recommendations

The basis to develop recommendations in the field of supporting innovation in traditional companies were the results of taken inventory of current state of art in the field of innovation support for traditional companies and the results of research of needs and opinion as well as innovations successfully implemented in traditional companies.

THE STRUCTURE OF THE DOCUMENT

The authors of this study intended it to fulfil the role of guide and even to serve as an instrument to be used to analyze and develop the services provided, whose recipients are to be firstly traditional companies.

Chapter 2 contains information on the current state of the innovation support system in the states of partners origin

Chapter 3 contains a summary of the survey on the opinions and needs of traditional companies in the field of supporting innovation. Partners verified the opinions of small and medium enterprises acting in traditional economy sectors which are beneficiaries of different innovation support programmes. During the same test the Partner identified innovative solutions implemented (successfully) in those companies.

Chapter 4 contains recommendations worked out during the project meetings, which are a response to the issues identified in Chapter 3.

TWINNING ADVANCED METHODOLOGY AND PROJECT IMPLEMENTATION SCHEME

Twinning Advanced (Twinning +)

Twinning Advanced is an extension of the original IPF twinning method. It is not limited to transferring good practices among agencies, but it provides the opportunity to design and implementation of better practices. The basic idea of Twinning Advanced is to have innovation support organizations collaboratively address a common innovation support challenge. By using their collective experience and knowledge, the idea is to develop and test an approach to address the support challenge in a new and better way. The result of the effort is documented in a Design Option Paper that identifies and documents the implementation options, guidelines and implementation alternatives that the partners in the challenge have experienced and would recommend an agency that is interested in implementing the proposed better practice.

Project implementation scheme

In order to achieve the main and specific objectives the project was divided into 3 main phases:

1. Project research

At first Partners provided inventory which focused on the current state of art in the field of innovation support for traditional companies. The next step was the research provided in each Partners' region among traditional companies concentrating on their needs regarding the external services delivered by the public sector and specialised business environment institutions. The objective was to get to know their needs in this area that still haven't been

met and also the results of the services that they already used. During this research Partners tried to identify the best examples of innovation successfully introduced in such enterprises.

2. Peer learning

While implementing the project, a total of 4 meetings were held, 3 of them (each partner was responsible for the preparation of one meeting) concerned work on the project, while the last one was the event summarizing the project, during which the preliminary version of the DOP was presented.

Due to the COVID-19 pandemic all scheduled project meetings were held on-line.

The **first meeting** was organized by Torun Regional Development Agency between **17th-18th December 2020**. The Partners summarized the research in the field of innovation support policies realized by regional and national agencies. They also met with Polish traditional company and discuss experiences and needs concerning innovation support in region. A representative of a traditional company was: Tadeusz Przymus from POLDER LTD – Polish leading manufacturer of caramel products, such as: dulce de leche and kajmak. The production is based on traditional recipes. On the second day TRDA organized a workshop: Creating effective instruments for gaining information about the needs and expectations. The workshop aimed to create a research form (questionnaire) to research opinions and needs as well as on successfully implemented innovations.

Responsible for the organisation of the **second meeting** was Fondazione Fenice Onlus. The meeting took place on **12th and 13th March 2021**. During this meeting the report on the needs and examples of innovations was discussed. The report examines the questionnaire answer about experiences and needs concerning innovation support in Partners' region. There was also a meeting with an Italian traditional company which was represented by Marco Zecchin from 365 Architetti. On the second day took place workshop dedicated to the creation of recommendations on innovation support for traditional SMEs and creating recommendations on successfully implemented innovations (how to transfer good practices to traditional companies, also from other sectors).

The **third project meeting** was organized on **8th-9th April 2021** by Varna Economic Development Agency and focused on the recommendations. Here the Partners also met an

Bulgarian traditional company – Vladimir Vladimirov – manager of a small company V.H.Consulting. The workshop theme was: Creating SMEs innovation support plan.

In the last month of the project (June), a meeting summarizing the project will be held. Addressees of the recommendations will be invited to participate in this meeting. They will have the opportunity to submit their comments and observations to the draft Design Option Paper.

3. Dissemination of DOP and project results

Once the substantial operations were completed, the partners started to disseminate DOP, presenting the project results achieved.

GLOSSARY OF TERMS

The concept	Notion explanation / context of application
Traditional companies	Enterprises that runs in industries that have been operating on the market for several dozen, hundreds or even thousands of years. The degree of their modernity and approach to implementation of innovation often opposes modern industries related to broadly understood digitalisation and based mostly on the latest knowledge. E.g.: agriculture, forestry, construction, gastronomy, hospitality, education, legal and accounting services, libraries, archives, museums, transport services.
Innovation ¹	<p>Launching of a new or significantly improved product (goods or services) or a process, a new marketing method or a new organizational method in business practice, workplace organization or relations with the environment.</p> <p>It is assumed that the minimum requirement for an innovation is for the product, process, marketing method or organizational method to be new (or significantly improved) to the company. Products, processes and methods that a company has developed as the first, and those that have been assimilated from other companies or entities are to be included here.</p>
Innovation support system	<p>All public and private organizations including:</p> <ul style="list-style-type: none"> • decision-makers responsible for the creation of pro-innovation support policies (authorities) and entities related to the decision-makers (e.g. specialized government agencies) • units of R&D sector (public universities and private research institutes, independent laboratories, e.t.c.) • specialized business environment organizations (def. - see below) • entrepreneurs whose aim is to stimulate and support innovation and launch the same

¹ The measurement of scientific and technical activities. Oslo Manual - Guidelines for Collecting and Interpreting Innovation Data

<p>Business environment institutions</p>	<p>Innovation system organizations are those, whose mission is to support entrepreneurs while launching innovation by providing pro-innovation services. In their business, these entities deal with the promotion of innovation as an effective instrument of company development, including business education in the implementation of innovation and innovation management.</p> <p>So understood group of specialized business environment institutions includes among other things: innovation agencies, technological parks, development agencies, business incubators and accelerators (in particular technological ones), etc.</p>
<p>Decision- makers responsible for policies to promote innovation</p>	<p>They are entities whose task is to develop grounds and conditions to create an environment favourable for the development of business based on innovation and to supervise the functioning of the whole system of innovation at their level.</p>
<p>Affiliates of decision- makers responsible for policies to promote innovation</p>	<p>As commissioned by decision-makers, these specialized entities carry out the guidelines of innovation policy.</p>

Chapter 2. Research on innovation support policies for SMEs

In this chapter we present the results of inventory which focused on the current state of art in the field of innovation support for traditional companies. Partners tried to identify not only their own innovation support programmes but also from other entities. According to the project assumptions collected data contains the following information about events dedicated to support of innovation. The main goal of the inventory is to verify the quality and quantity of the support innovation instruments.

BACKGROUND

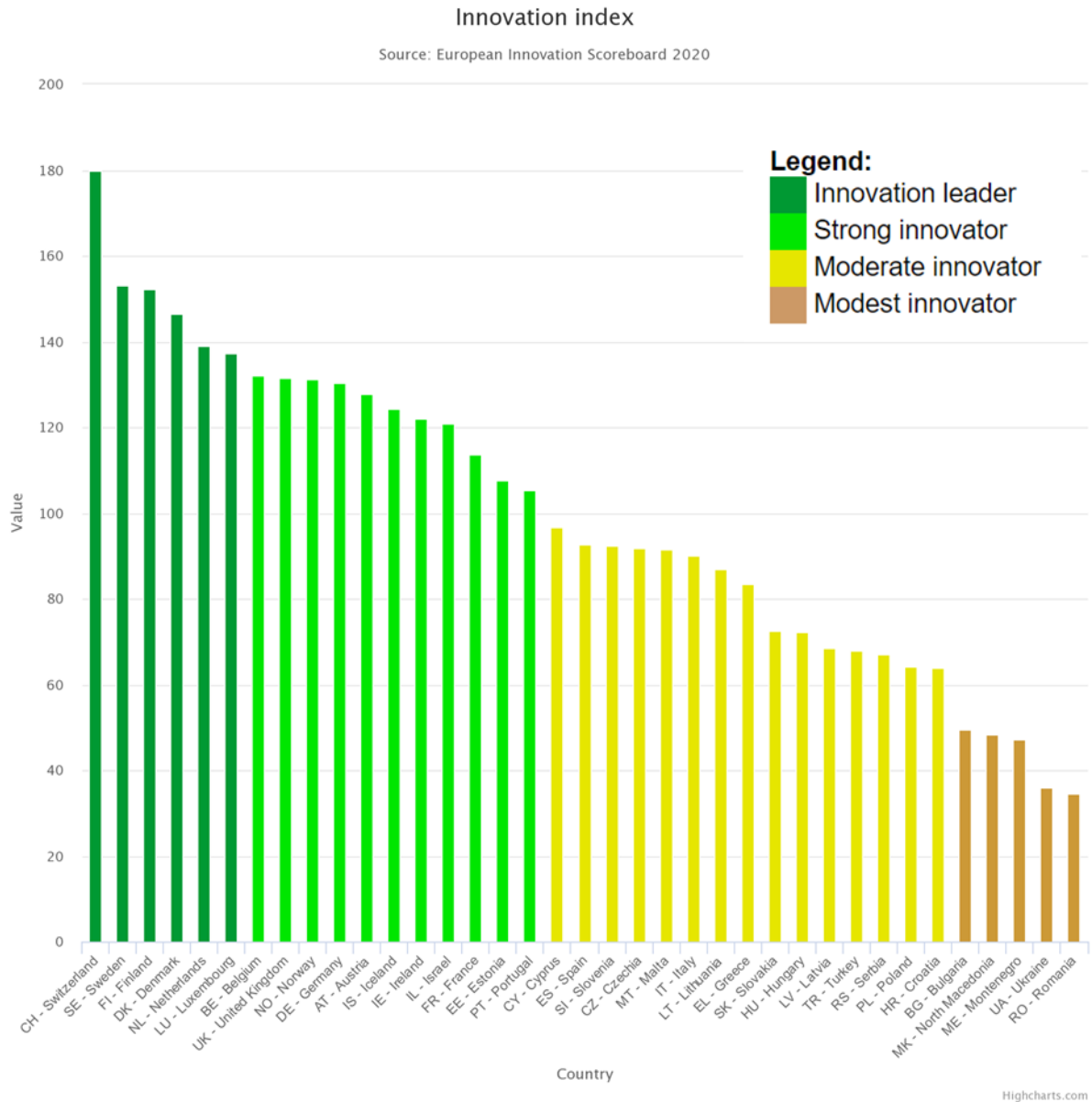
TRADINN is a project dedicated to traditional companies that face problems with introducing innovative solutions into their business, whose key benefit will be a new quality of innovation support, unlike old support programmes that often result in clients dissatisfaction about used service.

We derived from a presumption that the traditional SMEs are critically bound to the traditional ways of doing business and are lagging behind when it comes to the competencies needed for successful modern innovative entrepreneurship.

The topics of Innovation have become in recent years a priority in the European policies and strategies. More and more the innovation theme has revealed its potential for the improvement of SMEs competitiveness, moving from some kind of “voluntary-basis” approach to a sensitive asset for those forward-looking SMEs willing to both improve their performance and seeking for new markets. Innovation is thus not only a matter of sustainability but also of competitiveness. Being innovative presents the possibility for SMEs to be more competitive in specific market sectors, improving efficiency or delivering new services and products. TRADINN project objective is to explore the opportunities linked to innovation and in particular, the existing support programmes in order to improve SMEs environmental performance and energy efficiency as well as to transfer good practices into these programmes. Specific focus has been dedicated to smaller manufacturing companies from traditional sectors.

According to the Summary Innovation Index, which shows the results of the analysis of innovation performance in EU countries, the Partners of the Consortium, which come from Poland, Bulgaria and Italy, fall into different performance groups: Poland and Italy are

Moderate Innovators, and Bulgaria belongs to Modest Innovators. Both groups are below the EU average, which gives the project higher importance. The countries from those groups should act more actively towards continuous improvement of the innovation support programmes dedicated especially to SMEs.



Small and medium size enterprises create the majority of new jobs and are thus the backbone of the European economy. Following the objectives of the European Union the regional and national agencies design and implement innovation support programmes but those, however, frequently do not satisfy the beneficiaries. The program formats delivered by innovation agencies very often need to be revised and sometimes a new scheme needs to be introduced. The SMEs are companies from very different branches but there are some sectors where, at

first glance, the perspective of transformation towards broadly understood innovations is not very promising. Here we are talking about traditional enterprises run in industries that have been operating on the market for several dozen, hundreds or even thousands of years.

The degree of their modernity and approach to the implementation of innovation often opposes modern industries related to broadly understood digitalisation and based mostly on the latest knowledge, such as IT, IoT, AI, AR, VR, drone industry, telemedicine or even hydroponics in favour of these others, of course. Although traditional companies definitely prevail on the market, the innovation support programmes often bring out highly advanced solutions dedicated to companies operating in the modern technologies industry or highly automated production companies. Although effective combinations of innovations with traditional services or products, such as thermo activated clothing, on-line food stores, train simulators or foot scanners in shoe stores are already well known, entrepreneurs' willingness to develop towards new technologies is still small. The reason may be the lack of awareness of existing solutions and technological possibilities, and that is the reason for the stagnation, shrinkage and even the collapse of many SMEs in Europe.

We have preliminary identified barriers and obstacles noticed in all three regions/countries:

- weak connections between traditional companies and national and regional innovation agencies;
- lack of trust and aversion of those SMEs for business environment organizations caused by dissatisfaction with the services received;
- reluctance of entrepreneurs to disclose information about the details of their business activity and used solutions;
- low availability of data regarding innovative solutions used by traditional SMEs. Partners during the project duration will undertake all measures to minimise the influence of the defined obstacles and barriers on the expected impact.

Considering the fact of relevant barriers to innovation faced by traditional SMEs, partners of the consortium made up a decision to establish the project, which main and specific goals are:

The main goal of the project was to develop a strategy for promoting innovation in traditional businesses that could be implemented by business environment organisations and policy makers all over Europe. The results will be based on the analysis of the problems encountered

by traditional companies and on the identification and analysis of innovative solutions successfully developed by such companies from the countries represented by consortium members.

