

## **How to create new businesses while resolving unemployment problems**

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**How to create new businesses while resolving unemployment problems**

## Executive summary

With the globalisation of the economy, even the most successful Science and Technology Parks must keep alert in their attractiveness. While losses of jobs are unavoidable, enterprises of all sizes but particularly the small ones, start-ups and SMEs are drastically lacking high skilled executives to **speed-up their international development**. This is particularly crucial for born global enterprises. Several good practices are being experimented in leading Science and Technology Parks to cope with this situation. The **Waking-up sleeping projects** good practice being experienced for the third year in a row has shown an excellent price performance **knowledge-based good practice for enterprise creation or company development**. CICOM Organisation, the Sophia Antipolis Business and Innovation Centre already managed several experiments in Sophia Antipolis and abroad. Based upon its successful experiences, CICOM is ready to help **other Business Incubators and Science Parks to adapt this process** in their geographic and business industry area.

## Introduction

Created in the late 1960's, the Sophia Antipolis Science and Technology park is now a world class reference and well known all over the world. It has attracted mature companies, research centres and institutions initially from Paris but now it continues to maintain high international attractiveness. In Sophia Antipolis, innovation remains a day to day challenge. Innovation is everywhere, in attracting new companies, in helping the creation and development of small innovative firms. In fact, incubation techniques increase the competition from many other Science & Technology parks in Europe and abroad. Industry crisis like the explosion of the internet bubble affected all places, but thanks to several particularities, the attractiveness of Sophia Antipolis remains very high.

There are many critical success factors related to successful attractiveness of a science and technology park. Concerning Sophia Antipolis, diversities and complementarities of the industry sectors, private public partnerships and the role of the associations and clubs seem to be the most significant factors, those which allow innovative processes to take place.

The large majority of enterprises are small or very small. Those are the target of the Innovation programs from the European Commission which wants to dedicate more than 15% of their subsidies to SMEs, small & medium size enterprises. Thanks to several private initiatives, Antipolis Innovation Campus and CICOM Organisation in particular, Sophia Antipolis participated to the PAXIS (Pilot Action of Excellence on Innovative Start-Ups) program. Through this action, CICOM Organisation, the Sophia Antipolis Business and Innovation Centre identified and promoted several good practices, Europe wide. The PAXIS manual for Innovation Policy Makers and Practitioners has been published in March 2006. This manual describes 65 good practices, out of which a dozen have been developed, tested, benchmarked and mostly transferred under the coordination of CICOM Organisation. In fact, the network lead by CICOM included Helsinki Region, Berlin Adlershof, Torino area, South Sweden and Switzerland in addition to Sophia Antipolis, all featuring leading Science and Technology parks and major Business & Innovations Centres.

Among this dozen of good practices are the Euro-Office package and the **Waking-up Sleeping Projects**. By the way, in an emerging European Commission DG Enterprise & Industry innovation program, these good practices will evolve towards Innovative Actions and will be made available in the form of services to Incubators, Business and Innovation Centres in selected Science and Technology Parks world wide to allow the international development of innovative firms. Consequently, thanks to the availability of these good practices as services, the related Science & Technology parks will increase their own attractiveness.

## Waking-up sleeping projects

With the globalisation of the economy, more or less unpredictable changes may happen any time in any place, including in the most active and developed business areas. Business failures, mergers or de-localisations may result in losses of jobs for entire industry sectors. In Sophia Antipolis for instance, the explosion of the Internet bubble resulted in the disappearing from the largest European Science Park of major Internet infrastructure providers, with the layoffs of very mature and skilled executives. In the same time and in the same areas, enterprises of all sizes but particularly the small ones, start-ups and SMEs are drastically lacking high skilled executives to **speed-up their international development**. This is particularly crucial for born global enterprises.

For the third year in a row, the **Waking-up sleeping projects** experiment is being conducted in Sophia Antipolis in re-inserting unemployed executives into promising projects provided by local innovative enterprises. These projects are carefully selected for their potential to succeed in a new business. The unemployed executives are selected according to their capability to **transform innovative ideas into businesses**. The selection of the projects, the selection of the candidates, the matching, the training, the coaching and the follow-up of all candidates are the key critical success factors. Indeed, the diversity of the industrial tissue in the area and the existence of innovative firms constitute a big advantage. Finally, the management of such experiments requires **world class incubation, management, training and coaching resources**.

