



Feasibility Study on SME Internationalisation

A report by

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Berlin, 6 April 2014

Cross Innovation is funded by the EU's European Regional Development fund through the INTERREG IVC programme.



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Executive Summary

Based on the empirical analysis we propose the following site-specific sectors being best for internationalisation:

Type	Project City	CCI Sectors for internationalisation	...matching with the following sectors...
Place-based approaches			
	Lisbon	Architecture, Fashion	Construction, Heritage, Tourism
	Tallinn	Software/Games Industry, Fashion	ICT, Knowledge Industries
	Rome	Design, Fashion, Architecture	Manufacturing, ICT, Software, Tourism, Heritage
	Vilnius	Furniture, Textile, Architecture	Retail, Food
	Pilsen	Design, Furniture	Machinery tools production, engineering supply
New coalition approach			
	Birmingham	Digital, Software/Games Industry, Jewellery, Design	Health, Manufacturing, GLAM (=Galleries, Libraries, Art and Museum)
	Berlin	Fashion, Design, Software/Games Industry, Art, Music, Film	Health, ICT, Tourism
Manufacturing and Industry driven approaches			
	Amsterdam	Software/Games Industries, Architecture,	Knowledge industries, tourism, service industries, logistics
	Linz	Design, Art, Media	Energy sector, manufacturing, automotive, chemical industry
	Stockholm	Architecture, fashion, Design	Knowledge industries, service industries, logistics, Biotech, sustainability, ICT
	Warsaw	Art, Music, ICT-related Design	Knowledge industries, service industries, Nanotechnologies, Optoelectronics

Source: Own survey, 2013

Apart from selecting relevant sectors, we want to point out to taking into account the very nature of organising the **process of internationalisation**. Saying this, existing social relations between specialized local and foreign stakeholders that already broker products and processes between geographically distanced markets, have to be detected and **benchmarked** prior to developing the masterplan for internationalisation per se.

This is particularly relevant when looking at already existing fields of cultural-economic competencies in the cities. An important resource when cities ask themselves who they can work with and address in the process of internationalisation. From this perspective, ethnic entrepreneurs are generally considered as very relevant switching points between external and local social networks and their markets. The ability of ethnic entrepreneurs to “know how” and to know “whom to speak to” in foreign markets is a highly relevant USP that cities in particular can benefit from. With diverse neighbourhoods and economies, they can develop multiple channels and niches compared to less diverse clusters or strategic programmes designed on national policy levels.

Furthermore, **profound market analysis** is crucial in order to not only detect appropriate sectors, but also taking into account the additional conditions (tax, regulation, costs etc.) when arriving on international markets and being confronted to sustain (potentially) non-experienced framework conditions.

Collaborative activities (fairs, contact hubs, competitions, pitching events etc.) are especially relevant for SMEs, because of their limited financial and strategic resources. In addition to “**collaborative activities**”, it becomes more and more relevant not only to send selected CCI entrepreneurs collectively abroad but also to create **return-relevant networks for external CCI entrepreneurs** that might be stimulated to engage their activities in their home region.

1. Objectives and methodology of the feasibility report

1.1. Task, objectives and aims

The task of the Cross Innovation feasibility report on internationalisation is to assist the partner cities in the Cross Innovation INTERREG IVC project to identify sectors and small and medium sized enterprises (SMEs) that are ready and able to work across city, country and sector boundaries (“internationalisation”).

When it comes to trans-regional or trans-European approaches on a global international scale there is rather little knowledge of how to match SMEs not only across sectors, but also across Europe in a transnational context. Companies need to be able to resource, research and explore opportunities in wider transnational networks and interdisciplinary opportunities. Tools and practices are needed to make a “soft landing” possible for companies that want to internationalise and access new markets and sectors.

The Cross Innovation project has developed a strong expertise in this emerging area. The following feasibility report will build on this know-how and highlight the key factors and frameworks for the internationalisation exercise the project is undertaking in the current Semester..

The research team has undertaken a series of interviews with policy makers and brokers in each of the partner cities to develop an understanding of the approaches cities and regions follow when addressing internationalisation. The interviews followed a qualitative approach and were structured along a number of lead questions addressing three main areas of discussion:

1. The status quo of cross innovation sectors and internationalisation - *Who*
2. Sector approaches for CCI and growth sectors - *How*

3. Resources for internationalisation - *What*

The task was to investigate and address both the two challenges of

- internationalisation and
- cross innovation

As the project is catalysing and piloting activities in this emerging area it was also key to be alert to unexpected spillovers and side effects throughout the process.

