

FRUGAL INNOVATION

Welcome to our second newsletter, building awareness and sharing the benefits of Frugal Innovation.

*All frugal innovations share 4 features – lean, simple, social and clean.
– Charles Leadbeater*



Frugal Innovation - what does it mean?



Frugal Innovation is both a mind set and a series of techniques that enables entrepreneurs to innovate despite resource constraints

Spotlight on our Frugal Innovation workshop

On 8 March 2018, we held a workshop for 12 members of our Regional Partnership in the MMS headquarters in Leitrim. At the beginning of the workshop, we reviewed our regional understanding of innovation in the context of this project, as **not focused solely on new technology and research and development (R&D)** but all **business activities** can be undertaken **better, quicker and in a more cost effective manner**. Innovation in this context is also concerned with improving the interaction between the main actors in the innovation system (e.g. universities, research centres, agencies and firms) to enhance knowledge diffusion, and establishing the right incentives for private sector innovation to transform knowledge into economic output and commercial success.

THE BIG PICTURE

It is never easy to predict how enterprise may evolve over time, and within the context of recent economic uncertainty, it is even more challenging. However, there are a number of global drivers that will inform the needs of businesses, have implications for how they will separate in the future and will influence factors of competitiveness, whilst also providing new business opportunities. These include:

Globalisation: The pace and extent of global competition has intensified significantly. Globalisation enables companies to reach new untapped markets whilst also increasing competition. Supply chains are becoming more disaggregated, whilst increasing globalisation means that people can and will choose where they want to live and work. Quality of life factors take on a new dimension in this context.

Advances in Technology: These have a significant impact on most businesses regardless of the nature of their activities. Technology advances will continue to be a key enabler for the remote delivery of services and for the transformation of business models to ever increasing on-line activity, providing access to new markets. Additionally, increased convergence of technologies has seen companies from formerly disparate sectors enter into partnerships to provide new/combined solutions to customers.

Increasing Concerns about the Environment: The increased focus on environmental (and energy related) issues presents challenges as well as opportunities for enterprise to innovate with alternative sources of energy, new green business solutions and services. Additionally, consumer pressure will drive companies to reconsider their own production and business processes, carbon footprint, materials and waste.

Food Security: The increasing global demand for food from a growing population, as well as issues regarding safe food and nutrition have placed a greater focus on food security for the future. Challenges and opportunities include increasing productivity, quality assurance, improving nutritional content and supply chain development.

Shift toward Services: Services contribute a higher proportion of GDP in developed economies driven by consumer demand, increased disposable incomes and a demand for 'personalised' solutions. Additionally, within the business to business (B2B) sector, companies are responding to the disaggregated supply chain model, through out-sourcing of non-core activities where it makes more business sense. Manufacturing firms are 'bundling' services with their products to provide a more tailored and higher value solution to their customers. Competitively priced, high-speed resilient broadband networks and services are now a basic requirement to underpin future economic development.

Spotlight on our REGION

The attendees felt that frugal innovation was increasingly important in Ireland due to the impact of the recession.

They highlighted that the need for eco and sustainable innovation is driving many of Ireland's popular frugal innovations. Sustainable manufacturing is demanding new equipment and processes and a change of company culture and mindset to change the way they think about products, technologies, processes, and business models. Some drivers –



- **Viewing Compliance as Opportunity - Environmental regulations drive innovation e.g. A plastic bag tax levied in Ireland in 2002 led to a 95% reduction in plastic bag litter and a business opportunity for cotton shopping bags**
- **Making Value Chains Sustainable – for example Food Cloud <https://food.cloud/> FoodCloud makes the redistribution of surplus food as easy as possible, matching businesses with too much food, with charities in their community that have too little, tackling food waste and food poverty in the process¹.**

Based on the results of the workshop we concluded:-

- there is a strong need for Irish SMEs to develop their competitive advantage through frugal focused design-driven innovation approaches to business practices. The tools and techniques should teach participants how to:
 - Reconsider their product/ service value offering from a frugal perspective.
 - Explore potential solutions to provide additional user value.
 - Develop a coherent and complimentary value offering which takes into account both product and service processes.
- The frugal innovation mindset is important and needs to be tailored to the European context where the infrastructure is well developed, and inhabitants do not face strong financial constraints to buy anything.
- Frugal innovation and social innovation has similar characteristics.



Innovation in our region is embedded in policy – the Regional Action Plan for Jobs North West sets out the key ambition in our area is to: Get more of the region's enterprises engaged in research, development and innovation to enable them to remain at the cutting edge of innovation and to achieve competitive advantage for the region as a strong knowledge economy.

¹ <http://socialentrepreneurs.ie/awardees/foodcloud-iseult-ward-aobheann-obrien/>

Geography and Population

- *Relatively central location with significant regional population*
- *Rural region with third-most rural population*
- *Out-migration of younger working age group, leading to large diaspora*
- *Recent population growth, due largely to net migration*

Education Skills

- *High levels of third level participation*
- *Very low levels of graduate employment / retention – e.g. Roscommon has the lowest employment graduate population in the country, at only 20% of the size of its graduate population.*
- *Skills availability in agri/veterinary, engineering and manufacturing*
- *Skills gaps in ICT, science, technical skills and languages.*

Labour Force and Employment

- *High levels of employment in public services/health sector*
- *Farming/agriculture still relatively important to local economy*
- *One third of workforce travel outside the county to their workplace*
- *Job losses in traditional sectors*

Size and Scale of Enterprise Sector

- *Low levels of entrepreneurship*
- *Enterprise sector dominated by micro-enterprises serving local markets -*
- *High dependency on traditional sectors with low-growth – e.g. Roscommon has the smallest share of its enterprises in the knowledge intensive services sectors in the region. Just 15.1% of its enterprises are in the Information and Communications, Professional, Scientific and Technical services sectors. This is less than half the average for the rest of the state (32.4%).*
- *Small proportion of companies competing in export markets*
- *High vacancy rate amongst commercial properties*
- *Emerging pockets of knowledge-based industry*
- *Higher levels of knowledge enterprises in neighbouring regions, with potential for spill-over*

Enterprise and Innovation Enablers

- *No specialist enterprise/innovation infrastructure in the county*
- *Opportunities for growth in emerging knowledge sectors and opportunities to support traditional sectors through focused resources to foster growth, including collaborative approaches.*

DOWNLOAD OUR REGIONAL PARTNERSHIP PLAN and those of our partner regions in Poland, Hungary and Croatia - <https://frugalinnovation.how/learning-portal/frugal-innovation-regional-partnership-plans/>



**If you want to be involved in pilot testing our resources, please email
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