The first two experiments took place in Sophia Antipolis in 2004 and 2005. Each year, among 35 candidates spread as internships in about 25 companies, 75% of them found a new job, out of which a dozen allowed the take-off of a new company or new line of business. In terms of funding, as most of the candidates still receive unemployment subsidies, their professional contribution is provided free of charge to the recruiting enterprise. The duration of the internship is 6 months and all together with the planning of the experiment, the selection of internships and candidates, the matching and the follow-up, the total experiment is spread over 10 to 12 calendar months. The only required funding is to cover the management of the experiment, which is in the range of 120 K € for creating 26 jobs, less than 5.000 € per job, **an excellent price performance ratio for creating new direct jobs in new businesses**, which in turn will create new direct jobs.

The challenge has been to convince all involved institutions to continue to pay the unemployment subsidies to the unemployed executives while they are working as internships in enterprises. This is really the reason which keeps the cost of this initiative very low. In fact, the enterprises do not pay any salary for the internships. They just cover the expenses directly related to the project, such as office space, equipment, travel etc... but not the manpower neither the salary charges. In the last experiment in 2006, a small contribution of 100 € per month and per internship is charged to balance the whole operation budget. After a couple of years, it is now clear that unemployed executives are more efficient in looking for a job while they are in an enterprise instead of staying home and mailing CVs.

Among the **critical success factors for the success of this experiment** are:

- the motivation of the Public and Private partners willing to make this experiment a success via a strong PPP (Public Private Partnership):
  - o national, regional and local government
  - o unemployment, social and training agencies and institutions
  - o private industry, enterprises, incubators and human resources specialists
- the quality of the projects proposed by the companies, which must result from a strong mobilisation of the enterprises, helped by industry associations. Indeed, enough critical mass is needed.
- the motivation of the involved people:
  - o unemployed executives willingness to transform their internship into new permanent job
  - o entrepreneurs willingness to develop their new business
  - o all accompanying personnel
- the quality of the whole process

- selecting the most adequate internships
- matching unemployed executives with the best internship proposal in order to result in a new sustainable activity
- coaching of unemployed executives as well as the entrepreneurs during the whole 6 month internship and a few months afterwards whenever necessary
- training of unemployed executives for coping with their weaknesses (English, Project Management, Human Relations etc...) during their internship
- the permanent reporting and communication within all involved parties

This **knowledge-based good practice** process for **enterprise creation or company development** is underway again in Sophia Antipolis in 2006 and the process is being deployed in several other areas in France such as Bordeaux, Lille and in several other countries in Europe. Business Incubators and **Science Parks have a key management role** in the deployment and dissemination of this process, in addition to the training and coaching role they can perform in partnership with their usual partners. Based upon its successful experiences, CICOM Organisation, the Sophia Antipolis Business and Incubation Centre who already managed several experiments in Sophia Antipolis and abroad is ready to help **other Business Incubators and Science Parks to adapt this process**, localise and deploy it in many other areas in order to **take advantage of this good practice** in their geographic and business industry area.

### Other comparable practices

In Provence Alpes Côte d'Azur - PACA Region, there is another initiative underway, "**Activité nouvelles - Nouvelles compétences**" well developed in the Marseille area, the western part of the region. This practice aims at helping unemployed people to rebound and find a new job by placing them for 6 months in companies. Like "**Sophia s'ouvre aux projets**" (which translates into "**Waking up sleeping projects**") running in 2006 for the third year in Sophia Antipolis, in the Eastern part of the PACA region, this initiative involves major institutions, industry and university partners. The status of the unemployed persons, the coaching and accompaniment, the involvement of the industry (start-ups, SMEs and large corporations) are the critical success factors of these methods. A difference resides in the funding of the internship, which in the case of Waking-up sleeping projects applies to unemployed persons receiving subsidies only from the unemployment institution. CICOM has promoted this approach as a good practice towards a DG Enterprise and Industry program and already received some good feedback on the potential adaptation in other regions. In terms of costs, the best target cost is the cost of Waking-up sleeping projects, the Sophia Antipolis experiments, i.e. 5 K € per internship which has shown to allow about 80% of the unemployed people to return directly to employment, but with the secondary effect that start-ups create new jobs, the ratio is higher to 100 %, resulting in a cost per retrieved job significantly less than 5 K €

In Torino, I3P implements the **Manager for Start-Ups** program. I3P is the Innovative Enterprise Incubator of the Politecnico di Torino, a non-profit joint-stock Consortium Company (S.c.p.a), created by the Politecnico di Torino, the Province of Torino, the Chamber of Commerce of Torino, Finpiemonte, Torino Wireless Foundation and the Municipality of Torino in order to promote the creation of new enterprises and new job positions by taking advantage of the creative potential developed in the research centres on the territory. I3P's activities can be placed within a global strategy for the Piedmont region aimed at sustaining new entrepreneurship and employment, which includes the MIP project (Starting an own-business) of the Province of Torino, the "Create a Business" service of the Chamber of Commerce and the "activities of the incubators of the Science and Technology Parks and the University of Torino."