In doing so, the central objective of the following feasibility report is to assist the partner cities in the Cross Innovation project to identify sectors and SMEs that are ready and able to work across city, country (“internationalisation”) and potentially sector boundaries (“cross innovation”).

Internationalisation is particularly relevant for creative SMEs. They often can’t maintain their own research and development departments. This makes “knowledge sourcing” important (NESTA 2010) <http://www.nesta.org.uk>). Companies often need to look elsewhere to find new ideas and expertise. At the same time they face a gap when it comes to entering or sustaining relationships on international platforms. Companies need to be able to resource, research and explore opportunities in wider transnational networks. This is also true for policy makers and brokers in the cities. Tools and practices are needed to make a “soft landing” possible for companies that want to internationalise and access new markets. Knowing how to best connect with partners and businesses in other cities and regions is key to do this. And the Cross Innovation project goes even further. It seeks to internationalise Cross Innovation. The project is connecting companies from the creative sector as well as other growth sectors and helps them to work transnationally.

The following feasibility report therefore aims at highlighting cross innovation policies and practices to support this process. It will provide guidance on the selection process of SMEs

who will establish new, cross-boundary relationships, linking the creative sector with other growth sectors. Cross Innovation and cross innovation policies are a relatively new topic. The Cross Innovation project has developed a strong expertise in this emerging area. The following feasibility report builds on this know-how. It will identify trends to inform and help the project develop 44 new relationships amongst the participating firms.

1.2. Methodology of the report

With the following feasibility report we have taken into account the framework conditions for the internationalisation phase of the project phase in 2013/14. We have paid attention to the following aspects how the cities in their work support the internationalisation phase with cross innovation companies and sectors:

- Identify trends and drivers
- Describe context factors that have a great impact on various best practices
- Identify tools and processes
- Formulate adequate recommendations that are in line with recent efforts (e.g. the Capitalisation Process within INTERREG IVC) to better make use of Creative Industries related spillover effects as well as new innovation practices that are aiming at providing new jobs and economic growth.

On the basis of this, we have taken into account the subsequent thematic fields:

- In order to allow more innovation processes, policies should be based on existing mapping and major challenges.
- The relevance of new forms of innovation is recognized from many CCI policy makers, but not yet implemented and fully developed.
- New Cross Innovations are able to create more innovation inside CCI SMEs.
- New Cross Innovations are able to create new business models with further potential e.g. crossing the design energy sectors, or others.

- Open Cross Innovation is an innovative methodology and a tool for urban / regional policy making
- Open Cross Innovation is key to encourage internationalisation amongst diverse industries and communities.

We approach this thematic field in the intersection between policy and practice and develop a user and content driven perspective for the internationalisation phase. Cross innovation itself and open innovation policy processes are a fairly new area for INTERREG IVC, regional authorities and other administrative bodies. Therefore we aim to create an open field for ideas and trends. As the project is catalysing and piloting an internationalisation process with SMEs in the field of cross innovation, it is key to be alert to unexpected spillovers and side effects throughout the process. Policy development between policy and practice provides an ideal test bed to observe hidden aspects of policy making too. With open innovation formats in mind we will focus on a) the skills lying within the companies and people involved and b) the ecosystems they work in as context and environment where new ideas can happen.

2. Context of the feasibility report: New innovation policies within INTERREG IVC CCI development

Cross Innovation is an INTERREG IVC funded project running from 2012 to 2014. It aims to identify, share and develop good practice for “cross innovation” policies. The theme “cross innovation” is closely related to the term “open innovation”. Both terms still are relatively new topics when it comes to policy making. This is especially so when it comes to trans-regional or trans-European approaches on a global international scale. There is rather little knowledge on how to match start-ups not only across sectors, but also across Europe.

The concepts of open and cross innovation are considered to create added value for policy making particularly in the CCIs but still difficult to be applied and realised in practice, especially on a trans-European scale. Building up open innovation and cross innovation processes needs careful analysis and preparation as well as a broad range of good practice examples. Target groups, sectors and different administrative traditions all need to be taken into account. Initiatives also need to develop trust between policy makers and practitioners when introducing new formats. Various kinds of intellectual property, strategies and modes of thinking have to be applied in appropriate ways.

In the European context a range of initiatives and projects aims to integrate more innovation tools and thinking into policy making. For example, the SEE platform seeks to present a series of case studies and tools to enhance the understanding of design for public sector innovation. It facilitates the integration of design thinking methods into mainstream practice (SEE 2013, <http://www.seeplatform.eu>).