Specific goal nr 1: Rising knowledge on technical, organizational or financial problems or commercial needs of traditional companies, to which modern solutions could be an answer.

Specific goal nr 2: Rising knowledge on innovations successfully introduced in traditional companies.

Specific goal nr 3: Creating new innovation support program format dedicated to traditional companies and dissemination of new schemes among business environment organizations and policy makers in the European Union.

INNOVATION SUPPORT POLICIES & EVENTS

INNOVATION SUPPORT POLICIES

The overall concept underpinning the project is directly connected with the Europe 2020 strategy. One of its flagship initiatives is the Innovation Union, created to improve framework conditions and access to finance for research and innovation so as to ensure that innovative ideas can be turned into products and services that create smart and sustainable growth and more valuable jobs. While implementing the assumptions of Europe 2020 strategy, enterprises from SMEs play a crucial role, on the one hand, making up the main mass of all enterprises, impressing the general economic increase, on the other hand, creating stable working places. At the same time, the enterprises from this group still remain relatively little innovative by which they are less competitive on their own internal market and in comparison with partners from other states. It is worth emphasizing that the majority of companies from the SME sector are still traditional companies.

POLAND

1. Innovation support system

The basic strategic document to increase Polish economy innovation is the “Strategy of Innovation and Economic Efficiency – Dynamic Poland 2020”. The main objective formed in this document is a highly competitive economy (innovative and effective) based on knowledge and cooperation. Two particular objectives:

1. Adjustment of the regulatory and financial environment to the needs of innovation and effective economy.

2. Innovation stimulating through the increase in the effectiveness of knowledge and work, refer in particular to the issues related to innovation support.

To achieve them, the authors of this document set out action in six directions whereby, from the point of view of innovations support system for SMEs, the most important are:

- Easy access for enterprises to the capital in all stages of development, in particular high risk capital and SMEs sector taken into consideration.
- Increased level and effectiveness of science in Poland, strengthening its associations with the economy and increasing the international competitiveness of science.
- Construction of frames to run effective innovation policy.
- Support for cooperation in the innovation system.

At the regional level, the basic documents which shape the pro-innovative policy are Regional Innovation Strategies. Their aim is to identify the focus of innovation policies as well as the most effective ways of making use of the infrastructure encouraging innovation.

Regional Innovation Strategies is an effective tool for assessing the available potential and needs in the area of innovation. Thanks to the Strategies, an innovation system is being developed at the regional level, providing businesses with access to knowledge, skills, financial resources, professional advice and market information, establishing relations between businesses and other partners within the system of innovation.

The development of a Regional Innovation Strategy is a prerequisite for obtaining financing for activities aimed at supporting the development of enterprises, e.g. under the European Regional Development Fund

As a result of the process of selecting Smart Specializations of the Kuyavian and Pomeranian Voivodeship, based on the Regional Innovation Strategy of the Kuyavian and Pomeranian Voivodeship for 2014-2020, a proposal of three types of smart specializations was presented.

SMART SPECIALIZATIONS BASED ON VALUES:

- Healthy and safe food

- Health and health tourism
- Advanced materials and tools
- Transport and mobility
- Cultural heritage and creative industries

SMART SPECIALIZATIONS BASED ON TECHNOLOGIES IMPLEMENTING INTELLIGENT VALUE-BASED SPECIALIZATIONS (HORIZONTAL SMART SPECIALIZATIONS):

- ICT services
- Eco-innovation
- Industrial automation

OTHER - ENTREPRENEURIAL DISCOVERY - The domains and areas within the entrepreneurial discovery process (e.g. quantum optics). This area assumes "entrepreneurial discovery" that is persistent and active involvement entrepreneurs in creating a regional innovation policy.

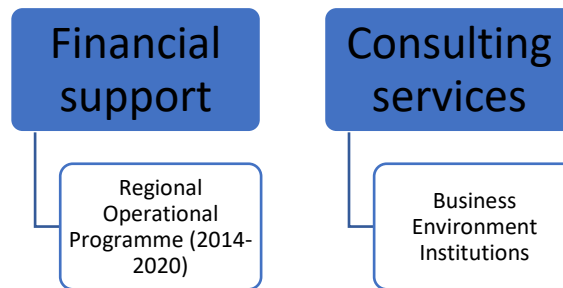
At the level of provinces, the most important role in the support of innovativeness is played by the Provincial Boards and Marshal Offices, reporting to them, as they are responsible for forming and implementing the regional pro-innovation policy and also play the role of managers of the Regional Operational Programmes.

Another very important element of innovation support system entities are government agencies. The most important are the Polish Agency of Enterprise Development (PAED) and the National Centre for Research and Development (NCRD). The objective of the first one is the implementation of Economy and Development Programmes to support innovation and research activities of small and medium enterprises (SMEs), regional development, increase in exports, development of human resources and the use of new technologies. The other one performs tasks related to the scientific, technological and innovative policy. First of all, they are responsible for management and putting into life strategic scientific research programmes and development work which translates directly into the development of innovation. Furthermore, they support the transfer of scholarly results of research to the economy, they take care of good conditions to be assured for the development of scientific staff and act to increase the awareness in the field of industrial property protection. Both the agencies also have a key role in implementing operational programmes, fulfilling the role of intermediaries in the Operational Programme Smart Growth, Operational Programme Knowledge, Education,

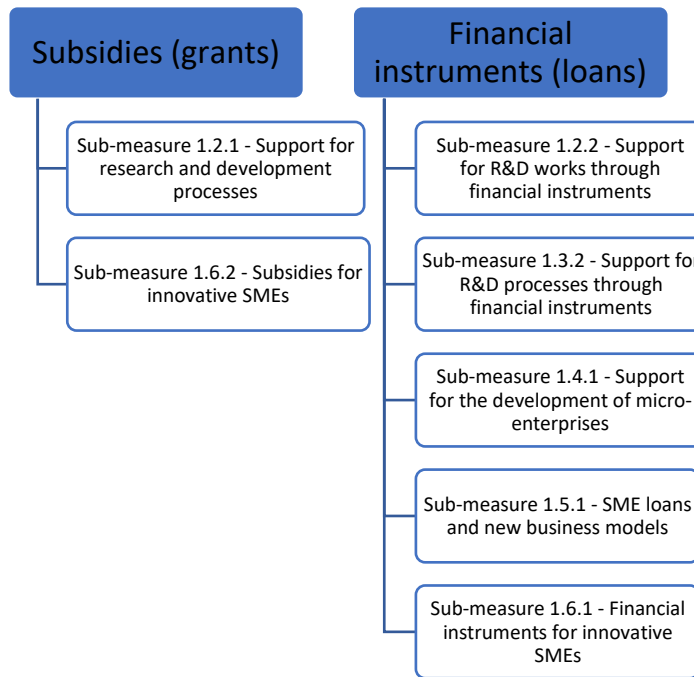
Development, Operational Programme Digital Poland and Operational Programme Eastern Poland.

2. Innovation support policies

As part of the project it was made an inventory of the most important innovation support instruments. The focus was on support that traditional companies can benefit from. It is significant that among the available support, there are practically no instruments specifically targeted only to traditional companies. These companies can benefit from the support offered to SMEs. We have decided to divide the support into two types: financial support and consulting services.



The basic support tool for companies from the region are funds under priority axis 1 Strengthening innovation and competitiveness of the region's economy from Regional Operational Programme 2014-2020 (ROP). Wide range of instruments were included in the programme and some of them are offered as donations others as loans, guarantees etc. Money from ROP can be spend on development and implementation of innovative solutions (products, services, technologies), R&D actions (including promotion and increasing density of cooperation between business and research sector), trainings and rising the knowledge of employees and advisory and financial services to introduce new business models:



Companies from the Kuyavian and Pomeranian Region (including traditional ones) can use free consulting services aimed at analysing and assessing innovation. Examples of such pro-innovative services are 4 services offered by the Torun Regional Development Agency:

- PRO-INN Analysis - The purpose of the pro-innovative PRO-INN advisory service is to analyse the company's functioning in terms of its organization, business model, strategy building policy, approach to innovation, contacts with clients, etc. This service also analyses the strengths and weaknesses of the company and their impact on minimizing threats or taking advantage of opportunities. The results obtained as a result of the study may translate into the implementation of changes strengthening the competitive advantage or making it possible to reduce the distance to competitors.
- IMP³rove - is a free analysis of processes in the enterprise related to the introduction of innovations and identification of areas requiring improvement. The service provides answers to the question - How to accelerate the company's development? In addition, the analysis enables the positioning of the enterprise against domestic and European companies in a given industry.
- IMP³rove Innovation Health Check - A study that helps to assess to what extent the enterprise is open to innovation, whether it has a good understanding of the

market in terms of implementing innovative solutions and, finally, whether it can effectively manage its development.

- Digital Innovation Quotient - A service that also aims to support the entrepreneur in improving innovation management. However, it focuses on broadly understood digital innovation, including automation.

BULGARIA

1. Innovation support system

The National Roadmaps for development of research infrastructure are the key instruments for implementing the national research strategies and they also reflect upon the priorities of the European Union. The present update of the NRRRI 2017-2023 introduces the main research complexes in the country and their respective prioritization at the EU and national level in accordance with the priorities under the National Research Strategy, the Innovation Strategy for Smart Specialization and the European Strategic Forum for Research Infrastructures (ESFRI) agenda. The update has the following main goals:

- Support the policies defined in the National Research Strategy “Better Science for Better Bulgaria 2017-2030”; address the priorities under the Innovation Strategy for Smart Specialization; and reflect upon the ESFRI agenda for creation of PanEuropean infrastructures;
- Define priorities for sustainable development of RIs up to 2023, by building upon the Diagnostic Review of RI and Equipment outcomes, which identified the gaps but also the potentials for smart specialization of Bulgaria through research and innovation policies;
- Identify the methodology and procedure for evaluation of all existing and future RIs which seek access to the National Roadmap;
- Develop a Plan of tasks, procedures and deadlines for maintaining RIs in the National Roadmap up to the year 2023.

The long-term sustainable development of the research infrastructure will be supported by the priorities defined in the National Research Strategy 2017-2030 and Innovation Strategy for Smart Specialisation.

The establishment and development of the National Innovation System in Bulgaria is based on several regulations. The most important of them are: “The Innovation Strategy of the Republic of Bulgaria” (2004), “National Strategy for Development of Research 2020” (2011), the “Innovation strategy for intelligent specialization of the Republic of Bulgaria 2014-2020” as well as the “National Strategy for Development of Scientific Research 2017-2030 “Better Science for a Better Bulgaria”, launched in June 2017. These normative acts formally regulate the existence of innovation policy, the main administrative bodies involved in its formulation and implementation, as well as the structures providing funding for this type of policy (these are mostly the Research Fund and the National Innovation Fund).

The National strategy for development of scientific research in the Republic of Bulgaria 2017-2030 (*Better science for better Bulgaria*) contains policies, actions and measures for their implementation. There are 4 main policies:

- Horizontal policy for adequate and effective funding
- Horizontal policy for legislative changes
- Policy for human potential development, and
- Policy for developing modern scientific infrastructure².

The Bulgarian National Innovation System is highly centralized in terms of regulation and control, and the regions, the districts and the municipalities have limited responsibilities in the area of higher education, R&D and innovation policy. The competencies have been clearly divided between the Ministry of Education and Science (oriented towards the public segment) and the Ministry of Economy (dealing with the private sector). Similarly, policies are devised and implemented separately, whilst funding and support primarily depend on the type of beneficiary, not the R&I field or the opportunities for joint projects and initiatives. The most serious challenge for the country’s R&I system thus is the continuous lack of integrated policy instruments, including shared R&I infrastructures, which play an increasingly important role in the advancement of knowledge and technology. They are the key instrument to stimulate public-private partnerships and also to create and stimulate markets.

² National strategy for development of scientific research in the Republic of Bulgaria 2017-2030 - <https://epluse.tceptt.com/wp-content/uploads/2018/09/20170910-06.pdf>

In September 2020, the Bulgarian Government approved a decree establishing a “State Agency for Research and Innovation” as a specialized body at the Council of Ministers for the development and implementation of the policy on research, innovation and technology transfer. This Agency should deal with the strategic planning, management, financing and management of research and innovation programs and conduct and support structural reforms in the area. Essentially a new policy that aims to maximize the effectiveness of activities in favour of the transformation of the Bulgarian economy into one based on knowledge, innovation and technology³.

The Innovation Strategy for Smart Specialization (IS3, ISSS, the Strategy) is based on the concept of a broader understanding of innovation going beyond investment only in research or only in the manufacturing sector; it is also based on building competitiveness through design and creative industries, innovation in the social sector and services, new business models and innovation based on practice.

The first two parts of the Strategy cover the issues of socio-economic analysis and capacity for research and innovation performance. The challenges facing the industry are as follows:

- Bulgarian exports include mainly low-tech products;
- Internationalization of Bulgarian enterprises is low;
- Contribution of foreign direct investment in technology transfer is limited;
- Industrial production is extremely energy intensive, and energy inefficient;
- Labour productivity is low – as a result of the above factors.

Based on the analysis in the Analytical part, the following technology areas have been defined:

- Mechatronics and clean technologies;
- Information and Communication Technology;
- Biotechnology;
- Nanotechnology;
- Creative industries, including cultural ones;
- Pharmacy;

³ <https://china-cee.eu/2020/09/18/bulgaria-economy-briefing-bulgarian-national-innovation-system-condition-and-weaknesses/>

- Food industry.

On the basis of proposals from businesses, and the established and declared interest of the academia to participate in international projects, and on the basis of the assessment of international trends and market potential, four thematic areas have been identified and certain product and technology niches, services and productions have been specified:

- Information and communication technology;
- Mechatronics and clean technologies;
- Industries for healthy life and biotechnology (including food);
- New technologies in creative and recreation industries;

The Strategic objective 2020 will be realized by achieving two operational objectives:

Objective 1: Focus the investment for the development of innovation potential in the smart thematic areas (for creation and development of new technologies leading to competitive advantages and increase in the added value of domestic products and services).

