

Success Factors for Innovations in SME Networks

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Abstract : Due to complex markets and products, and increasing need to innovate, cooperation between small and medium size enterprises arose during the last decades, which are not prior driven by process optimization or sales enhancement. Especially small and medium sized enterprises (SME) collaborate increasingly in innovation and knowledge networks to enhance their knowledge and innovation potential, and to find strategic partners for product and market development. These networks are characterized by dual objectives, the superordinate goal of the total network, and the specific objectives of the network members, which can cause target conflicts. Moreover, most SMEs do not have structured innovation processes and they are not accustomed to collaborate in complex innovation projects in an open network structure. On the other hand, SMEs have suitable characteristics for promising networking. They are flexible and spontaneous, they have flat hierarchies, and the acting people are not anonymous. These characteristics indeed distinguish them from bigger concerns. Investigation of German SME networks have been done to identify success factors for SME innovation networks. The fundamental network principles, donation-return and confidence, could be confirmed and identified as basic success factors. Further factors are voluntariness, adequate number of network members, quality of communication, neutrality and competence of the network management, as well as reliability and obligingness of the network services. Innovation and knowledge networks with an appreciable number of members from science and technology institutions need also active sense-making to bring different disciplines into successful collaboration. It has also been investigated, whether and how the involvement in an innovation network impacts the innovation structure and culture inside the member companies. The degree of reaction grows with time and intensity of commitment.

Keywords : innovation and knowledge networks, SME, success factors, innovation structure and culture

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