The European Creative Industries Alliance (ECIA) as an initiative of DG Enterprise is also piloting a Cross Innovation “Stress Test” to identify and map regional opportunities in the field of cross innovation and spill-overs. Results of this exercise will be available later in 2014. (ECIA 2013 <http://www.howtogrow.eu/ecia/>)

Recent calls under the new Horizon 2020 programme also focus on new SME collaborations. “The scope is to stimulate the adoption and deployment of innovative ICT solutions by the creative industries SMEs. This can be achieved through collaboration with ICT providers and by accelerating and supporting the growth of European creative industries.” (Horizon 2020, <http://bit.ly/1cq1pD8>)

The recent attempt of the Joint Technical Secretariat (JTS) to filter future policy recommendations within the so-called “Capitalisation Process” is aiming at facilitating good practices to meet the expectations of future EU innovation agendas, such as Europe 2020. Furthermore, the EU-Green Paper on Creative Industries (2010) generally supports the idea that CCI policies should embrace cross-sectorial approaches in order to better develop the potential of CCI. Innovation methods and tools related to the topic “cross innovation” need to address different stakeholder groups. Methods have to be differentiated targeting policy makers and SMEs from both the creative and other growth sectors. Further attention should be dedicated to highlight innovation impact assessment, which relates to the general focus of evidence-based policy. The creation of spillovers might be out of the direct influence of CCI policy makers.

City policies might be able to create favourable open environments and concentrate on place-based policy, transfer platforms etc. to encourage the involvement of end users and citizens. The Cross Innovation project has developed a significant database over the last 1,5 years. A strong network of policy makers and practitioners has been formed. The partners all have identified cross innovation practices in their cities. Innovative formats like Policy Clinics (see www.cross-innovation.eu) have been tested. Policy Clinics have been developed as an interdisciplinary workshop format bringing together policy makers, broker, SMEs and academics to map and prototype policies for cross innovation in the cities. The project is now ready to take the next step and internationalise good practice examples and SMEs.

2.1. Challenges of internationalisation for CCI entrepreneurs and policy makers

For many entrepreneurs and companies, access to global and widely spread markets is a central necessity although difficult to establish. Evaluating where the most relevant markets are taking place is a key component in order to be successful as well as to carefully utilising the resources available. The same applies about “know how” to access markets and how to sustain these targeted markets. Very often, social networks are crucial and specific gatekeepers act as entry points and switch points in order to get to the relevant market insights. In the context of the socio-economic crisis in Southern and Eastern European countries this is particularly relevant. European CCI markets continue to remain unstable due to the lack of investment and the absence of sustained consumer demand.

On the other hand, global trade in creative products and services has developed significantly during the last 10 years. As UNACTED stated, “world trade in creative goods and services totalled a record US\$624 billion in 2011, up from \$559.5 billion in 2010, according to the UNCTAD Global Database on the Creative Economy“. This means that global creative goods exports doubled while creative services export tripled between 2002 and 2011 (see [www.http://unctad.org/](http://unctad.org/), retrieved Dec. 11 2013).

This impressive data displays the growing role of China as an increasing player especially in the Games industry – mainly consumer markets – and the art world – mainly exclusive high-end markets. Apart from mature markets such as Germany, UK, Sweden and others the most promising markets are either these markets or those markets, where the largest increase can be expected.

From the perspective of European policy making, the commission has answered to this situation in the framework of the EU funding programmes 2014-2020. There, the Commission has addressed internationalisation in various programmes. In doing so, the role of increasing SMEs exports has been placed prominently in the new EU Regional Policy. The same can be observed in the COSME programme as well as in the CREATIVE EUROPE funding mechanisms aiming at supporting SME and their export functions.

2.2. Difficulties and opportunities for CCI SMEs when going for international markets

From the perspective of CCI SMEs, it is especially the lack of financial resources and the multi-functional job duties of SME's every day business, that pose problems when going international. Furthermore, the size of CCI companies and the lack of free financial budget, the multilevel responsibilities within CCI SMEs very often leads to leaving the challenge of going international unstructured, occasional or unmet.

At the same time this can be seen as an asset and strength of SMEs. SMEs are agile and can move quickly to meet market demand and work in an open cross innovation way. New ideas can be prototyped short term and going international might be a question of an entrepreneur meeting another company in a café of the host's ecosystem. Supporting policies should keep this in mind when planning new ways of supporting SMEs in this process.