Objective 2: Support for accelerated implementation of technologies, methods, etc. which improve resource efficiency and application of ICT in the enterprises in all industries⁴.

2. Innovation support policies

The main source of innovation support is Operational Programme "Innovation and Competitiveness" 2014-2020 (OPIC) - it is the program document at the national level outlining the support for the Bulgarian business from the European structural and investment funds for the period 2014-2020. OPIC is focused on addressing the needs, overcoming the challenges and seizing the opportunities for development of the Bulgarian economy. The measures included in the program aim to contribute complexly for the establishment of sustainable, long-term competitive advantages of Bulgarian enterprises and accelerate the transition to a knowledge-based economy. The support is focused on innovation, entrepreneurship, capacity growth of small and medium enterprises (SMEs), energy and resource efficiency of the businesses.

⁴ More information on Innovation Strategy for Smart Specialization of the Republic of Bulgaria 2014-2020 is available following the link https://www.mi.government.bg/files/useruploads/files/innovations/ris3_final_27062017_eng.pdf

- Procedure BG16RFOP002-1.022 "Stimulating the implementation of innovations by existing enterprises"
- Procedure BG16RFOP002-2.040 "Improving production capacity in small and medium-sized enterprises" under Priority Axis 2 "Entrepreneurship and capacity for growth of SMEs", Investment Priority 2.2 "Capacity for growth of SMEs " - The purpose of the procedure is to improve the production capacity of small and medium enterprises in order to increase their competitiveness and strengthen their export potential.
- Procedure BG16RFOP002-5.005 - Provision of technical assistance for the successful implementation of the Operational Program "Innovation and Competitiveness" (OPIC)2014-2020, Objective of Priority Axis 5 - The scheme aim is to support the successful and good management of the OPIC interventions and the Operational Program "Initiative for Small and Medium Enterprises" (OPIMSP) and to upgrade the capacity of the Managing Authority (MA) and the beneficiaries / applicants.

An example of supporting innovation at the regional level:

- Procedure: BG16RFOP002-1.021 Local Action Group (LAG) Avren-Beloslav - "Support for the implementation of innovations in enterprises" - The purpose of this procedure is to promote the introduction of innovation in practice, increase the innovation activity of enterprises and development and stimulation of entrepreneurship and employment of SMEs on the territory of LAG Avren-Beloslav, Varna region. Increasing the innovation activity of SMEs in the thematic areas of the Innovation Strategy for Intelligent Specialization by implementing innovations in SMEs on the territory of the LAG Avren-Beloslav. The Grant Procedure is implemented in accordance with Priority Axis 1: "Technological Development and Innovation", Investment Priority 1.1: "Technological Development and Innovation" Thematic Objective 1 - Strengthening Research, Technological Development and Innovation and Priority 1 " Increasing the competitiveness of the local economy, the viability of farms and opportunities for local business ", Specific objective 1: Development and stimulation of entrepreneurship and employment, improving production and management capacity in SMEs, promoting the introduction of innovations to ensure growth and sustainable business from the Community-Led Local Development Strategy of the Avren-Beloslav LAG.

The implementation of the projects should lead to the implementation of product and / or production innovation, falling within the scope of the priority areas listed below in the thematic areas of the Innovation Strategy for Smart Specialization (ISIS):

- ICT and informatics;
- mechatronics and clean technologies;
- industry for healthy living and biotechnology;
- new technologies in the creative and recreational industries.

Eligible applicants are SMEs with a permanent address, registered office and address of management on the territory of the Avren-Beloslav LAG, which carry out the project activities on the territory of the Avren-Beloslav LAG and are traders within the meaning of the Commercial Law or the Cooperatives Act

ITALY

1. Innovation support system

RIS3 - Regional Smart Specialization Strategy - Veneto Region

The Regional Smart Specialization Strategy (so-called RIS3) is part of the 2014 - 2020 programming cycle which provides, as an ex ante conditionality for the use of the resources of the European Regional Development Fund (ERDF), that the national and regional authorities develop Research and Innovation strategies based on the involvement of the territory, in order to allow, specifically, more efficient and effective use of the funds and, in general, an increase in synergies between European, national and regional policies.

As part of the analysis of the regional context and potential for innovation, taking into consideration the macro areas of production specialization that underlie the regional economic system, strategic areas of economic interest have been identified.

The Veneto Region then identified, thanks to an effective and inclusive governance structure that provided for a structured territorial sharing path, 4 areas of intelligent specialization of main interest, strictly interconnected, on which to orient the policies for the new seven-year period of programming:

1. **Smart Agrifood**
2. **Sustainable Living**

3. Smart Manufacturing

4. Creative Industries.

Furthermore, starting from some aspects characterizing the Veneto reality, such for example the percentage of innovative companies above the national average, low rate of applied research, dynamism of exports, presence of an entrepreneurial fabric composed largely of SMEs, some development trajectories, shared by the territory.

The Regional Smart Specialisation Strategy is the document where Veneto regional government has identified, together with the regional stakeholders, the areas of specialization, development trajectories and priorities, potentially more suitable for the creation of territorial competitive advantage, both on the basis of the current economic configuration of the region, and on the basis of the enabling technologies to be developed through the policies that will be implemented.

Specifically, the Veneto Region intends to strengthen, qualify and make the regional innovation system more effective by promoting a more intense interaction between knowledge institutions and businesses, increasing research and innovation activities in businesses, increasing the incidence of innovative specializations in the regional economic system; promoting forms of aggregation between companies and innovative regional clusters, as well as supporting innovative services for businesses and citizens.

2. Innovation support policies

Traditional companies from the Veneto Region can count on financial support in the innovation field from the following sources:

- ERDF 2014-2020. Axis 1. Action 1.1.2 "Support for the purchase of services for technological, strategic, organizational and commercial innovation of SME": The Call supports the acquisition of specialist consulting and support services for Technological (A), Strategic (B) or Organizational (C) innovation and specifically of:
 - A.1-Innovation in the concept phase
 - A.2-Innovation in the design-experimentation phases
 - A.3-Assistance in the management of the intellectual property
 - B.1-Strategic innovation for the introduction of new products/services
 - B.2-Innovation of the business model

- C.1-Organizational Up-grading
 - C.2-Production efficiency
 - C.3-Business innovation processes
 - C.4-Organizational innovation through temporary management
- Interventions in favour of craft trades. Call for the purchase of specialist advice on digitization and generational handover. With this call the Veneto Region, in implementation of the regional law 8 October 2018, n. 34 "Regulations for the protection, development and promotion of crafts trade", intends to support Veneto craft enterprises increasing their ability to innovate and to face new challenges. In particular, the Region intends to stimulate the dissemination of digital culture among the craftsman businesses by increasing their awareness of the solutions and benefits offered by digital through the implementation of technologies that can help digitize production, management and organizational aspects of craft businesses through business consulting and support processes. The call also intends to support Veneto craftsmanship through consultancy aimed at the business transfer in companies with a concrete risk of definitive cessation of activity, due to the advanced age of the owner and / or the absence of succession.

When it comes to non-financial support for innovation in companies, one example is the services offered by Fondazione Fenice:

- Webinar (e-learning) - It is a three hours format focus on a first clarification of the different mechanisms that regulate the subject matter. To provide the user with concrete information. It is supported by the intervention of an expert.
- Workshop Lego® Serious Play® - It is a methodology that facilitates and accelerates rational, decision-making, communication and problem-solving processes within organizations and working groups. Four hours duration. Maximum of eighteen participants. This method guarantees total participation in the topic under discussion.

And from another entity – Unioncamere Vento:

- Coaching - 30 hours direct to the companies participating in the call by experts in the field. The purpose is to acquire information, knowledge and practical skills useful to

improve their business performance post-COVID 19 and to act quickly in the new context.

EVENTS

The first task in the project was to identify innovation events. Events are organized regularly in all countries involved in the project. These are various events aimed at both business environment institutions and entrepreneurs. Their common denominator is the subject of innovation.

Due to the COVID-19 pandemic, all events take place online in the second half of 2020. On the one hand, it allows more people to participate (there are no limits related to the size of the room, no problems with travelling to the meeting place - saving time). On the other hand, there is no direct contact with the leader of the meeting (consultation of individual cases) and there is no possibility of networking between meeting participants.

We are aware that each of the partners presented in the inventory report only selected events dedicated to supporting innovation (mainly regional) and the topics are very broad and varied. Events organized in Poland are closely related to supporting enterprises in times of crisis (Covid-19): e.g.: Regional Innovation Forum - The main topic of 2020 edition: Economy 4.0 in the face of crisis, responds to the changing pandemic reality of today's world, while continuing the topic of Economy 4.0 undertaken last year. The aim of this year's initiative was to integrate representatives of the world of science and entrepreneurs as well as to increase the awareness of representatives of both sectors in the area of the latest trends in the economy: in the field of research and development.

The crisis and its effects were also the themes of the webinar series for business environment institutions providing pro-innovative services. One of the meetings concerned new pro-innovation services that the world needs, including Covid-19 survival strategies.

Bulgarian partners presented several agriculture related events: Open Demonstration Lesson for beekeepers and farmers and Professional Training Program for beekeepers which include topics like: sustainable agriculture, the application of good beekeeping practices and self-control in beekeeping, introduction of innovative technologies for the development of organic beekeeping, modern and innovative management strategies, how to enter the European

market, marketing and trade, practices for wider use of information and communication technologies.

The Italian partners focused on events informing about funding opportunities: national policies and incentives and direct EU funds.

Sample event topics:

Poland	Bulgaria	Italy
<ul style="list-style-type: none"> ● Strategy for intelligent specialization ● Pro-innovation services in times of crisis ● Economy 4.0 in the face of crisis ● Globalization, innovation and marketing ● Vehicles, autonomous and unmanned systems (drones) ● Tool and processing industry 	<ul style="list-style-type: none"> ● National strategy for SMEs ● Smart specialization in Bulgaria ● Bioeconomy ● Marketing & innovation in the sale of agricultural products ● LIFE program ● Agriculture (beekeepers) ● Support for SMEs in agriculture and connected sectors 	<ul style="list-style-type: none"> ● Crowdfunding ● European funding opportunities ● European social fund ● Tourism ● Research laboratories at the service of SMEs

Due to the different nature of the presented events, some events were addressed only to business environment institutions (e.g. webinars for business environment institutions providing pro-innovative services in the light of the challenges and assumptions of the new Ministry of Economic Development accreditation system).

Most of the events presented were aimed at:

- SMEs: Entrepreneurs, both small and medium size companies, representing all the forms of ownership status, representing various industries, companies interested in cooperation with universities,
- University representatives,
- Institutions promoting the commercialization of knowledge,
- NGO sector.

The potential of events is underestimated in supporting innovation. If they are well prepared and organized, they can be an excellent source of information and motivation for traditional SMEs and, in general, in shaping the culture of innovation. Participation in events allows increasing social awareness of innovations and encouraging traditional entrepreneurs to be innovative and more open to innovation.

MAIN FINDINGS

- Supporting innovation mainly involves providing traditional companies with appropriate financing and its availability as well as substantive support.
- All partner regions offer companies both financial support (grants, loans) and advisory and information services.
- Support is not always targeted specifically at traditional companies. It may be considered as an obstacle for the traditional companies as they may not be fully aware of available funding and advisory opportunities.
- Incubation and acceleration services are also available in partners countries. For traditional companies most valuable incubation or acceleration support seems to be advisory services focusing on how to run and develop business. They are not interested very much in infrastructure offer. That is why these kind of support is not excluded as separate type but is enclosed in general advisory services mentioned above.
- Events supporting innovation are crucial element of creating innovation culture through:
 - Education and training,
 - Increasing social awareness of innovations,
 - Encouraging entrepreneurs to be innovative,

- Encouraging public authorities to be open to innovation,
- Promoting cooperation which stimulates innovation.

Chapter 3. Research on SMEs' opinions and needs as well as on successfully implemented innovations

Research work was envisaged and carried out in the three project partners' countries Poland, Bulgaria, and Italy in the period December, 2020 – February, 2021 as a part of this project, to assess the current situation relating to traditional SME needs of innovativeness. More specifically, there was conducted research on company's opinions and needs as well as on successfully implemented innovations by SMEs. The findings from the research work in the three countries have enabled partners to produce a comparative analysis and to outline further recommendations on successfully implemented innovations i.e. how to transfer good practices to traditional companies, also from other sectors.

The research work was aimed at:

- determining the needs for innovation among traditional businesses,
- assessing the effectiveness of business support mechanisms and services and identifying gaps and opportunities,
- making recommendations about how to increase innovation capacity and activity among traditional firms.

There were 50 companies from the three countries involved in an online research. All answers collected were processed completely confidential and the results are reported only in an aggregate, percentage form.

Research conducted among SMEs acting in traditional economy sectors under this project was carried out in the first step using the computer assisted web interview (CAWI). This questionnaire interview technique is based on a previously prepared questionnaire form containing questions related to the subject of the research - in this case, these were opinions and experiences in the field of implementing innovation in SMEs. The questionnaire consisted mainly of closed questions and questions using scales. During the surveys, basic data on conducting innovative projects in enterprises were collected, as well as on the related barriers and needs. The identified cases were then deepened with selected respondents through telephone in-depth interviews (TDI), based on previously prepared scenarios. This made it possible to supplement the collected information with qualitative data, thanks to which it was possible to conduct case studies describing specific implemented innovations.

