



COLLABORATION MORE CRITICAL NOW FOR INNOVATING ENTREPRENEURS

CEED'S ANNUAL REGIONAL EVENT: CONNECT, INNOVATE, AND GROW

How collaboration drives business growth in challenging times

June 5, 2009

BELGRADE – CEED held its annual Southeast Europe regional event in Belgrade, Serbia this past June. The event's purpose was to bring together the CEED community of entrepreneurs in Bulgaria, Romania, Slovenia, Montenegro, and Macedonia with those from its latest 'about-to-be-formed' Serbian community to share inspiration, support, ideas, and new networks for their companies. The event coincided with the landscape-changing global financial crisis and the significant revenue, cash flow, and profitability effects it is having on entrepreneurs' companies.

Given this backdrop, CEED sought to address the crisis by offering game changing and highly productive steps an entrepreneur can take to not just survive the downturn, but to grow his/her business. CEED brought together a variety of thought leaders in 'collaborative innovation' including Charles Leadbeater, author of *We Think*, and Dr. Michael Duncan, Director of Open Innovation, Europe, for Procter and Gamble (P&G). These gentlemen were complimented by productive panel attendees including Ms. Sasha Besuhanova, European Director for the Public Sector, Hewlett-Packard, Mr. Ivaylo Slavov, Eastern European Director, Adecco Human Resources, and Mr. Milan Petkovic, Director, Foodland (Serbia). Their message was reinforced in subsequent stories of the synergistically productive relationships and businesses that are being co-built between small and large companies, with the discussion anchored by Mr. Matt Mayfield, Director of Sales from Hermes Software, Slovenia, and Mr. Stefan Furlan, CEO of a small company with whom Hermes is working, Optilab. Mr. Leo Toole, Director of Operations, Bianacamed, Ireland, wrapped up the formal sessions with his company's experience cultivating its relationship with P&G.

Top Ten Insights from the Day:

1. Now is the right time for 'connecting and innovating.' Leadbeater said "now is not the time to batten down the hatches. Successful businesses will instead be more connected, more outward looking – they won't retreat inwards, they'll look for new connections and networks." Those companies that prevail will be those that can best adapt and are most tuned in to their customers needs. He continued, "everywhere people are looking for new ways to sell, organize, and govern



Networking at CEED's Third Annual Regional Conference in Belgrade, Serbia.

their businesses," citing as an example how the financial models for so many businesses, such as in autos, media, and pharmaceuticals, were under attack, and how the development of novel business models has never been more critical.

- 2. Innovation is all about 'creating new combinations.'** Leadbeater described innovation as the action of 'combining ingredients in new ways to create value' and 'creating new recipes.' He cited, as an example, Dell Computers where Michael Dell combined mail order computer distribution with just in time manufacturing to create a highly successful business model. He summed up innovation as the product of combining "special insights from ordinary people with ordinary skills in ways not done before."
- 3. Entrepreneurs are well suited to delivering on innovation.** Entrepreneurs have 'ideas in search of resources' in contrast to larger and better-capitalized companies that have 'resources in search of ideas.' They are uniquely situated to capitalize on web technology given their intuitive ability to see opportunities and naturally marshal the people and resources to achieve their vision.
- 4. "If you want to innovate, you have to collaborate."** Leadbeater went on to say, "The more you collaborate, the more you multiply ways of solving a problem by leveraging others' vantage points, skills, and ways of thinking." He pointed to how Nokia and a culture that valued diversity in a creative open environment was able to design superior and better accepted mobile phones over that of other more single-minded European competitors.

5. **Collaboration is changing as a result of the web.** The web is ‘a platform for innovation’ allowing people ‘to meet, participate, collaborate and create in ways never done before,’ Leadbeater said. He suggested reaching out because “there are many more people who will know things about your products and markets outside your company than inside.’ Mr. Leadbeater highlighted that companies now have the opportunity to find, and stay close to, their most creative customers.
6. **As a result of web and greater collaboration, ‘Small can now be big.’** Via the web, “people with the right skills can be leveraged and mobilize when they are needed, allowing smaller companies to be efficient and compete.”
7. **The web is probably only ten years into what will likely be a 40 or 50 year technology cycle.** Mr. Leadbeater suggested that the web is still in an early stage of development based on the history of similar game changing technologies, and that entrepreneurs and smaller companies are well poised to take advantage of the changing landscape.
8. **Large multi-nationals are increasingly relying on collaboration to drive innovation.** Dr. Duncan from P&G spoke of how high growth objectives and limited resources demand greater research, development, and operational productivity improvements, and that these can only be achieved via effective collaboration. Over the past 8 years, P&G has established more than 400 partnerships with a variety of companies and institutions. HP has relied on local companies who best understood local markets to help drive their overall business in recent years. Ms. Besuhanova noted how small companies that best understand needs of the local market are invaluable to larger companies in developing markets.
9. **Successful collaboration is built on developing trust, and this takes time.** Your business model needs to assume that it takes time to make the connection to the right person in any organization, to understand the needs of that organization, and to build the relationship that translates to a formal contract. This takes not only patience but the ability to be flexible.

10. **“Don’t undersell yourself, be confident.”** Mr. Leadbeater advised entrepreneurs to “understand the ‘value’ of your proposition, and price it not on the basis of its cost, but instead on the on basis of the benefit it provides the customer.



Keynote speakers Dr. Michael Duncan (left) and Charles Leadbeater.

CEED wishes to thank each of our speakers for contributing their time and their thoughts.

Our Keynote Speakers:

Charles Leadbeater is a leading authority on innovation and creativity. He has advised companies, cities and governments around the world on innovation strategy, and is one of the world’s more prominent thought-leaders on how the web will transform business over the next several decades. His latest publication is entitled *We Think*, in which he reviews this growing phenomenon. He reviewed his findings for CEED and outlined how entrepreneurs can leverage this trend to develop their businesses.

Dr. Michael Duncan is the Director of Open Innovation, P&G, Europe. Dr. Duncan outlined how P&G migrated from a rather insular culture in which innovation was developed ‘from within,’ to a new ‘connect and develop’ culture based on collaborating with outside partners. The strategy was based on the company recognizing that it would be unable to meet growth and financial goals with the status quo, and that ‘something different’ needed to happen to markedly heighten productivity.



Center for Entrepreneurship and Executive Development (CEED) is...

... a community of high expectation entrepreneurs providing the know-how and networks needed to drive businesses forward. CEED is for entrepreneurs who want sophisticated, yet practical training and connections to finance and new markets. CEED was established by the [Small Enterprise Assistance Funds \(SEAF, www.seaf.com\)](http://www.seaf.com) with support from the United States Agency for International Development (USAID). SEAF provides growth capital and operational support to businesses in emerging markets and those underserved by traditional sources of capital, achieving attractive risk-adjusted returns while generating meaningful local economic benefits. SEAF and CEED are based in Washington D.C. and have offices across the globe.

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