From the perspective of regional policymaking, the on-going heterogeneity and rather disperse lobbying of the CCI sector as such weakens joint activities to access international markets. Additional difficulties are unclear foreign market determinants such as language, legal differences and further social networks in these countries. This goes on with obstacles such as export restrictions for cultural goods and export of services, technical requirements, withdrawal of tax, Intellectual Property Rights, tax and VAT regulation rules as well as digital market restrictions.

On the strategic level, for decision makers, it is often unclear how the investment in "supporting internationalisation" can be justified and achieved in political terms when such an unclear and unforeseen, risky and open situation is considered as a relevant topic for "doing policies". Very often, the absence of evidence-based tools and methodologies (e. g. meaningful CCI export statistics on regional/local level, critical mass of CCI companies on local/regional level, impact measurements, evaluation etc.) will provoke sceptical attitudes toward stronger investments in internationalisation for SMEs in CCIs.

2.3. CCI advantages when going for international markets

From the point of view of CCI SMEs, there are a series of components to mention that highlight (at least) the potential of CCI SMEs for internationalization. Firstly, in all sectors, there is a key pattern of CCI SMEs to rely on active and mainly self-organized international social networks. On the basis of this, they can be used for building up further access for international markets. Furthermore, especially university and educational contexts are infiltrated by internationalisation and international relations than can be used as carriers for building up additional international networks.

A wider understanding of culture e.g. as pop culture, should remind us that the global distribution of symbols and signs, films and music is a strong global communicative trigger since decades and has thus prepared a global circulation of symbolic resources and concrete professional practices.

2.4. EU policies fostering (also) CCI internationalisation processes

There are a set of activities on the EU-Regional Policy level that (principally) support SMEs:

- EU-Regional Policy between 2014-2020 (ERDF) is enhancing the competitiveness of SMEs through developing and implementing new business models for SMEs, in particular for internationalisation
- The COSME programme (2014-2020) is helping small businesses operate outside their home countries and improve their access to markets. Thereby, they provide help for cross-border activities
- Creative Europe (2014-2020) fosters international networks to create professional opportunities and is aiming at supporting transnational circulation.

3. Results and findings

3.1. Summary of interviews and sectorial focal points for internationalisation framework

Individual cross-sector challenges

The city of **Lisbon** is a prominent example to highlight endogenous potential in order to develop a common urban basis for developing international networks. For Lisbon, the major challenges are to attract companies to their own city. This type of inward investment is mainly motivated due to the critical socio-economic situation the city and the country is facing in the midst of the national austerity policies.

Therefore, the city of Lisbon has started to rely on various urban amenities and has identified additional strengths within their territory. Key components such as urban heritage, knowledge production within their own city and region is considered a central basis on which to build relationships across Europe.

A rather different starting point can be observed in the case of **Linz**: The city builds on a well-established network (Creative Region Linz) with European partners in close cooperation with the regional clusters and internationalisation strategies (TMG, WKO). In addition the cross innovation project is considered as an opportunity to establish individual links with appropriate partners and brokers in the EU partner cities. In the fragmented field of CCI support measures and sector policies it is seen to be key to identifying where appropriate brokers and networks in partner cities are based. The aim is to strengthen cross sector collaborations and find ways to overcome competitive situations and find benefits for all.

The city of **Amsterdam** works with a variety of formats to foster international SME collaboration within the EU and also beyond, e.g. joint trade missions to access markets in the

US. One of the major challenges when it comes to innovation formats is how to connect CCI and non-CCI companies. Working culture, levels of formality, network patterns, time scales of projects, sizes of companies differ and need formats that address common challenges, skills and reasons to meet.

A similar view has been highlighted by **Tallinn**. Opportunities to meet companies from other sectors are needed to develop trust and identify mutual benefits for both CCI and companies from other growth sectors. It is important to build up evidence, map activities and research opportunities.

The internationalisation background for **Vilnius** is characterized by existing relations with markets in Eastern Europe and Russia, e.g. for food and media clusters. Western markets are seen as key though for CCI goods. The city works on the micro level to identify sectors, markets and channels to support CCI companies on the city level.

Although internationalisation strategies in Poland are more established a similar approach is true for the city of **Warsaw**. A variety of support measures and brokerage services for SMEs do exist on the national level. For Warsaw it is key though to find channels to connect the cities' CCI ecosystem to ecosystems in other European cities. Finding formal and informal networks and brokers (universities, cultural institutes) who can help connect SMEs bottom up and complement the corporate internationalisation framework is critical.