Report consists of 4 parts:

- Profile of respondents from the three partners' countries
- State-of-art of conducting innovative projects
- Key barriers and issues in front of introducing innovation in companies
- Findings

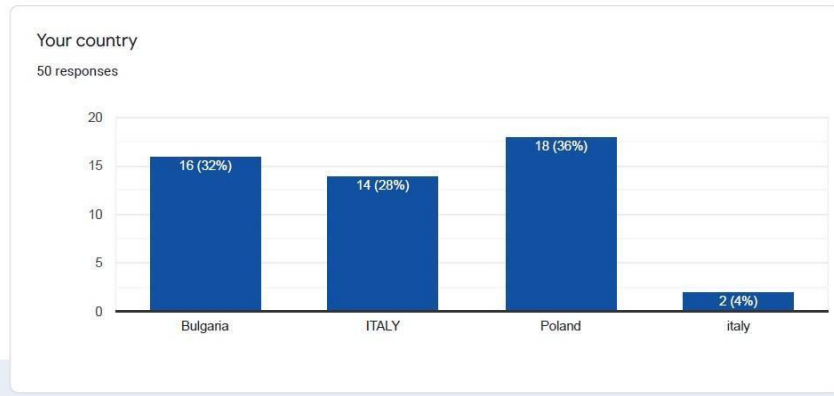
Traditional or family-led businesses often stay away from possibilities offered by modern technologies due to a belief that they are not suited for them. What they usually have in mind are the impressive, advanced technologies based on IT, IoT, AI, AR or VR, whereas there exist many more choices offering real potential for their specific profiles. To that end, the EU-funded TRADINN project's goal is to build a strategy tailored for traditional business environments. The project's actions will efficiently promote innovations that can empower traditional businesses operating in fields such as agriculture, forestry, gastronomy or legal accounting services and convince entrepreneurs to choose among the many powerful combinations of new technologies and smart solutions for traditional products and services.

PROFILE OF RESPONDENTS

The survey was produced based on the questionnaire, prepared by the project coordinator in Poland in cooperation with the other two partners from Italy and Bulgaria. Due to COVID-19 lockdown, it was prepared and disseminated in an online format among micro- and SMEs in the three countries, which companies are operational in traditional businesses. The main focus of the research was on agriculture, forestry, construction, gastronomy, hospitality, education, legal and accounting services, libraries, archives, museums and transport services.

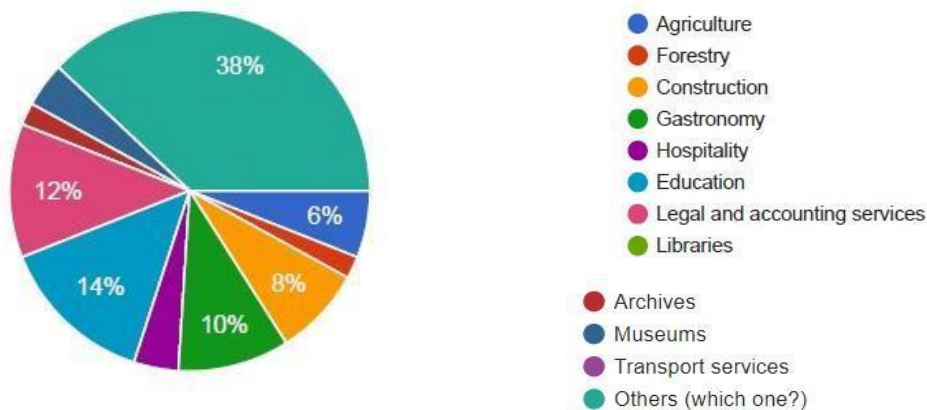
SMEs distribution by countries

There were responses on the questionnaire from 50 companies altogether. 18 of them came from Poland (36%). The responding companies from Italy and Bulgaria were 16 for each country, which presents 16% by all respondents.



SMEs affiliation to sectors

From the point of view of the sectoral affiliation, most of the respondents come from the area of Education (14%), followed by the companies that offered Legal and accounting services (12%), Gastronomy (10%) and Construction sector (8%). There were also responses of companies from other sectors (38%) not specifying the respective business activity. The results of the respondents' affiliation to a specific sector or a business activity are provided in a graphic way in the following diagram:



Company Sector's Affiliation

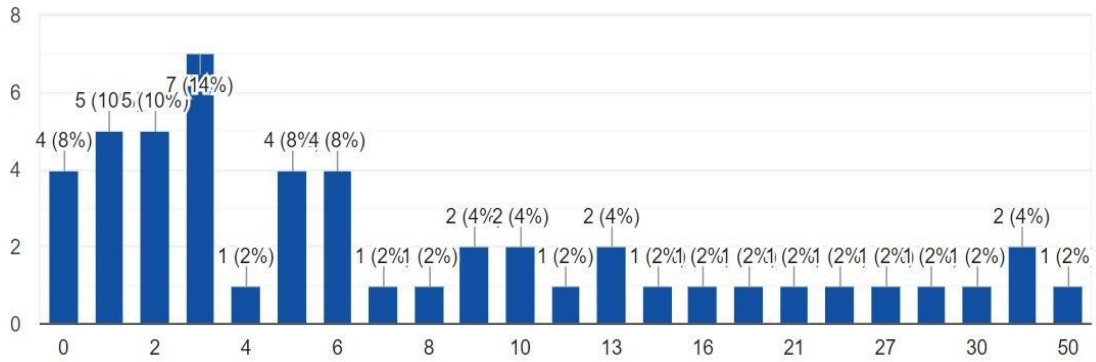
Size of companies

In terms of number of employees, all companies - participants in the survey, fall in the group of micro- and small enterprises, according to the EU definition for SMEs. The biggest share of the companies – 64%, falls in the group with employees between 1 and 10. 12% fall in the group with employees between 11 and 20. The respective percent for the companies with employees between 21 and 30, and 30 to 50 is 10% and 6%. Four of the companies stated that

they have no employees. The detailed distribution of companies per number of employees from the survey questionnaires is presented in the next Graphics A2:

A2. A number of employees

50 responses

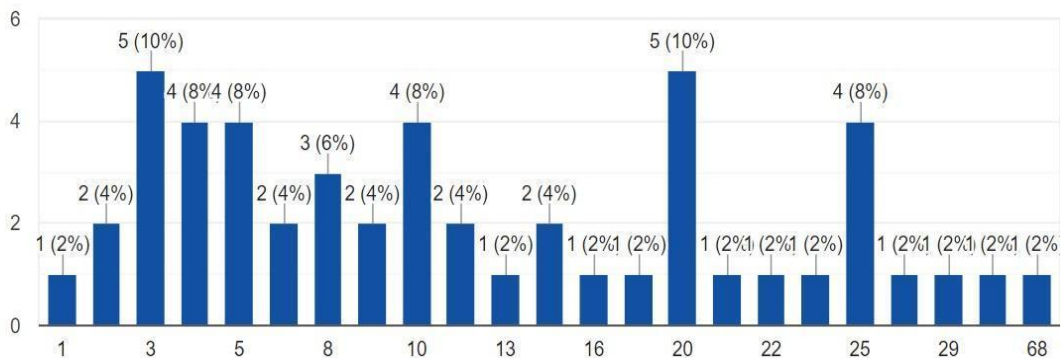


Years from SMEs establishment

With regards to the criterion "Number of years of company operation on the market" the largest share - 10% have companies, which were established and operated on the market for 3 years and for 20 years. A share of 8% was for the companies that have been operational on the market for 4, 5, 10 and 25 years. The percent of market operating companies for 8 years is 6%. The other companies - respondents in the survey, are evenly distributed in terms of period of operation on the market and have a share of 2%, which is evident from the following Graphics A3 with a summary of results from the survey.

A3. How many years has the company been operating on the market?

50 responses

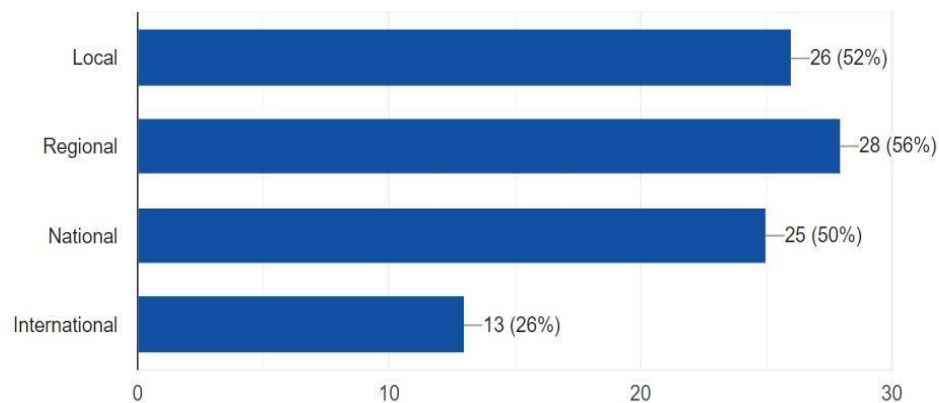


Type of the market served

The surveyed companies for the type of market they serve - local, regional, national or international, indicated more than one answer, combining options such as local and regional, regional and national, etc. In general, the greatest focus of companies was on the regional market - 56%, followed by the local - 52% and national 50%. This is partly explained by the size of the surveyed companies - micro and small, as well as with the relatively small number of employees (from 1 to 10) in 64% of the surveyed companies.

A4. Which of the following types of market does your company serve? Please select all that apply

50 responses



Use of internet applications for marketing

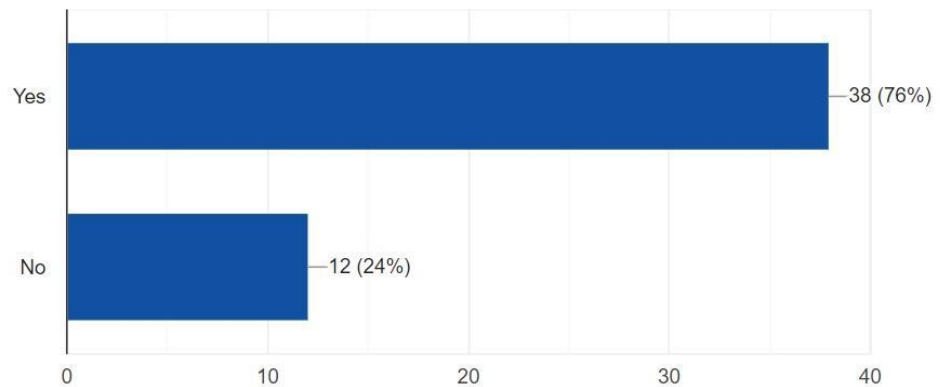
When determining respondents' profile, the final issue of interest has referred to the use of internet applications like Facebook, Google, etc. for the market purposes. Most of the companies (76%) responded positively, which means that although respondents operate in the traditional businesses, they already have the same degree of digital literacy and most of them could operate with ITC instruments for online communication and marketing. From further observations during in-depth interviews with a part of the respondents, it was found that they use and recognize the advantages of the means for communication like Viber, e-mails, and others. This is a good ground for enhancing their digital skills and innovation interests, including the interest towards introduction of innovative technologies and methods in their business activities.

The remaining 24% of respondents, who provided a negative response to the question whether the company uses any Internet application for marketing purposes, need further in-depth analysis for the reasons and obstacles that prevent them from using these or other digital means for communication and marketing.

The results from the survey on this criterion are presented in the next Graphics A5:

A5. Does the company use any Internet applications for marketing purposes (e.g. Facebook, Google)?

50 responses



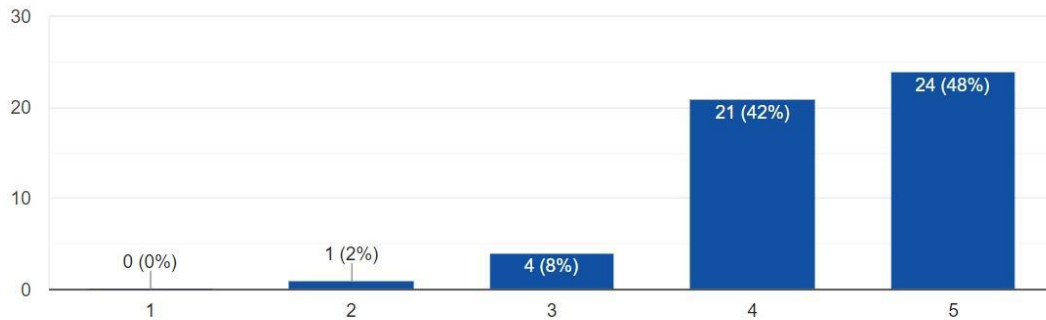
CONDUCTING INNOVATIVE PROJECTS

Role of innovation for enterprises

To find out how the companies perceived the role of innovation, the respondents were asked to rate the level of the role for enterprises in general, and particularly - for the development of their enterprises. The results were quite positive (please, see Graphics B1), as 98 % of the respondents defined it as important by marking the options “very important” (42%), the most important (48%), and “quite important”(8%).

B1. What is your assessment of the role of innovation in enterprises in general? Please, rate on a scale of 1 to 5 (1-not important at all, 2-moderately important, 3-quite important, 4-very important, 5-the most important)

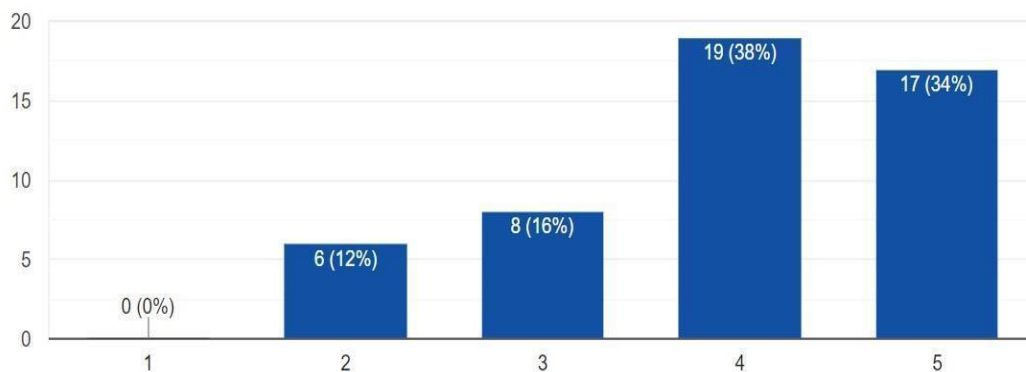
50 responses



As to the role of innovation for their own enterprises, the companies still remain positive. However, the responses with the highest grade ("the most important") from 48%, dropped to 34% here. The same downwards trend is observed for the next lower degree ("very important"), which falls from 42% to 38%, comparing the two cases. To some extent this shows that when it comes to the role of innovation in general, firms are more willing to agree and show a very positive attitude. When considering this indicator from the point of view of the specific company, some of the participants have perceived it with less positivism. Probably because they are not aware how the innovations can be applied in their businesses. The results could be observed in the Graphics B2 below:

B2. What is the role of innovation in enterprises in your enterprise? Please, choose the statement which you agree with the most. Please, rate on a scale of 1 to 5 (1-not important at all, 2-moderately important, 3-quite important, 4-very important, 5-the most important).

