

10 steps to an efficient innovation ecosystem

Innovation is key to a country's competitiveness. In Spain, innovation is increasingly supported, but one key problem remains: converting research into profitable products and services.

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Spain has increased its investment in structures to support innovation. Almost every region of the country has tried to create its own Silicon Valley.

Yet, the reality is that many of its initiatives are inefficient and unprofitable. A fundamental flaw: innovative research is not making it to the market as commercial products or services. The problem stems largely from a lack of understanding about what a good innovation ecosystem is and how to develop it.

[A report](#) on Spain's innovation ecosystem looks to the year 2033, when innovation should help drive the country's competitiveness. Led by professor [Julia Prats](#) and Josemaria Siota of IESE's [Entrepreneurship and Innovation Center](#), in collaboration with PricewaterhouseCoopers, this study finds that there are still too many bottlenecks in Spain at the level of its institutions, human capital, business network and market.

These bottlenecks stifle the effectiveness of Spain's innovation ecosystem and jeopardize the country's competitiveness looking out to the next two decades. If Spain is to compete in the innovation arena, it needs to start thinking of some effective measures to correct this problem. "Although we do some things well, our innovation ecosystem is incomplete and, furthermore, it has been experiencing a significant deteriorating trend," the authors caution.

Main weaknesses include the lack of a systemic view of innovation; the geographical

dispersion of stakeholders and resources; the lack of coordination and synergies; the duplication of efforts; and the inefficient use of resources.

10 tips for improvement

The report examines the world's best innovation ecosystems, which share certain strengths adding up to the main pillars needed to sustain innovation in a virtuous circle.

Working from this, the report goes on to outline 10 recommendations for improving Spain's situation, taking into account salient economic and social trends — such as its dwindling public funding, aging population and changing consumer behavior. The recommendations are:

1. **Reshape the government's role.** Spain needs to be better at defining what the public sector needs to do, with whom, and how. Are subsidy policies the best choice?
2. **Focus on priority areas.** Education is key, since innovation can only be sustained by a well-trained population. With a long-term (20-year) plan, home in on three or four main challenges. Misalignments in the market system should also be identified.
3. **Establish a flexible legal framework** in line with those of other European countries. This involves facilitating the recruitment of foreign professionals, simplifying the patent system, improving the fiscal context for investors and reducing bureaucracy.
4. **Leverage and monetize research infrastructures.** Spain has a substantial network of innovation centers, but they are not cost effective. It is vital to implement new ways of measuring results to decide whether or not a project should continue. Other priorities should be objective-based remuneration and specialization, and greater coordination between universities, centers and departments to avoid duplication of efforts.
5. **Take advantage of available local capital and attract outside investments.** This requires fiscal incentives to invest in technology, new business models, new sources of financing and more.
6. **Improve transfer mechanisms to create demand and/or conform to it.** Good science is not the problem. Rather, government programs aimed at acquiring technologically advanced products (innovative procurement) do not work very well, since the selection criteria are not always in line with the market. Governments should act as catalysts to bring research to the market more quickly.

7. **Adapt university curricula to the real needs of business.** Spain needs dual educational models and those oriented toward entrepreneurship in order to develop the talent it needs. Continuing education for lifelong learning also needs to be promoted.
8. **Have fewer, more specialized clusters.** In recent years, there has been a significant quantitative increase with regard to clusters. But a qualitative change is needed: they should be fewer in number, with intensive knowledge, specializing in innovative sectors and capable of feeding back into each other.
9. **Improve innovation management.** Most Spanish businesses are SMEs with informal structures and small R&D budgets. The R&D and innovation (RDI) chain should be professionalized, with mandatory training on all levels of the companies. Also, look for opportunities to learn across industries and foster collaborations between large and small companies, focusing on high potential projects.
10. **Capitalize on aging.** It would be advisable to involve older, more experienced professionals in the entrepreneurial process. In Silicon Valley, the highest growth in entrepreneurship is taking place among 55- to 64-year-olds.

Competing with the world's most developed economies requires attracting the best talent. Spain is well positioned to do that, but the driver must be innovation.

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