The Province of **Rome** also highlighted the policy framework it is operating in. The organization and planning of internationalisation support services for SMEs are usually managed by organisations and bodies at the national level. As a long-term regional strategy is missing the Province acts on the local level and helps young entrepreneurs to seek opportunities abroad (Porta Futuro). The Province has also built up a network of SMEs to promote creativity and innovation on the local level.

The Swedish market already works on various international levels with big corporates as well as creative SMEs. The economic power of the local economy makes it rather challenging for **Stockholm** to retain talent and attract innovative SMEs to settle in the city and

bring new ideas. E.g. the lack of affordable space and high cost of living are gaps to bridge to attract inward investment and support knowledge sourcing.

After the introduction of new local economic partnerships the regional policies in **Birmingham** are in a state of flux. This is a challenge and opportunity at the same time. It provokes and leaves space for entrepreneurs, universities and brokers to experiment and co-create tools and formats alongside established internationalisation strategies. E.g. With the ECCE innovation project Birmingham City University developed a creativity voucher to connect digital SMEs with SMEs in partner cities across Europe.

Pilsen also uses the current policy framework with the Capital of Culture 2015 process to approach the topic of internationalisation. The region features successful technology, manufacturing and CCI companies. Throughout the cross innovation internationalisation phase one of the main tasks for the brokers is to help companies identify their own innovation and internationalisation potential. Thinking outside the box, recognise USPs, e.g. technological expertise that can be used in other environments, sectors and markets is one of the starting points.

As one of the major destinations for international talent and creativity **Berlin** benefits from a highly vibrant and innovative ecosystem. At the same time outward facing strategies to access markets for distribution as well as opportunities for production are highly relevant. Cluster initiatives, EU networks and individual support measures to help CCI companies professionalise are therefore one of the important areas of work for the city.

General obstacles observed in the project participating city

While interviewing key CCI experts in each city, a few general obstacles have been identified that pose special problems for CCI stakeholders to develop internationalisation as such. Firstly, as mentioned earlier, the small sizes pose problems in order to fully manage the attempts when going international. Secondly, accessing international markets goes along with approaching a new cultural milieu with new languages and related cultural dif-

ferences that have to be managed. Thirdly, very often, the little financial resources of SMEs pose issues for mobility and for preparing the presentation of specific goods and services abroad.

Major and often broad funding streams for internationalisation support cannot address the situation in detail. They are designed to support companies when they are internationalisation ready and a project fits a set of funding criteria. The interviews showed that many SMEs in the relatively new field of cross innovation face issues prior to funding applications and mobility issues.

The cities mentioned that they often support companies in the phase of becoming internationalisation ready. One task is to help entrepreneurs understand their offer for international markets and companies. In terms of cross innovation this often isn't clear as such and needs to be tested in a foreign environment. Often the benefit of internationalisation activities isn't clear and needs to be explored. Both in terms of cross innovation and internationalisation for entrepreneurs the ability to be open-minded and suspend judgment are important and essential skills.

Therefore a process to harness skills and organise these pre-conditions for both internationalisation as well as cross innovation activities need to be addressed on the micro level. Materials, techniques and processes to encourage and trigger the potential of entrepreneurs are often more important than clear business ideas when going abroad for knowledge sourcing.

3.2. Screening and grouping of detected international oriented Cross Innovation practices

Based on the specific regional-economic circumstances, the different institutional settings as well as different levels of market maturity, the observed strategies to develop cross-innovation practices will be grouped along the three different thematic sets of activities:

Type 1: Place-based approaches: Lisbon – Tallinn – Rome – Vilnius – Pilsen

In this group we have covered cities with strategies, which are aiming to a large extent to develop place-based strategies to attract international resource within their field of work. On the basis of place-based resources, aspects such as quality of living, urban heritage, access to educational and university training courses are aiming at inviting foreign resources, such as students, training and Master's courses. In addition to that, existing historical ties are (re-)activated for the purpose of strengthening local ties and local production spheres. The lack of strong institutional and financial resources, as well as the rather recent attempts to approach external international strategies to improve local-regional innovation strategies, makes it difficult for some cities (due to the size of people in charge for developing international strategies as well as difficult economic circumstances) to have a clear and detectable "outward" oriented strategy to access international markets.

Sectors that prominently feature in this context and are most likely to thrive in an institutional environment aiming at place based approaches, the attraction of international talent and activities on the ground supporting start-ups and SMEs are e.g. heritage, architecture, crafts, (product) design, tourism, co-working or cultural and art and music festivals.