50 responses



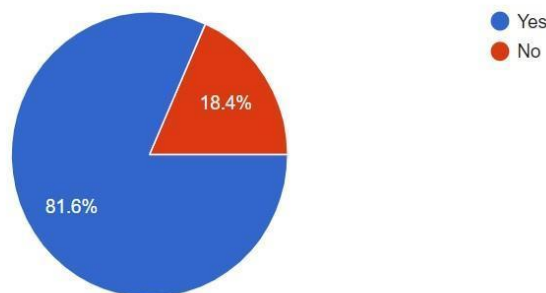
Interest towards innovation

To the question “Is the company interested in innovation in your industry sector?” 100% of respondents answered positively, marked the answers with the highest degree of affirmation i.e. “Yes, we are actively interested in industry innovations and we try to implement them in our company” (52%), and “Yes, we are quite interested in industry innovations, we observe them, but we are not up to date with them”(42%).

The respondents were also asked to state whether their company is interested in innovations connected with their industry, because of access to different types of support. Most of the companies, namely 81.6% of respondents, confirmed that this is the reason for their interest in innovations. The results are shown on the Graphics B3.1:

B3.1. Are your company interested in innovations connected with your industry, because of access to different types of support?

49 responses



In addition to the previous question, the respondents were asked to point out what type of support affected their interest in innovation. Respondents were allowed to choose as many responses as are applicable to their particular case. It was not surprising that most of the respondents i.e. 83.7% have marked vouchers, subsidies and grants as an object of their interest. Access to free funding in different forms has always been of companies’ interest when they want to innovate and to become sustainable in the long run. Especially in view of the respondents’ profile with most of the companies operating 3 and more years on the market.

The information services (73.5%) were placed in second position as a type of support, searched by companies when interested in introducing innovation. They were followed by the “Financial instruments (i.e. loans, guarantees)” and “Events, seminars and conferences”, both

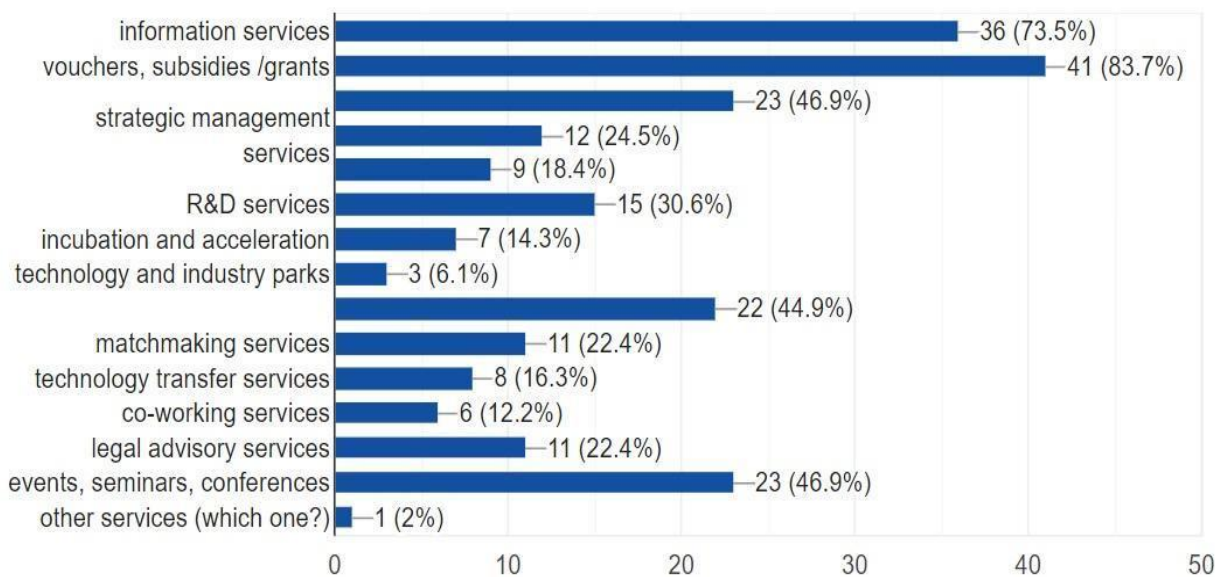
of them counting on 46.9% share. Financial instruments are not the main preferential type of support when a company searches for funding to innovate and grow, but are still in the focus of their interest if the access to financing is limited or not available for their sectors.

The next group of support i.e. “Education services, group and individual training” comprised 44.9% of the responses associated with companies’ interest to innovation.

There is also interest towards other type of support like R&D services (30.6%), strategic management services (24.5%), matching services (22.45%), legal advisory services (22.4%), audits of development requirements (18.4%), technology transfer services (16.3%), etc. A detailed reference of all proposed options to the respondents and the respective percentage of interest is shown in the next Graphics B3.1.1:

B3.1.1. What types of support affect your interest in innovation? Please select all that apply

49 responses

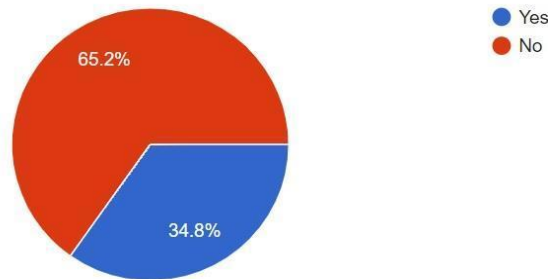


Regarding the companies that are not interested in innovations in the sector (18.4%), additional questions were asked during the survey in order to understand the reasons for this.

Of the surveyed companies that are not interested in innovation in the sector, 62.5% stated that the reason is not the lack of access to various types of support. This can be seen in the next Graphics B3.2 :

B3.2. Is your company not interested at all in innovations connected with your industry, because of lack of access to different types of support?

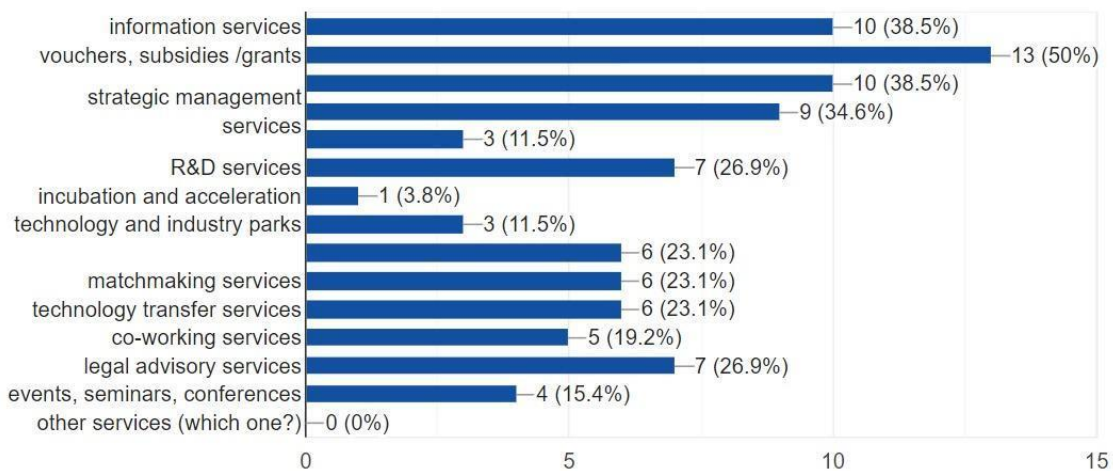
23 responses



The next question “What does affect the lack of interest in innovations? What type of support is missing?” contains a range of options similar to the listed ones with reference to type of support that affect innovation. The answers of the respondents here deviated to a certain extent from the options marked in the previous questions. However, they emphasized again on the importance of financing, providing most answers for the indicator “vouchers, subsidies and grants” (50%), followed by information services (38.5%) and financial instruments (38.5%). As missing support is indicated also “strategic management services” (34.6%), legal advisory services (26.9%) and R&D services (26.9%), educational, matchmaking and technology transfer services, each of them at 23.1%.

B3.2.1. What does affect the lack of interest in innovations? What type of support is missing?
Please select all that apply

26 responses



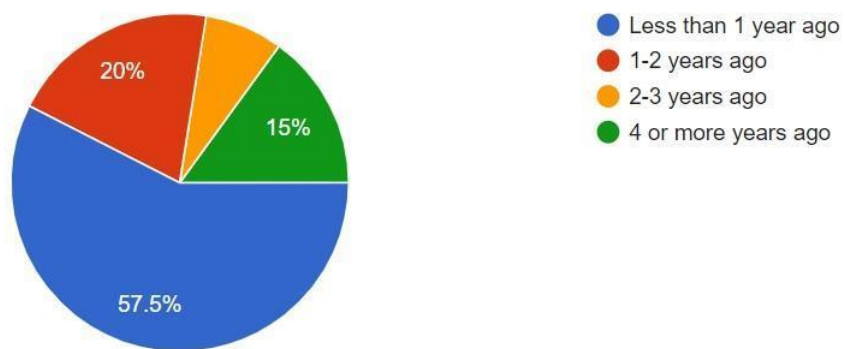
Company implemented innovations

The respondents were asked whether their companies implemented any innovations. The answers were mostly positive – 78 % of them responded with “Yes”.

To the question “When did the last innovation in your company take place?” 57.5% of respondents, who have preferred to answer this question, reported that their companies introduced innovations less than a year ago. 20% of the respondents reported that their last innovation took place 1-2 years ago, and 15% - that it was 4 or more years ago.

B5. When did the last innovation in your company take place?

40 responses



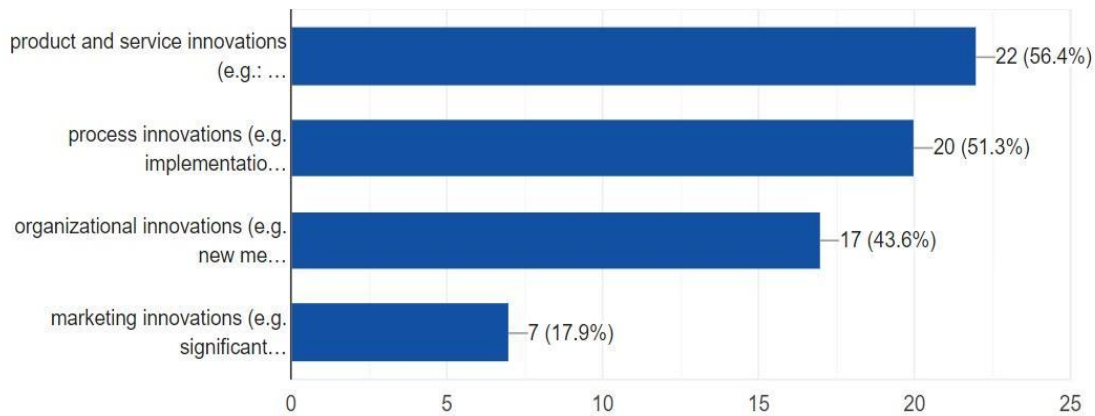
Companies, which implemented innovations in the last 3 years, were asked to point out the type of innovation. There were four choices that referred to product and service innovations, process innovations, organizational innovations, and marketing innovations. A description of each type of innovation was provided to better orient the participants in the survey. The answers received showed that most of the respondents are involved in the innovation activities made in the field of production of goods and services (56.4%) and with the process innovations (51.3%).

The results obtained for the implemented type of innovation are to some extent relevant to the type of sectors from which the respondents come. These sectors are related to the production of goods and services. It is logical for the owners and managers of the companies to strive for innovations that improve the quality of their product or service, and or to reduce the price(s). The small number of employees in most of the surveyed companies was a reason for less focusing on the introduction of organizational innovations, given the possibility of direct communication between employees within the smaller teams, compared to large

manufacturing enterprises or chains for trade, catering and hotel services. These results are presented in the Graphics B6:

B6. What kind of innovations has the company implemented in 2018-2020? Please select all that apply

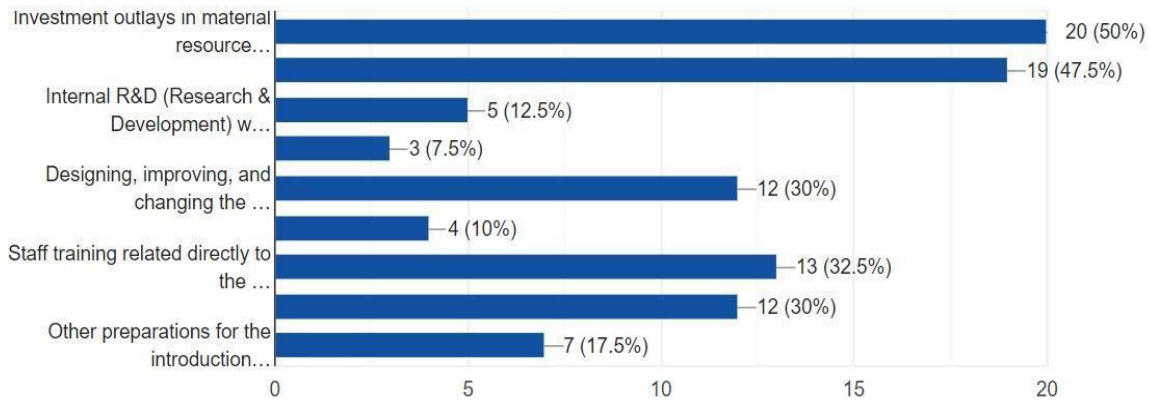
39 responses



In the follow-up question for the type of innovative activities carried out in respective companies in the last three years, 50% of the respondents checked the option “Investment outlays in material resources, e.g. by purchasing machines and devices, means of transport, tools, equipment “. It was followed by the option “Purchase of software related to the introduction of product and process innovations “ (47.5%), “Staff training related directly to the implementation of innovations - internal or external “ (32.5%). Two of the pre-formulated options received 30% of the responses of the participants in the survey, namely “Designing, improving, and changing the form, appearance, or usability of new or significantly improved products” and “Marketing related to the introduction of new or significantly improved products (including market research and advertising)”. The all pre-formulated options with respective percentage for each marked option is given in the Graphic B7 below:

B7. What kind of innovative activities were carried out in your company in 2018-2020? Please select all that apply

40 responses



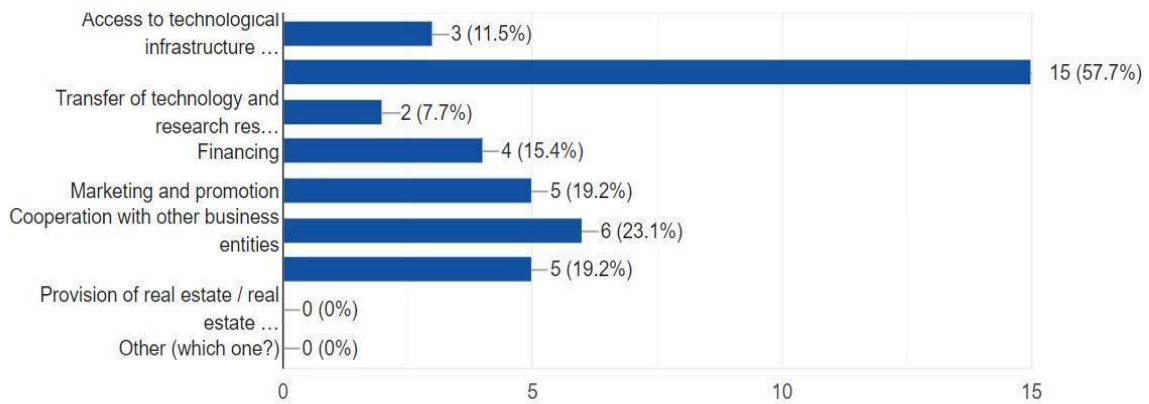
The results obtain from these questions may be associated to certain extent with the COVID-19 outbreak during 2020, as far as the companies reported 57.5 % of their innovation to be made in less than 1 year and the nature of innovative activities with higher percentages were with focus on the “Purchase of software” and “Staff Training”.

Support of business environment institutions

The participants in the survey were also requested to answer the question “Did your company use the support of business environment institutions (e.g. financial institutions, business incubators, consulting agencies) when carrying out innovative projects?” From the fifty respondents, only 40% (20 people) answered positively with “Yes”. These respondents were further questionnaires to provide information on the type of support they have used by the business environment institutions. Among all the listed options for company support by institutions, the largest share - 57.7% received the pre-defined “Consultancy and advisory support”. The use of other 7 options were marked poorly and showed a relatively low percentage, namely „Cooperation with other business entities“(23.1%), „Cooperation with the scientific community“ (19.2%), „Marketing and promotion“ (23.1), „Access to technological infrastructure and/or technical equipment“ (11.5%), „Financing“ (15.4%), etc. The results are shown in the next Graphics B9:

B9. What kind of business environment institutions support did your company use? Please select all that apply

26 responses



The respondents were additionally asked whether their companies are planning to use support from business environment institutions when carrying out innovative projects. To this question 68% of participants in the survey gave a positive response. The question was expanded to specify whether the companies expect to use any of the pre-defined 10 types of support from business environment institutions. The maximum positive answers were received for the expected support in the form of Financial grants (64%), followed by the Consultancy and advisory support (52%), and Marketing and promotion (34%). Other options like Cooperation with other business entities (32%) and Financial credits (28%) were also presented as of companies' interest.

The companies were asked to provide information whether they are planning to implement any innovations in the next 3 years (2021 – 2023), with further questions for the type of innovation and innovative activities. There was a separate request to some of the participants, in case of negative response, to point out the reasons.

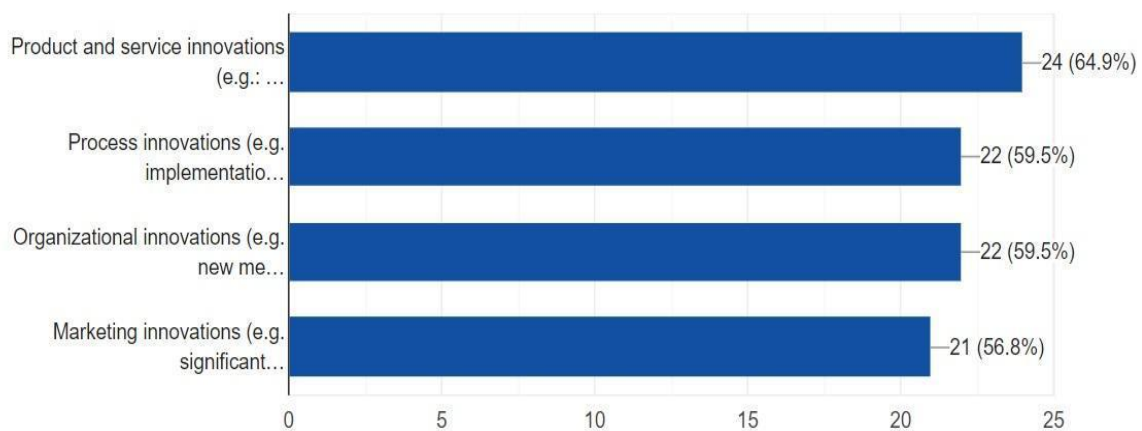
As a result of the survey, 70% of the respondents gave positive answers that they plan to implement innovations in the next three years (2021 – 2023) with reference to almost all type of innovations – product and service innovation (64.9%), process innovation (59.5%), organizational innovation (59.5%), and marketing innovation (56.8%). The last was revealed as a new tendency compared to types of implemented innovations by companies in previous years (2018-2020) where the percentage for marketing innovation was pointed out at the level of 17.9%. This could be explain with companies' adaptation to work in online environment

(where applicable) during the COVID-19 outbreak, promoting their services and goods through innovation in marketing, for example digital promotion of catering services, food, and agricultural production; online promotion of clothing and other consumers' goods; legal and accounting services for online promotion and delivery; etc.

The results of the question are presented in the next Graphics B11:

B11. What kind of innovations is your company planning to implement in the years 2021-2023?
Please select all that apply if the answer on B.10 is "Yes"

37 responses



On the question “What kind of innovative activities is your company planning to carry out in 2021-2023? “, the activities with biggest share in the responses have referred to:

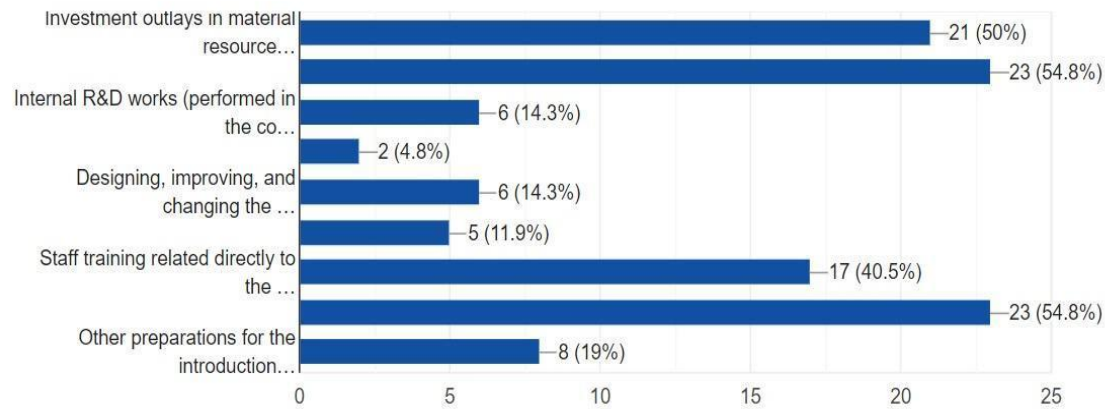
- Purchase of software related to the introduction of product and process innovations – 54.8%
- Marketing related to the introduction of new or significantly improved products (including market research and advertising) – 54.8%
- Investment outlays in material resources (e.g. by purchasing machines and devices, means of transport, tools, equipment) – 50%
- Staff training related directly to the implementation of innovations - internal or external – 40.5%.

All answers are presented in the Graphics B12:

B12. What kind of innovative activities is your company planning to carry out in 2021-2023?

Please select all that apply if the answer on B.10 is "Yes"

42 responses



The companies, which stated that they are not planning to implement any innovations in the next three years, have pointed as reasons the lack of funding, the state of company situation, needs reported by customers, etc.

There was a question about the most important sources of innovation for the companies.

Most of them indicated with the highest priority the following three sources:

- Customers / Suppliers / Competitors (53%)
- The work of the management staff (48%)
- Work of creative employees - outside the R&D team (24%)
- Acquisition of know-how (24%)

In addition, most of the respondents – 68%, have answered positively on the question whether the company creates a group / division / department / person responsible for innovation, research, technology development, etc.

KEY BARRIERS AND ISSUES

The participants in the survey were asked to indicate up to three key barriers to conducting innovative activity by their enterprises. The results on selection of the pre-defined barriers were rated and ranged in the following way:

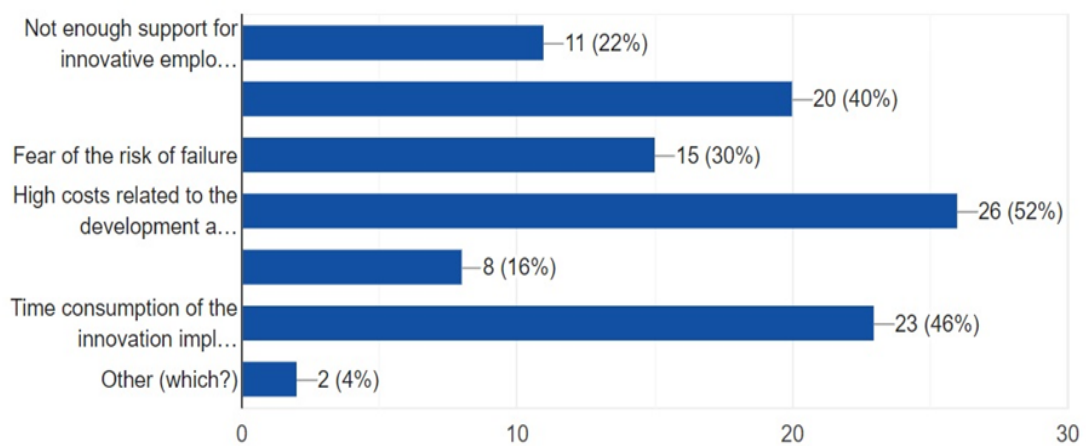
- High costs related to the development and implementation of innovations, lack of funds for innovative activities (52%)
- Time consumption of the innovation implementation process (46%)

- Low social awareness of innovative activities and the benefits it can bring for the company, low level of information on innovation, new technologies, markets (40%)
- Fear of the risk of failure (30%)
- Not enough support for innovative employee attitudes, no enough commitment of employees and management (22%)
- Low level of personnel competence / lack of qualified personnel (16%)

The results are also viewable from the following Graphics C1:

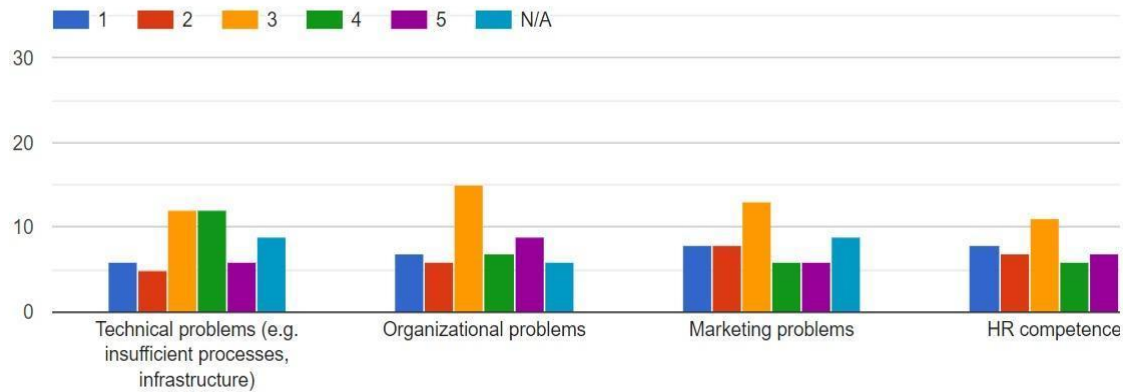
C1. Please indicate up to three key barriers to conducting innovative activity by the enterprise.

50 responses



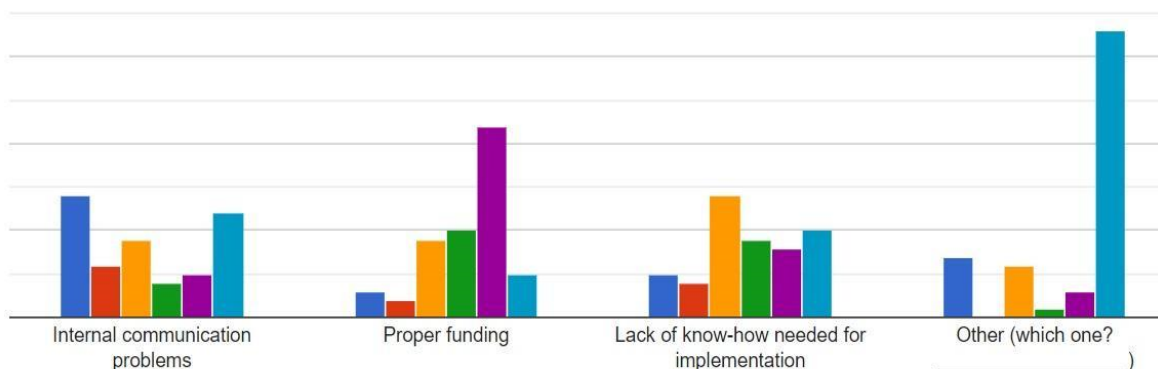
The companies were also asked to provide information on the importance of the main issues they are facing, connected with innovation implementation. The Graphics C2 below illustrates the degree of level of importance for four types of problems i.e. technical, organizational, marketing and HR competencies from the companies.

