

## FFG FORUM 2010 >> COMPETENCE AND EXCELLENCE

Thursday, 9<sup>th</sup> of September 2010

Halle E, MuseumsQuartier, 1070 Vienna

Session "Focus on important topics in CRC" at 13:30-15:00

### HOW CAN GOVERNANCE CONTRIBUTE TO THE PERFORMANCE OF CRC?

Jari Romanainen, Executive Director, CRM, Tekes

Whether one is carefully designed, built and continuously developed, or completely ignored, a governance system always exists and it will have an impact on the performance of a CRC. In the past and still in some management cultures, governance is mainly built on strong individuals and structures rather than on processes. While this may work, results rely fully on exceptional individuals and are therefore quite vulnerable. More than often these arrangements fall seriously short on more fundamental objectives of wide-spread mutual learning and renewal, effective collaboration and networking, and facilitating strategic complementarities and alliances. Sufficient emphasis on designing the appropriate governance system and processes for the particular needs and context is one of the key success factors of a CRC.

R&D and innovation consists of a mix of interactive, intertwined, nonlinear, complex and partly unpredictable processes. Although most of these processes originate from some preconceived ideas, objectives and plans, the complex networks of several people and organisations with complementary competencies acting in various roles often start to live their own life. Plans need to be adjusted, and sometimes even the fundamental ideas and objectives revisited and changed in order to capture real innovation, which might emerge even from formerly unseen applications.

The governance of a CRC is multilevel and linked to other levels of governance. On one hand, it is linked to the national and regional levels of governance. On the other, it is linked to the governance of the participating actors and through them, to other governance systems these actors belong to. While this multilevel nature may not show in the day-to-day management of a CRC, it should be carefully analysed and acknowledged at the strategic level of CRC governance.

Even though the overall eventual objectives may be shared by actors participating in the CRC activities, all actors have their own motives for participating, and these motives are not always similar or even complementary. This typically becomes obvious at the more detailed design, which is why more than often these discussions are postponed to a later date. The earlier potential conflicts are identified the easier they are to resolve.

Structural aspects such as physical proximity, research and pilot facilities and virtual networks, as well as rules and regulations are very much dependent on the cultural context. Recognising and acknowledging differences and similarities in management cultures, trust, partner's motives, etc. should play a major role in making decisions about governance structures. While the structural set-up of a CRC is less important than the vision, strategy, competences and processes, it may have a significant impact on the performance and success of a CRC.

Aspects of CRC governance that deserve due attention during evaluation are the appropriate mix of management competences, design, integration and appropriateness of strategic and operational governance processes, systematic management of learning, training and experimentation, characteristics of management and leadership culture, structural complexity, balance and relative bargaining powers, network management, and methods of recognising conflicts and solving them.

Some of the main reasons for governance failure are related to poor strategic governance with subsequent lack of focus, conflicts and/or loss of commitment, too complex governance structure with ambiguous and overlapping management roles, division of labour instead of true collaboration, and lack of management competences.