In terms of cross innovation sub themes finance measures, such as crowd-funding models, informal brokerage tools as well as culture-based innovation are likely to appear and develop networks and cross innovation support measures on the ground supporting individual entrepreneurs and small businesses. Space is also an important topic for support providing these entrepreneurs and businesses access to affordable spaces to operate and run their businesses.

Type 2: Manufacturing and Industry driven approaches: Amsterdam – Linz – Stockholm – Warsaw

A second type of approach can be detected in the sample of the project cities - those cities that already have very strong regional economic services, knowledge-based industries and

manufacturing industries. They are already working in successful competitive dimensions, are using their international sectorial networks and individually organised bodies. They are seeking to promote international-oriented processes even further and engage creative industries oriented sectors and companies. These activities are, in the main, substantially financed.

Within this group there are two strategies to be observed regarding the promotion of creative industries related agents and entrepreneurs. On the one hand, as we see it in the case of Amsterdam, new matching on the international level (e.g. in the games industries) mainly operate in personal trajectories and individual based social ties. Trust and former network experience pave the way to access international markets, fairs, contact points etc. On the basis of these trust-based relations, further activities can be channelled and developed in order to invite mavericks, outsiders and new companies to get ground in new international market structures. In this case, a significant distance to “formal economic administration” play a significant role and mainly market players take over the lead and function as a mediator between international market places and stakeholders.

On the other hand, especially knowledge-based manufacturing industries have, on the basis of economic prosperity, worked toward building up institutional platforms that function as a hub to access international markets, agents and companies abroad. Professional elites that stem from the knowledge-based manufacturing industries work solely to promote sectors and regional cluster abroad. Standardised and approved formats, presentations and marketing features are chosen in order to promote the specific regional assets outside the country, either in Europe, Asia or North American markets. Relatively transparent as well as highly professional activities, guarantee the constant and stable promotion of local-regional assets abroad.

These two strategies function on the basis of strong local-regional economic levels that provide the necessity as well as the financial resources to work toward internationalisation. While personal oriented approaches are likely to access the top hot shots in specific

markets and strands of development, the more institutional based approaches guarantees to a large extent the visibility abroad as well as in the region that is aiming at developing stronger international market standing.

In these cities and regions local clusters and high-tech sectors according to the regional strengths and specialisms drive internationalisation. Often these are well-established “traditional” sectors such as, in the case of Linz e.g. automotive, health, mechatronics, wood industry etc.

The cross innovation sub themes “brokerage” and “finance” play a significant role. When looking at CCI and cross innovation support measures new matchmaking formats are being tested on the international level. Brokers and sector champions from outside the institutional frameworks support outward oriented trade missions. Cluster managers investigate new formats of vouchers, event formats and incentives for companies to collaborate.

Type 3: New coalition approach: Birmingham – Berlin

A third type of approach could be detected. These observed strategies are aiming at building new coalitions among different stakeholders in order to develop institutional frames that are then able to work for internationalisation. Mainly cities in substantial transition phases have opted for building up cross-sectorial alliances in order to strengthen the institutional basis from where they can then access international platforms, markets and new interfaces.

These new coalitions pose enormous opportunities because they are positioned at the fringe between formal and informal stakeholder networks. Thereby, they allow the mutual exchange among new and established agents and market members. This means quicker accessibility of relevant market platforms and closer networking with decision-makers.

In Berlin for example thematic coalitions from various cultural scenes have worked towards building new coalitions in order to decide among local members where and how to best access places abroad. In Birmingham local institutions such as universities, creative

SMEs and EU project initiatives form new network coalitions and broker relationships with international markets. They co-create projects and events that work bottom-up and provide internationalisation support on the micro level that helps SMEs understand their international potential on a low entry level. In this way multiple network members become brokers, link up partners and form new models of collaboration.

These new coalitions feature sectors that are highly able to operate across sectors and offer skills and processes to explore and animate this environment. Digital and design industries are currently on the forefront of these developments. At the same time cluster strategies for more established sectors such as health or manufacturing are searching for ways to improve their offer for highly specialised international markets and seek to innovate via new collaborations.

The background of urban transition makes the themes space and brokerage important focal points in terms of cross innovation policies. These cities and regions are able to provide affordable (transition) space to experiment with new types of innovation spaces and labs. New ways and models to access finance for these cross collaborations are also key.

4. Recommendations

4.1. Recommendations regarding process

Personal ties

Processes of internationalisation do not work solely within the routinised paths and trajectories of formalised customer-client-relations. Very often, accesses to international markets and relevant entry points depend to a large extent on new personal ties and thematic coalitions that are already in place, in order to follow the right market opportunities and not disappear into long market analysis and research oblivion. These personalised trajectories guarantee to a certain extent acceptance and credibility when entering new market terrains.