C2. What are the main issues your company is facing, connected with innovation implementation? (please indicate for each type of problem how important, in your opinion, is a given problem on a scale of 1-5, where 1 is the least important and 5 is the most important; in a situation where a given issue does not remain a problem issue in your company at all, please tick "N/A").



Another four problems i.e. internal communication, funding, lack of know-how and others, and their level of importance is presented in the same Graphics C2:

C2. What are the main issues your company is facing, connected with innovation implementation? (please indicate for each type of problem how important, in your opinion, is a given problem on a scale of 1-5, where 1 is the least important and 5 is the most important; in a situation where a given issue does not remain a problem issue in your company at all, please tick "N/A").



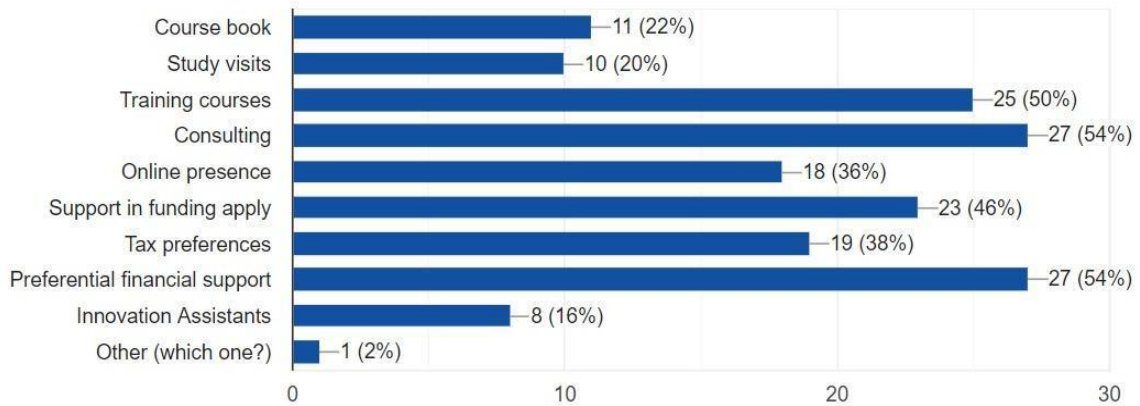
Comparing the results from the two groups of problems faced by the responding companies, it is visible that the issue with reference to availability of proper funding is of the highest degree of importance for the SMEs.

To overcome the barriers to innovation implementation, companies expected support in the form of consulting (54%), preferential financial support (54%), training courses (50%), support

to apply for funding (46%), and others. This is shown the Graphics C3 below:

C3. What types of support/service would be most useful in overcoming barriers to innovation implementation?

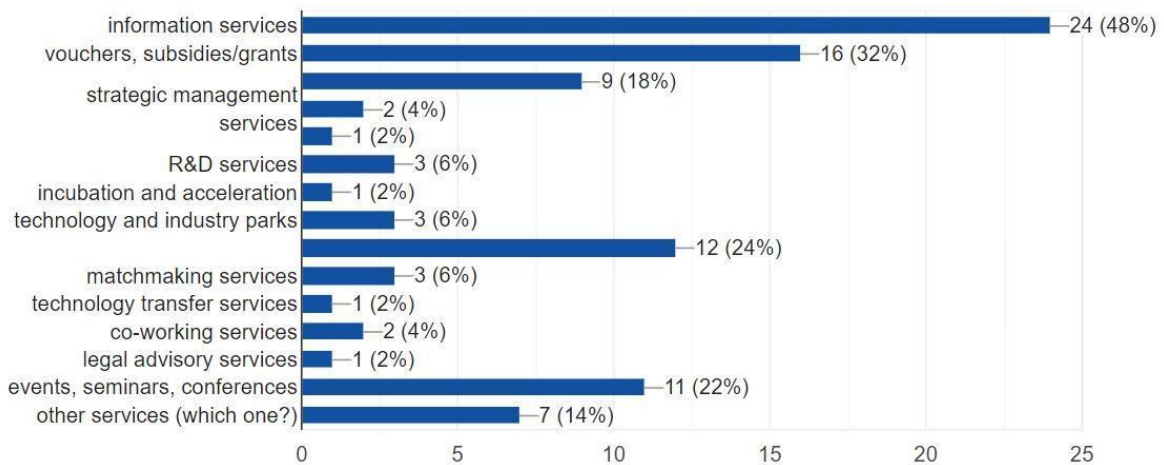
50 responses



The companies were also asked to provide feedback on the kind of support they have already benefited. The results are demonstrated in the following Graphics C4:

C4. What kind of innovation support programs has your company benefited from?

50 responses



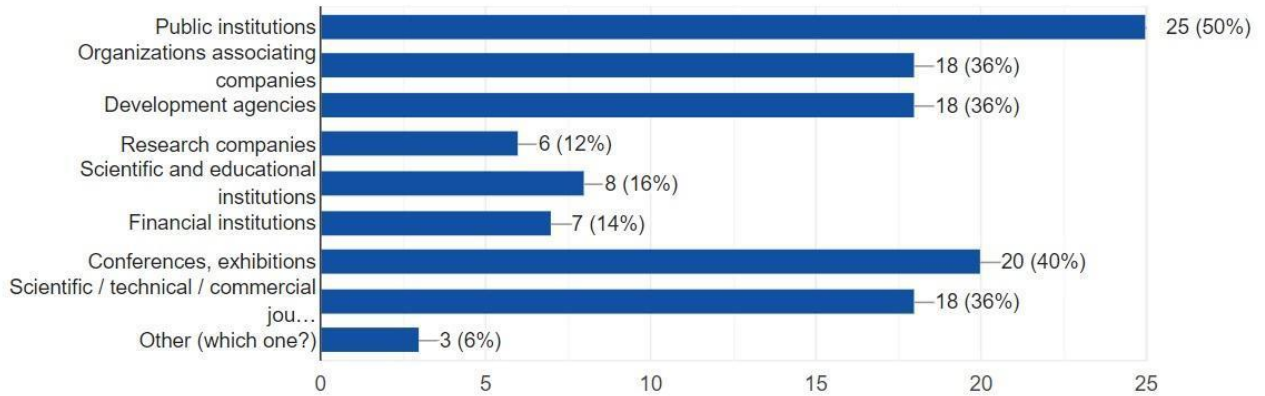
Most of the companies benefited from informational services (48%) as shown on the Graphics C4.

And the last question in this section referred to the most important sources of information and advice for the particular companies – participants in this survey. The role of public

institutions (50%) and the participation in conferences & exhibitions (40%) was highlighted, as it is stated in the Graphics C5 below.

C5. What are the most important sources of information and advice for your company ?
Please select all that apply

50 responses



RESULTS OF IN-DEPTH INTERVIEWS

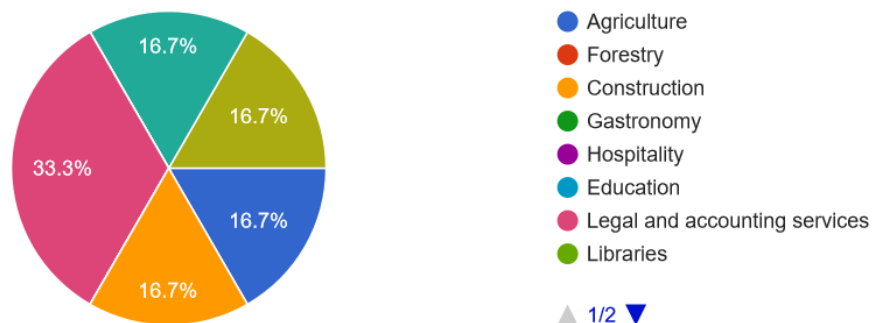
In-depth interviews were part of the survey of entrepreneurs carried out as part of the TRADINN project in January and February 2021 in 3 partner countries: Bulgaria, Poland and Italy.

The survey was attended by companies that responded positively to the question about the implementation of innovation in the basic questionnaire and at the same time expressed their willingness to share detailed information on the successfully implemented innovation.

In total, we received responses from 6 companies (2 from each country).

Business sector

6 responses



- Construction
- Legal and accounting services x 2
- Theatres' online tickets sales
- Agriculture
- Consultancy

PART 1 - Information about the latest innovation implemented by your company

What was the motivation to undertake the innovation implementation process?

Two companies indicated the change related to covid-19 as their motivation. 3 companies decided to introduce a new product / service to diversify their activities and expand the range of their services.

At the time of creating the application and preparing the assumptions of the project, no one could have imagined that the COVID-19 pandemic would appear and have such a significant impact on the lives of entrepreneurs. For many of them, the only chance to survive is to make significant changes. They decide to implement process, organizational and / or product innovations. This requires them to make quick decisions.

What was the implemented innovation about?

The surveyed companies decided to implement both product, process and organizational innovations:

- introducing newer and more specialized service through the purchase of innovative equipment (purchase of a modern air drying device),
- creation of fully equipped positions for remote work, remote customer service, teleconferences, on-line training,
- a system for on-line sale of tickets,
- launched the manufacture of new product - 6m long flexible temperature meter for measuring the crops temperature,
- reducing the cost of production / finding an innovative and appealing design for the target markets.

What programs supporting innovation were used?

Only two companies benefited from financial innovation support programs:

- co-financing from the Investment Support Fund: Support for entrepreneurs in the field of creating and expanding advanced capabilities in the development of products and services, thus facilitating the stabilization of the functioning of the SME sector in the new economic conditions resulting from the occurrence of COVID-19;
- R&D tax credit 2020

PART 2 - The most important effects of the implemented innovation

Was the implementation of innovations complete with success? Have there been any problems or barriers in implementing innovations? If so, what? How were they dealt with?

All companies emphasized that the implementation of innovations was successful. Two of the companies indicated problems: 1. "There were some problems and barriers in implementing innovations which have referred to interpretation of the case by the tax authorities from legislation point of view. Also, barriers associated with government requirements to the theatres to transfer the generated income to the government budget, after which they receive subsidies for the theaters' maintenance costs. This model does not leave room for commission cost allocation through an external online ticketing system". 2. "The problem is the lack of state aid for micro enterprises like ours. Having a tax credit helps but does not solve the problem of financing innovation".

PART 3 - Plan to implement further innovations in the company

After implementing the last innovation, do you think that it is worth implementing innovative projects in your industry?

All companies answered "yes" to this question.

What support do you expect in the process of implementing innovation?

- "Technical support, proper preparation of financing and preparation of employees to use new equipment".

- “Information about available innovations and possibilities of financing them. We simply do not know many solutions”.
- “For the moment we concentrate the company team efforts on current innovation and do not look to apply for any external support. This is because the process of applying for support to institutions or programs for SMEs financing will divert the team's efforts from the main task - to improve and expand the innovative system for online ticket sales for theatres and other cultural institutions in the country. Besides, from our previous experience, after the project & program completion, everything that is achieved as output or result usually do not continue to be in force/ operational due to lack of follow-up financing”.
- “We are planning to apply for financing from the European Union innovation fund”.
- “Straight grants”.

MAIN FINDINGS

- Most of the companies in the traditional sectors - participants in the survey, belong to the group of the micro- and small SMEs with average number of employees between 1 and 10 persons. They served predominantly on local and regional markets.
- They are positive with regards to the role of innovation in enterprises in general, but are less aware of this role for their own companies.
- The type of support they could obtain, especially vouchers and grants, affects their interest in innovation.
- Less than a year took place the last innovation in most of the companies, which to certain extent refers to the need of SMEs adaptation for work in COVID-19 environment.
- SMEs found it difficult to innovate due to the lack of funding, fear of risk of failure, the high costs and time consuming for innovation.
- Companies considered the consulting, preferential financial support and training as suitable support to help them overcome barriers to innovation implementation.
- The preferred type of funding for them is in the form of vouchers and grants as well as information services.

- The main kind of innovations implemented by SMEs refers to innovation in product and services as well as in process innovation. In the next three years period (2021-2023) their focus is also on marketing innovation.
- They stated as main sources for information the public institutions and conferences & exhibitions.

Chapter 4. Recommendations/New SMEs innovation support plan

CHALLENGES

At the stage of writing the application, Partners have already identified several barriers and obstacles related to innovation in traditional companies. They used their experience and information received directly from representatives of traditional companies. The following issues were listed:

- weak connections between traditional companies and national and regional innovation agencies;
- lack of trust and aversion of those SMEs for business environment organizations caused by dissatisfaction with the services received;
- reluctance of entrepreneurs to disclose information about the details of their business activity and used solutions;
- low availability of data regarding innovative solutions used by traditional SMEs.

The research conducted as part of the project and the workshops attended by the partners helped to identify further problems /challenges related to the implementation of innovations in traditional companies:

- high costs related to the development and implementation of innovations, lack of funds for innovative activities;
- time consumption of the innovation implementation process;
- low social awareness of innovative activities and the benefits it can bring for the company, low level of information on innovation, new technologies, markets;
- fear of failure;
- not enough support for innovative employee attitudes, no enough commitment of employees and management;
- low level of personnel competence / lack of qualified personnel.

TRADINN project has developed a specific 2-days workshop where participants have discussed the results emerging from the questionnaires fulfilled by around 15 traditional companies in each involved country (Bulgaria, Italy and Poland), and about the specific experiences of each partner in implementing innovation actions in its region. The workshop has conducted with

the participation of an external expert from an Italian Business support organization that stimulated the debate and brought more elements of discussion.

ROLE OF INNOVATIVE AGENCIES AND DIFFERENT BUSINESS ENVIRONMENT INSTITUTION IN INNOVATION ACTIVITIES

Main responsibility for support innovation activities lay on innovative agencies as main actors particularly established for these kinds of activities. However, it is very important to involve a wide range of organizations that can play different roles and contribute to create a favourable environment for the development of meaningful and effective interventions. That approach assures access to wider group of traditional companies which exploit the offer of different business environment institutions, not always innovative agencies.