"Manager for Start-ups", provides mentorship of high experienced managers (currently not employed) to start-ups and SMEs that need strategy and business management support (free of charge for the firms). The program has been developed with the help and support of public and private institutions such as the Province of Torino, the Employers' Association of Torino, Torino Wireless Foundation and LISEM incubator.

Target groups of the initiative are start-ups (from I3P system) and SMEs in the local area as well as unemployed managers available to transfer their knowledge to the young entrepreneurs.

In Helsinki, as the key incubator in the Helsinki Region, Technopolis Ventures has a good experience in generating new companies in co-operation with regional authorities. Technopolis Ventures has the expertise to represent Helsinki Region in the EU PAXIS initiative, developing mechanisms to facilitate the setting up of new firms and jobs. Technopolis Ventures' **Discovery and Kick-Off programs** help turn interesting business ideas into start-up companies. Technopolis Ventures has established permanent contacts with Uusimaa Regional Council – Helsinki Region (Uudenmaan liitto), Employment and Economic Development Centre of Helsinki Region, Te-Centre (Uudenmaan TE-KESKUS), City of Espoo and Large enterprises like Nokia, Fortum and institutions like VTT, Espoo Chamber of Commerce and Espoo Entrepreneurs Association. Technopolis Ventures Ltd is the largest business incubator in Finland, with upwards of 200 hi-tech and knowledge-based companies in their program. They have created services that help the entrepreneur to evaluate competitiveness and viability of his/her business idea and help him/her over the hurdles of starting a new company.

In Switzerland, Innopark is implementing "**Engagement d'un chercheur d'emploi qualifié**", reinsertion of unemployed executives in Switzerland. The modular process to reintegrate high-qualified unemployed staff consists of three steps:

- Genesis (evaluation and feasibility of the business idea),
- Assessment (evaluation and/or improvement of the business plan - a mentored process step by Innopark or external expert) and
- Maturity (initiate an already defined project by solving some key elements lacking as IP, financing, project team etc).

Unemployed staff (innovator, inventor) and industrial customers (SMEs) can enter the process at any of the above mentioned steps. Mentoring at all levels takes place by the Innopark centre managers as well as professors from the Universities of Applied Sciences. During 2004 and 2005 approx. 300 unemployed staff used the process. Average duration in the process is 3 months; reintegration chances into full employment are above 50%.

In Spain, Barcelona Activa is implementing **Put an MBA in your company** which helps young MBA graduates find a job and SMEs develop by placing MBAs in a company for 6 months.

In Scotland, Scottish Enterprises have as well their own staff boosting programme which is mainly divided into 3 categories:

- **International Business Manager for Hire:** Place a highly qualified business professional with extensive international expertise and technical skills.
- **International Graduate Placement:** Place appropriately qualified university and higher education graduates with companies to address a wide variety of international business opportunities.
- **Scottish Networks International:** links high calibre, overseas-based, business people who have studied at postgraduate level with appropriate companies.

In Ireland, Trinity College Dublin implements **MBA Workout**. In this program, they use an MBA Class to form teams of business experts to provide acceleration to partially developed Knowledge-based Projects held either or both in TCD Enterprise Centre, and in Guinness Enterprise Centre. Process has already run three times, started again on January 2006 and is ready for international trials.

### **Success stories and testimonials**

CICOM Organisation's CEO Alain André said that "**the technology park primes richness is its human potential**".

Proudly, Marc Daunis, mayor of Valbonne Sophia Antipolis and vice president of the “Communauté d’Agglomération Sophia Antipolis” said **“the experiment is a real success”**.

Alix de Bressy, now under permanent contract with CICOM Organisation illustrates that this good practice is beneficial for both the employee and the enterprise. She was directed to CICOM Organisation for her internship with the second experiment of “Sophia s’ouvre aux projets” in February 2005 and hired in September 2005 as consultant.