Specialised niches as key entry moments into new markets

Apart from personalised ties between sectors and markets, it becomes more and more important to have highly specialised products and services that open the way into new market spheres. Therefore, from the perspective of specialised niche products and services, it is of major importance to provide and organise a strong marketing frame around the newly formed products and services in order to guarantee (as best as it can be possible) a coherent communicative frame around these products and their added value.

Using existing local and regional resources when developing international strategies

Internationalisation strategies depend to a large extent on a spatially balanced approach: on the one hand, processes of internationalisation depend more and more on its factual embedding into local social as well as local production contexts. On the other hand, targeted international embedding contexts need to be relationally connected to its origin. If

not, no mutual feedback into both ways is likely to take place, weakening the strategy as such.

Innovation Teams

The Cross Innovation internationalisation exercise is challenging in two ways. Not only the internationalisation work but also the work in diverse teams including SMEs from the creative sectors as well as from other growth sectors makes it not easy to navigate. The task to work in diverse teams from different sectors and countries is already complex and requires strong personal and communication skills. It is therefore important to look for similarities in working types, styles and preferences. Partnering up likeminded people helps bridge the interdisciplinary gap and makes it easier to collaborate when already industry and national backgrounds are different.

Tools and Processes

The cities in the project besides the common internationalisation frameworks (trade missions, mobility vouchers, export and inward investment support etc.) also have a wide range of informal formats to offer too. These particularly focus on SMEs and facilitate pitching and workshop opportunities. Examples like Demo Days in Amsterdam <http://www.startupbootcamp.org>, Garage48 <http://www.garage48.org/> in Tallinn or Porta Futuro <https://www.portafuturo.it/> in Rome are local initiatives working with businesses in the respective cities that also embrace transnational working on an informal level and as an additional source for cross innovation and SMEs. Informal ways of supporting internationalisation can be detected in all of the three city types and approaches to internationalisation. Moments of crisis and fewer resources tend to encourage cities to look into more unconventional tools and ways though.

Preferable sector selection of SMEs in the internationalisation processes

Based on the screening of the INTERREG IVC projects and subsequent expert interviews, the following suggestions for selecting a sector that is likely to have a positive response for the internationalisation phase, is illustrated: :

Type	Project City	CCI Sectors for internationalisation	...matching with the following sectors...
Place-based approaches			
	Lisbon	Architecture, Fashion	Construction, Heritage, Tourism
	Tallinn	Software/Games Industry, Fashion	
	Rome	Design, Fashion, Architecture	Manufacturing, ICT, Software, Tourism, Heritage
	Vilnius	Furniture, Textile, Architecture	Retail, Food
	Pilsen	Design, Furniture	Machinery tools production, engineering supply
New coalition approach			
	Birmingham	Digital, Software/Games Industry, Jewellery, Design	Health, Manufacturing, GLAM (=Galleries, Libraries, Art and Museum)
	Berlin	Fashion, Design, Software/Games Industry, Art, Music, Film	Health, ICT, Tourism
Manufacturing and Industry driven approaches			
	Amsterdam	Software/Games Industries, Architecture,	Knowledge industries, tourism, service industries, logistics
	Linz	Design, Art, Media	Energy sector, manufacturing, automotive, chemical industry
	Stockholm	Architecture, fashion, Design	Knowledge industries, service industries, logistics, Biotech, sustainability, ICT
	Warsaw	Art, Music, ICT-related Design	Knowledge industries, service industries, Nanotechnologies, Optoelectronics

Source: Own survey, 2013

4.2. Global geographical direction, opportunities and topics for internationalisation beyond EU boundaries

Potential markets in transition countries in Asia, Africa and South America

Considering growing markets in transition countries as potential platforms to either distribute symbolic goods and services, cultural consumptions is triggered to a large extent by ICT and different smart applications. On the contrary, highly specialized niche products in segments such as ecological clothes, furniture, manual health services and specialised nutrition products demonstrate new opportunities apart from the offers of dominant global corporate companies.

Sustainable consumption will become a growing topic (e. g. also due to legal frameworks, growing societal awareness as well as uneven global distribution of resources). Roughly speaking, ecological sensitive products and fair-traded creative goods and services can be considered as one opportunity for additional global cooperation beyond Europe. By using web-based selling platforms such as Etsy, Dawanda and others, specialised niche products can be enabled to reach a wide range of potential clients worldwide.

