Employers' Group Event on the Conference on the Future of Europe (CoFoE)

Setting out a New Vision for the Future of Europe

10 December 2021 | 9.30-13.00

Follow online and in EESC JDE62

European Economic
and Social Committee
Employers' Group

Speech by Daria Tataj

Founder & CEO Tataj Innovation
Board Member EIT Manufacturing
10/12/2021

Europe, European institutions and European employers face a unique, historic opportunity to utilise the current crisis triggered by the pandemic to "build forward better" and to address the greatest challenges humanity has ever faced – the climate change and biodiversity collapse. This is the key point of an upcoming policy briefing on Industry 5.0 and a transformative vision for Europe published by the ESIR group to the European Commission. As high-policy experts we have developed a narrative how governments and companies should react to the crisis and how transformative science and innovation policy could help reorient and accelerate the recovery and the transition to the climate neutral continent by 2050.

This narrative we have been advocating sounds clear: "Protect, prepare and transform". We deconstructed these triple approach publishing expert advice on global value chains, innovation ecosystems and the future of European universities. All combine the power of tech and especially of digital tech and science to embrace the twin transition: the digital transformation and the transformation required by the European Green Deal. This value proposition is based on European values of solidarity and prosperity. The three steps - "Protect, prepare and transform" - take care of caring for the most vulnerable, of preparing the society for the future shocks and foremost of transforming the system towards an inclusive and green growth.

I believe that hardly anyone would disagree that these are the right steps and the right direction of change. So what is the problem? Why are we struggling? If we know where we want to be, why don't we just get there together?

There are two key challenges I see them from my perspective of a researcher who is also embedded in making things happen as an entrepreneur (building a digital company in learning and education), a policy advisor and architect of key innovation institutions such as the EIT and the EIC, and also as a board member of the EIT Manufacturing, the largest industrial consortium in Europe.

The challenge number 1 is related to the omnipresent word "ecosystem" used in the context of innovation, innovation-led growth, business strategies and competitiveness. The challenge number 2 is about the scarcity of "network intelligence" - a term I use to analyse the power of transforming open systems such as the human - social - technology system around us.

Let me comment on these two challenges referring to my book "Innovation and Entrepreneurship. A Growth Model for Europe Beyond the Crisis". In this book a present a replicable model for mass-innovation based on the structure and logic of networks. The metaphor of a network is a universal model used to explain the social events such as spread of fake news and its influence on political elections, of public health where each of us has become an expert looking at the spread of Covid, and the accumulation of wealth of firms that use technology platforms and network-based business models (see for example social media platforms, ride hailing apps or labor platforms for that matter connecting contract workers with jobs).

It is based on empirical research on Europe, China and the US. It shows that firms are born and thrive in entrepreneurial innovation ecosystems - also referred to as innovation milieu or hubs - which spring from a combination of factors. These factors include co-location of industry, universities, research labs which on the one hand have a local, physical, tangible presence and on the other hand are connected globally across digital spaces and data flows. While the model is simple it captures a complex dynamics of the forces which transform the innovation ecosystems. It states that in every high-performance innovation ecosystem, there are 4 typical sub-systems working in silos: industry, universities, research and entrepreneurship. For a company to grow, it must be connected to and across all these subsystems.

If a company have this capacity to connect across the system networking capacity of working across the silos, of overcoming the fragmentation of an ecosystem both locally where the physical dimension matters especially for the flow of tacit knowledge and globally, across the digital ecosystems. In a nutshell, if a company is tightly knit-locally across other silos it has a competitive advantage of access to talent, knowledge and entrepreneurial opportunities. If a company is also loosely-coupled globally, it exponentially multiplies these resources.

This logic discloses that a firm, a partnership, a network which create value for its stakeholders and accumulate wealth are generally the result of the creation of a tacit collaborative, tightly-knit locally and loosely-coupled globally environment in which diverse players share resources either as a structured process of open innovation strategy or informal mentoring and networking activities so present in high growth startup ecosystems. This capacity to bring together, connect and build social networks of diverse actors of innovation creates different types of relatedness between them and this relatedness creates a social structure enabling a cultural transformation which underpins the economic revival and reinvention.

Let me then move to the second challenge - the scarcity of this networking capacity or the network intelligence which I define and codify through a theory of power, theory of open innovation and network science. High Network IQ individuals have different types of leadership powers which allows them to build the right type of ecosystems around them and utilise this ecosystem for growth - the key success factor for any entrepreneurial firm. These different types of powers are:
1) a binary logic of simply being connected or disconnected to the right system
2) the size and speed of expanding the networks in search of new growth opportunities
3) the deployment effective management protocols for communication and collaboration to orchestrate projects and process, and
4) a power to reprogram the system by mobilising crowds towards a shared purpose - both within as well as beyond a closed organizational structure of a traditional firm.

When working with business leaders and their teams across a variety of sectors since the outbreak of the pandemics, I realised that most struggle to embrace a shift from old to new economy. The networking capacity helps firms within a silo connect and engage in joint projects that help understand and embrace dynamic shifts within each silo, monitor market trends and disrupt or build communities of loyal customers or users and engage them in co-creation. This is why Network Intelligence matters for leadership and power to "build forward better" and Network IQ skills determine the managerial capacity to drive change and build resilience.

What has been the privilege of the few tech firms and agile entrepreneurial networks (such as process or creation networks I write about in my book), has become an opportunity for every firm given the mass leap into the future of work and mass digitization. Suddenly, every employee has a voice, not only a job, and every employer has a structure of a social network. The opportunity is there to "build forward better" at an unprecedented speed if only we can harness the logic of innovation networks. This logic is about the ability to build networks and utilise them to procure resources available there. Every firm and every team in that firm can become a strategic node in such a networked innovation system, which is a community platform operating as a human, social, technology ecosystem accelerating growth of entrepreneurial ideas and projects.

To make European industry more innovative and entrepreneurial we must shorten the time from labs to markets and redirect the innovation towards a bigger purpose. For me this bigger purpose, or the North Star, should be the desire to build a more inclusive society, and engage every firm in fighting climate change and biodiversity collapse. My research on network intelligence shows that high Network IQ skills allow every individual - a startup entrepreneur, a family business owner or a corporate project manager to possess the power to connect to the right systems, to build networks fit for a purpose, to orchestrate projects as an open organisational structure and them mobilise the wisdom and creativity of crowds to reprogram where we go at speed.

No doubt, when we reach reports on the future of work, the human factor is one of the most challenging elements to drive Europe's recovery and the twin transition. Yet, I have no doubt that we shall manage as European economy a network advantage - it is a distributed, networked innovation ecosystem of 65 cities which have a least one unicorn that is a young common worth over 1 billion (to refer to a recent article by the The Economist) and hundreds of larger and smaller cities where innovation thrives. In my view we may indeed be at the verge of an entrepreneurial revolution in Europe. To capture this opportunity, my call is to invest in digital skills and the capacity to build networks fit for a purpose as an ecosystem for growth. The magic word ecosystem together with Network Intelligence which helps individual managers and entrepreneurs utilise the networks they have is the human social ecosystem we can exploit and nurture across Europe, and this is why I believe that we will succeed to build forward better.