In fact, the Sentegra success story illustrates the complementarities between the current Euro Office initiative and the Waking-up sleeping projects.

Jon Shore, American founder of **Sentegra** a secure wireless transaction system start-up based in Germany, first visited Sophia-Antipolis & the Antipolis Innovation Campus (AIC) on March 31st 2005, in the frame of Euro-Office.

After just 1 month, Sentegra was setting up in Sophia-Antipolis to develop its market in France. Being on his own in the Sophia-Antipolis office and not having the financial resources to recruit staff straight away, Jon Shore was very interested in the Waking-Up Sleeping Projects initiated by CICOM. Sentegra hired 3 unemployed executives to work in the company for 6 months in the framework of the project. This was very beneficial for the company as at the end of the 6 month placement, Sentegra hired the 3 executives on long-term contracts and was able to hire 6 more persons. To date, Waking up Sleeping Project resulted in the creation of 9 jobs for one only start-up. It allowed Sentegra to develop its business enough to have the right impulsion to create nine jobs, which indeed boosted the development of their ticket less applications for art and sports events worldwide.

Finally, to raise capital, Jon Shore met several Venture Capitalists and Business Angels thanks to the best practice Early Stage Financing and CICOM’s networking.

“Here in Sophia we have an infrastructure second to none and a business network that most regions only dream about. Here we are supported. It has been so easy to connect to the extraordinary network here thanks to the help of the great people at CICOM & the AIC. Here at the AIC I have not had to deal with slow utility companies and slow government agencies. All of that is taken care of for us. Here in Sophia I can function comfortably in the English language until I learn French. Here we are nurtured and our company is already well on its way to being successful in just a few weeks.” commented Jon Shore during the Stimulating Innovative Entrepreneurship conference held in Sophia-Antipolis on May 30-31 2005.

Mid November, the HIGHEST good practices were presented to the Committee of Regions by Astrid Severin and Reihnard Büsher, head of unit, EC DG Enterprise and Industry.

### **What’s next ?**

As the author concluded his HIGHEST presentation at the PAXIS workshop in Edinburgh last fall: “Most of the good practices identified within PAXIS would continue being implemented for serving the innovative firms we are assisting on a day to day basis”. A financial and recognition push from the European Commission is more than welcome for speeding up these processes, allowing a faster internationalization of small innovative European firms”. Time is money more than ever in the global economy.

In fact, the Waking-up sleeping projects, together with its comparable approaches is part of the EurOffice Services project to be deployed with major European partners and piloted in leading Incubators, Business & Innovations Centres and Science and Technology Parks, worldwide. The resulting Staff boosting services will include the best of each individual good practice and will be made available as a transferable service to interested enterprises via their local accompaniment organisation. In each region, the service will be developed in the best Public Private Partnership

manner, including employment partners, local and regional institutions and municipalities. The stakeholders include all the economic development players and particularly the innovation actors of modern economy like business incubators, science parks, clusters, start-ups, SMEs, large companies, clubs and foundations.

In every case, innovation lies in the capacity of adapting itself to changes while offering alternatives solutions to people: law status, salary and social charges payment forms, and mechanisms linking all actors: companies/employment agency/training centres.

#### **Benefits:**

- Decrease in the number of unemployed people due to their return to employment
- Improvement of the level of competences in the partner's territories to implement innovative return to employment programmes.
- Creation of tools and opportunities for change
- Better knowledge of the job creation opportunities when there is a true cooperation work and an adaptation of the regulations and other lawful frameworks.
- Maintenance of the existing jobs
- Creation of new companies
- Innovation of the orientation tools for unemployed people
- More effectiveness in the trainings provided through cooperative placements
- Increase in the exchanges amongst EU countries and organisations
- Possibilities to sustain and integrate the experimented innovation practices in European programs.

#### **Conclusion**

Based upon the tangible results of Waking-up sleeping projects in Sophia Antipolis, and the comparison with similar approaches, a set of Staff boosting services is being developed within the new EurOffice project. In the mean time, efficient practices are being deployed in several places in Europe and have shown their efficiency in terms of job creation and territory attractiveness. Based upon adequate Public Private Partnership and appropriate localisation, these practices are ready for worldwide transfer.

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# SOPHIA ANTIPOLIS and the "WAKING UP SLEEPING PROJECTS" PROGRAM



## Positioning of the project