Saying this, new horizontal value chains demonstrate (by avoiding corporate dominance) new monetary income and labour opportunities in emerging “flat” B2C-market networks. Thereby, digital technology (e.g. presentation and distribution platforms) can trigger new sales opportunities based on new modes of cross-collaboration. Due to the fact that unique and single creative goods and aesthetic products can be sold in small quantities via various online platforms to potential consumers worldwide, smart specialisation in the true sense of the term is a central opportunity for small entrepreneurs. Generally speaking, digital devices allow new market entries to reduce cost, making it possible that single entrepreneurs with rather little resources can access foreign markets.

Taking this process a step further, one could imagine to closer take into account various ethnic communities and ethnic entrepreneurs when building new networks and open up

market conditions. The ability of ethnic entrepreneurs to “know how” and to know “whom to speak to” (to know what is e.g. aesthetically expected in foreign markets) could allow new exchanges and economic benefits for both parties, non-European as well as European based economic partners.

Nevertheless, the process of going international is often hindered by strict EU funding programmes that are geographically bound and are only rarely available for joint European and non-European partners. Apart from formalised cooperation programmes, that foster internationalisation, especially the wide use of social media and digital signs, symbols, and images in general as a mode of global communication and identity building can be taken into closer account in order to make use of the added value of culture and the creative industries for regional growth and social cohesion.

4.3. Recommendations regarding policies

Apart from recommendations for market related agents, the following recommendations are dedicated to building up policy support and to engage policy makers in this process: Generally speaking, various strategies to stimulate new forms to access new markets have to be highly specialised due to the particularities of the thematic fields, their product-specific logics and practices. On the back of considered market observation, the process of internationalisation for small and micro CCI companies might therefore mean to rely much more on existing and on-going capacities within already existing thematic networks between Europe and the rest of the world.

Relying on existing social ties between market stakeholders within prepared sectoral fields (trade, import-export etc.) many social pipelines are already prepared and represent existing “channels” that might be taken into account when going international. Instead of preparing finically large-scale and risky endeavours when designing internationalisation programmes in unforeseen conditions, this is an alternative approach. Saying this, interna-

tionalisation might be better triggered by integrating those local stakeholders, which have a relatively profound expertise in trans-regional markets.

Another attempt would take into account the grouping of especially small CCI enterprises from a region, brand it (e.g. “new designers from Tallinn”) and organise joint market presentations and venues abroad. This type of grouping enterprises under a thematic topic has positive side effects, fostering internal communication and raising awareness within a city or region. Shared practices and joint activities provide added value in order to realise economies of scale (e. g. regarding the cost for accessing fairs) as well as increasing more visibility abroad. Cross-sectorial cooperation (within and beyond creative industries) has – as the case of Amsterdam demonstrates – always been of mutual benefit for local as well as for foreign parties.

This is also a general statement for honouring existing trans-regional market relations and for taking these self-organised forms of social networks closer into account from the side of policy makers. Capitalising on these existing forms is a central basis, also from the point of view of ethnic creative entrepreneurs, to develop further support programmes and coaching maintenance from the point of view of existing approaches within and across the sectors. Furthermore, cities, municipalities and regions have their unique local cultures as a strong asset to work with in this area whilst internationalisation strategies are often designed elsewhere on the national level outside their area of competences.

In terms of policy and support measures cities can benefit from their structures and density. The urban environment and proximity of clusters makes them highly able to organise effective “soft landing” support. The proximity of living and working environments as well as various existing networks, infrastructure and mobility make it possible to provide support for incoming SMEs using relatively few resources. This is also true in terms of cross innovation as cities are the home of many different sectors in a relatively close distance. They are therefore easy to access test beds for incoming entrepreneurs.

In order to build up trust among policy makers, CCI stakeholders should also focus on finding and developing appropriate benchmarking criteria (either projects or indicators) in order to demonstrate the relevance of the added value of cross-sectorial cooperation policies in CCI internationalisation.

5. Appendix

5.1. Interviewees

Amsterdam	Mike Shulmeister
Berlin	Nadine Barthel, Stefanie Zenk
Birmingham	Alexa Torlo
Stockholm	Monika Slama
Warsaw	Malgorzata Dabkowska, Michal Dzialeclatko
Lisbon	Jorge Manuel Vaz Vieira, Susy Silva
Tallinn	Jaanus Vahesalu
Pilsen	Michaela Mixova, Pavla Bruskova
Linz	Lucia Seel
Vilnius	Rasius Makselis
Rome	Federico Chierogo