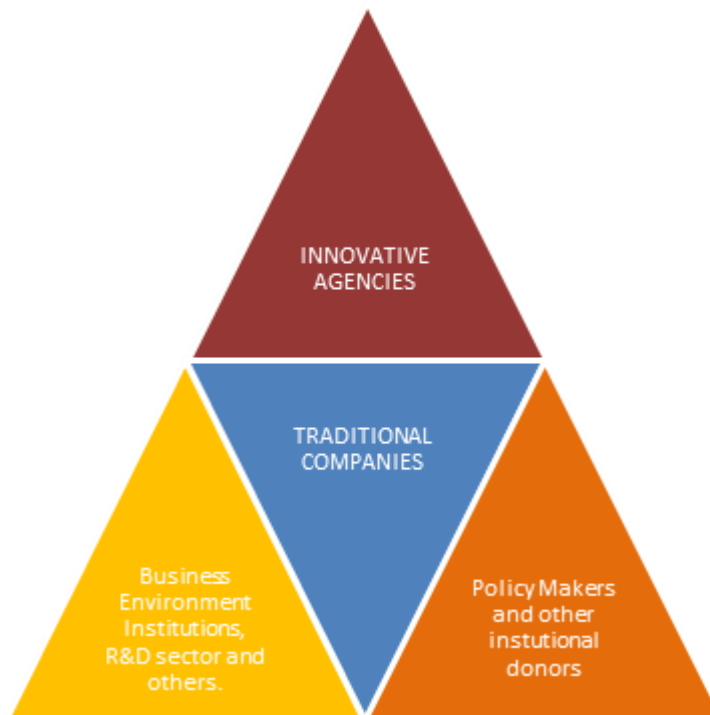
The above conclusion goes in line with the TRADINN project goals. The problem of facing issues with introducing innovative solutions into their business by traditional companies, which solving was one of the TRADINN project goals, should be the starting point for specific innovation policies. This implies that the whole innovation cycle should be taken into account, including all the different actors in the innovation chain: industry, academia, public and private financing organisations, NGOs, society and citizens, politicians, policy-makers etc.

More specifically, the discussion among project's partners have brought to the identification of the following actors which should be involved in the innovation support among traditional companies as well as the innovative agencies:

- Business Environment Organisations (local development agencies, public and private; chambers of commerce; accelerators and incubators);
- Research centres (Universities);
- Trade associations;
- Media;
- Advisors and consultancy companies;

As separate group should be considered policy makers and institutional donors.

Actors of innovation support system



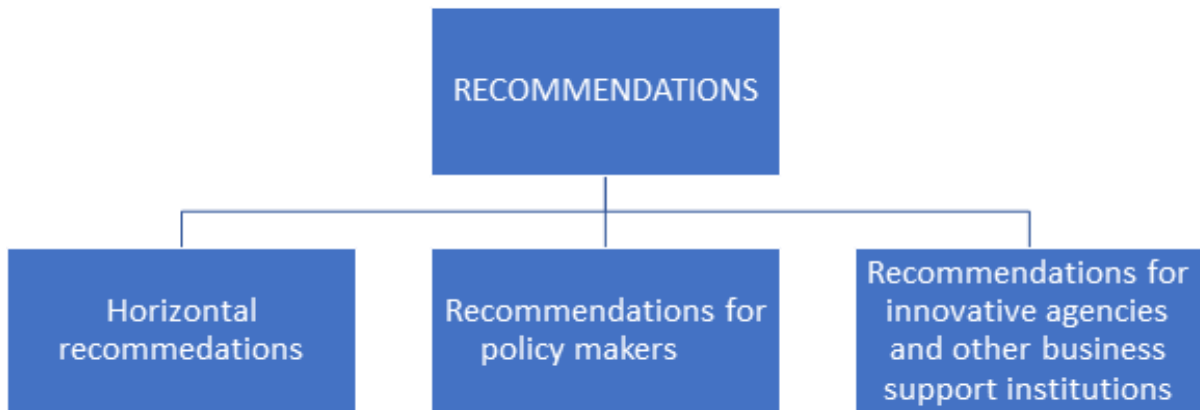
RECOMMENDATION

Basing on the information gained from:

- the inventory of instruments and tools,
- research on the needs of traditional companies,
- exchange of experiences between project partners during project meetings,

the TRADINN partners have discussed and agreed that all recommendations apply in the first row to innovative agencies. Since it was also said that different types of actors should also be involved each category of business environment institutions was matched with specific recommendations. Some recommendations are considered as horizontal that is why they regard to all types of organization.

As policy makers are much different from other types of organizations involved in innovation system (including innovative agencies) the recommendations have been finally divided into three groups as shown on the scheme below.



Horizontal recommendations

Horizontal recommendations for business support organization:

- Support for business environment organizations to provide consultancy services and other support activities.
- Funding for specific training on innovation - related items.
- Building awareness of the importance and evaluation of clear innovation strategy in traditional companies.
- Helping companies be aware of what are the key benefits of collaboration.
- Building innovation culture through education and training.
- Creating awareness on the existing innovation support services.
- Not using too technical language in communication.
- Listening carefully to the needs of companies.
- Third party role to give objective point of view to the innovation to put in place (research centres, consultants, etc.).
- Facilitating collaborations between stakeholders (webinar and guidelines about tools).

- Understanding a company's market approach (Market leader or Product cheaper).

Recommendations for policy makers, innovative agencies and other business support institutions

Recommendations described in this part apply to specific types of organizations and institutions but also answer specific challenges derived from provided inventory and research.

CHALLENGES	RECOMMENDATION	TARGET GROUP
<p>General opinion that innovation is difficult to implement and time consuming in traditional companies</p>	<p>Promoting and communicating best practices of innovative actions successfully implemented in traditional companies;</p>	<p>Business Environment Institutions: Innovative agencies, Development agencies, Chambers of commerce, Trade association</p>
	<p>Organization of regional competitions for innovative traditional companies;</p>	<p>Business Environment Institutions: Innovative agencies, Development agencies, Chambers of commerce, Trade association</p>
	<p>Innovation management coaching/Innovation management advisory services;</p>	<p>Business Environment Institutions: Innovative agencies, Development agencies Advisors and consultancy companies</p>
	<p>Creating knowledge and awareness about benefits related to innovation activities;</p>	<p>Business Environment Institutions: Innovative agencies, Development agencies, Chambers of commerce, Trade association Advisors and consultancy companies</p>
	<p>Identifying of roadmap for innovation for traditional companies;</p>	<p>Business Environment Institutions: Innovative agencies, Advisors and consultancy companies</p>
<p>Insufficient of support for innovation in traditional SMEs regarding:</p>	<p>Better description of target groups of advisory services;</p>	<p>Business Environment Institutions: Innovative agencies, Development agencies Advisors and consultancy companies</p>

<ul style="list-style-type: none"> - funding for innovative activities, - tax and other financial incentives, - unclear information that support instruments are also targeted at traditional companies 	Technical assistance in preparation of project proposals (training or advisory services);	Business Environment Institutions: Innovative agencies, Development agencies Advisors and consultancy companies
	Designing specific funding instruments and tools for traditional sector incorporating traditional companies to innovation ecosystem;	Policy makers and institutional donors
	Creating knowledge and awareness about tax credit and other fiscal benefits related to innovation activities;	Business Environment Institutions: Innovative agencies, Development agencies
	Designing specific financing tools for traditional sector;	Policy makers and institutional donors
	Expanding tax credit to wider range of activities and sectors;	Policy makers and institutional donors
	Simplify bureaucracy;	Policy makers and institutional donors
Low awareness among traditional companies of possible benefits of innovative activities;	Supporting the creation of business associations - enterprises operating in various types of cooperation networks are more likely to use the support;	Business Environment Institutions: Innovative agencies, Development agencies, Chamber of commerce, Trade association
Low level of knowledge on innovation, new technologies, markets;	Encouraging the establishment of consortia among companies, researchers and others, that can last over time, with similar market approach and business plan;	Business Environment Institutions: Innovative agencies, Development agencies, Chamber of commerce, Trade association

Fear of failure;	Organization of events devoted to good practices, failure analysis, exchange of experiences;	Business Environment Institutions: Innovative agencies, Development agencies
	Creating places for the exchange of experiences and knowledge	Business Environment Institutions: Innovative agencies
	Awareness and training on Intellectual Property Rights;	Research centres (universities)
Low innovation culture: <ul style="list-style-type: none"> - not enough support for innovative employee attitudes, - not enough commitment of employees and management - low level of personnel competence / lack of qualified personnel 	Rising the level of knowledge and skills of companies staff (management and employees);	Business Environment Institutions: Innovative agencies, Development agencies, Chamber of commerce, Trade association
	Conducting an innovation management audits covering issues like: organisation culture, strategy, business model, processes, etc.;	Business Environment Institutions: Innovative agencies, Chamber of commerce, Trade association
	Promoting Open Innovation (collaboration);	Research centres (universities)
	Motivating to innovation as the best way to build a better future;	Media

NEW SMEs INNOVATION SUPPORT PLAN

The carried out project activities have brought to a better understanding of the innovation support actions that are needed while focusing on traditional companies. Every partner contributed to the preparation of a renovated approach, that will have a common objective and it should be adapted to the different national and regional contexts, to be developed into practice.

A new innovation support plan should be based on specific actions that contribute to the creation of an “innovation ecosystem”, involving different kinds of private and public institutions, companies and consulting services.

The main actions can be summarized as follows:

1. Events:

Public events are the starting point for an innovation support plan, open to the largest number of companies. They represent the first contact point between business support organizations and traditional companies. Webinars, online and offline training days, workshops and seminars, are strong tools to raise awareness and knowledge about innovation, to promote the existing support tools, and to collect valuable information about companies’ needs and expectations.

2. Database creation

Business support organizations should create databases of initiative, events, good practices, external experts, training courses, financing opportunities related to innovation promotion and support. Collecting the relevant information will give the organizations the opportunity to find out and approach the most relevant stakeholders in their territory / region in order to strengthen the relationship with them.

3. Hackathons for selected industries

Hackathons have become increasingly popular in recent years as a modern tool for innovation. It is a concept in which solutions for complex problems, products, and services are developed within a short time. The word hackathon is a combination of the words "hack" and "marathon" where hack stands for experimental, creative problem solving with a playful approach and marathon stands for the duration of the event. The hackathon has its origin in software and

hardware engineering, but the concept is now also successfully applied in other industries for developing innovative solutions. A hackathon lasts between 24 and 48 hours and is dedicated to a specific topic or challenge. The participants work in small groups in a unique environment that encourages creative thinking and leads to surprisingly innovative new concepts, ideas, and prototypes. The result of the hackathon is a finished prototype for an innovative product, service or business model.

A hackathon is a great opportunity to develop and introduce new solutions. The method is not only profitable for corporations or companies in the technology industry, but it can also make sense for smaller companies and companies from other sectors, such as traditional companies, to take part in a hackathon.

4. Funds connecting with trainings

Training is crucial to help traditional companies to access funding opportunities for their projects and ideas. Training should provide knowledge about existing opportunities at regional, national and European level, and it also should provide technical skills to identify, develop and submit project proposals to different funding agencies and programs. Considering that most of the funding programs are oriented towards innovation, traditional companies have to be trained on changing their business approach in order to match with the programs' requirements.

5. Innovation support

Ensuring innovation support (in the form of funding, early stage financing, training, incubation, advisory and other services, etc.) taking into account the whole innovation cycle and different actors i.e. SMEs (with their managers/innovation units/employees), innovation agencies, NGOs, R&D and public institutions, motivating and raising their common interest towards cooperation and networking for innovation. (examples: competition for SMEs - collaboration with University and Business Angel)

6. Expanding the leverage of the public and private investment

Expanding the **leverage of the public and private investments** in innovative actions and initiatives, which contribute to employment & growth and have added value. (leverage money from different sources, complementary funding to EU funds in the form of

private/local/regional funds. EU promoting combined fundings (when you have some private money (loan, crowdfunding) apart of EU fundings. EU funding instrument will allow in the 2021 - 2027 framework programme, complementary blended financing, a great opportunity for those companies that need an extra financial boost. As is often the case, many start-ups are struggling to find high-risk capital required to reach the stage where private sector investors are needed to step in. This applies to many traditional companies that are willing to introduce innovative actions in their business. This additional funding opening up can make a big difference to innovative companies who need further investment to expand their project. At the same time, this opening represents a great opportunity for the financial sector, especially for alternative investment models such as equity crowdfunding, mini bonds, etc.

7. Developing tax credits and incentives

Developing tax incentives to support investments in R&D and innovation, especially for traditional companies. A tax credit is an amount of money that taxpayers are permitted to subtract, euro for euro, from the income taxes that they owe.

Tax credits are more favourable than tax deductions or exemptions because they actually reduce the tax due, not just the amount of taxable income.

Tax credit can:

- support and incentivize Italian companies investing in new capital goods, both tangible and intangible, functional to the technological and digital transformation of production processes;
- stimulate private spending on Research, Development and Technological Innovation supporting competitiveness and promoting digital transition processes, circular economy and environmental sustainability
- stimulate the investments in personnel training on subjects relating to technological and digital transformation of companies.

Summary

During the project we tried to find a solution to one of the problems of traditional companies which are difficulties in implementing innovation. Our main goal was to develop a strategy for promoting innovation in a traditional companies that could be implemented by business

environment institutions and policy makers. After identifying problems and challenges we focused on preparing recommendations addressed to specific institutions influencing the building of the innovation ecosystem. The recommendations were developed into a new plan to support innovation in traditional companies

It should be emphasized that close cooperation between institutions offering support is extremely important in creating an innovative ecosystem and changing the approach to innovation among entrepreneurs operating in traditional industries. It is certainly important to create a clear system of financial support, a clear division of competences of individual units and a comprehensive support for traditional business. Companies that do not have much experience in seeking and using the available support often become discouraged after the first failures and give up on further seeking support in implementing innovations, which is why it is necessary to change the form of reaching them to a more active one.