

STRATINC

Implementation in Lorraine



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I. Short description of the initial situation

a) Institution

The Regional Council of Lorraine is the decision-making organ in Lorraine. Its members are elected for six years. The President is the region's spokesman who has close contact with the representative of the Central Government. He negotiates and signs the "Contrat de Plan" (Programme Contracts), draws matters to the attention of the Economic and Social Council. In addition he runs the regional administration, manages regional heritage, prepares and implements the budget.

The standing committee of the Regional Council of Lorraine is assisted by the Economic and Social Committee, which is a consultative assembly made up of representatives of businesses, the professions, trade unions and other employees' organisations, regional voluntary organisations, etc.

The Regional Council of Lorraine has 425 employees and a budget of €660 bio.

Its main competences are:

- economical development;
- agriculture
- innovation and technology transfer
- higher education and research
- Apprenticeship
- long-life training
- professional integration
- transport infrastructures
- land planning
- sustainable development
- culture
- sport
- tourism
- etc

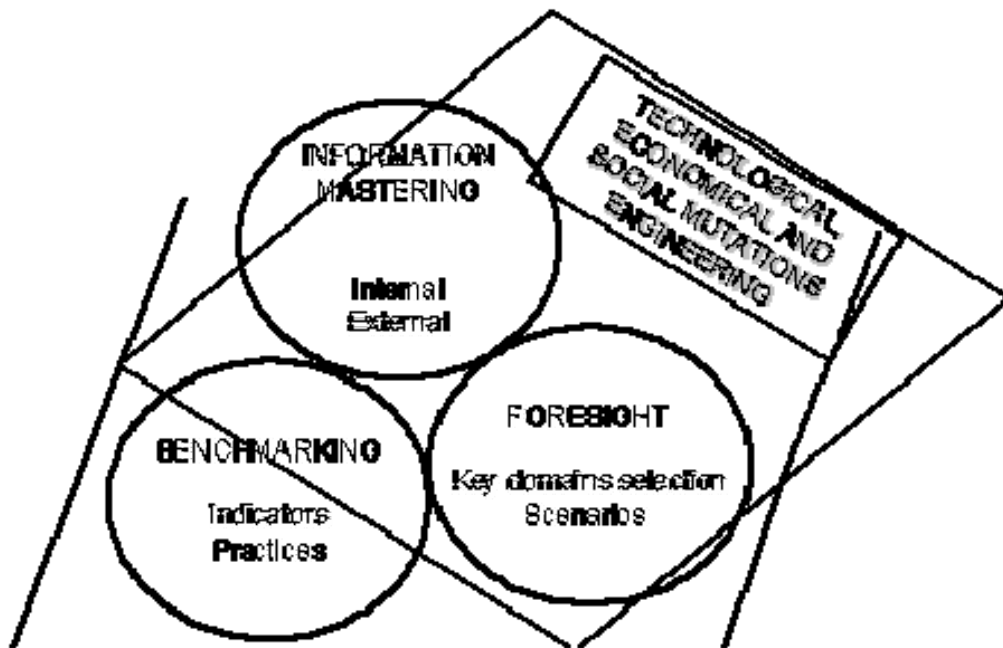
The Direction for innovation and technology transfer enhances innovation in regional SMEs through a whole range of measures:

Financing of individual projects (material and immaterial investments);

- Collective actions (for instance: industrial design, surface coatings, special machines manufacturing);
- Support to innovative clusters building;
- Financing of manpower recruitment for innovation,
- Support to the regional technological intermediaries,
- Implementation of a comprehensive strategic intelligence set up: DECILOR.

This action comes within an ambitious policy aimed to foster innovation by acting on three pillars: information mastering, benchmarking and foresight, and a transversal dimension of technological, economical and social mutations engineering.

Concept of Innovation governance



b) Economic context

1. Lorraine, economic and social data

Employment

Lorraine has 846,000 workers, 57% of which are working in the service industry, 21% in the industrial sector, 3 % in the agricultural sector, 13% in the trade and business sector and 6% in the public works.

Despite the diversification of its economy and the increasing part of the service industry, the average rate of industrial jobs in Lorraine remains slightly superior to the national one.

The labour market in Lorraine has been shrinking for almost 40 years due to the slump of the traditional regional industries (coal mining, siderurgy and textiles). The number of jobs has been decreasing from 1975 to the mid 90's while the labour force was increasing by 0.4%. Since 1985 Lorraine lost a quarter of its industrial jobs. Metallurgy still employs 32,000 persons, i.e. 4.1% of the regional workforce.

It is to be noticed that if Lorraine's unemployment rate (9.5%) is a little lower than the national standard, 10% of the labour force is working abroad.

The spatial distribution of jobs in Lorraine shows disparities and the so-called "sillon mosellan", a central axis in the region (Luxembourg, Thionville, Metz, Nancy and Epinal) gathers most population, economic and cultural activities in the region (see population evolution per areas of employment map, p.5).

The employment in the zones East and West of this axis remains very industrial and the levels of unemployment and poverty are the highest in the region.

Structure of the economy

As far as wealth creation is concerned, Lorraine has GDP of €44.7 bio. in 2000, i.e. €20.300 per inhab. and stands for 3.2% of the French global GDP, ranking 11th French region.

Former coal and steel region, Lorraine had to cope with the decline in its traditional industrial activities in the 1980's. Attempts at redevelopment and redeployment were undertaken with pragmatic determination, and Lorraine succeeded to put itself back to its feet. Today Lorraine has shifted to one of the most diversified economies in France.

The automotive industry is an excellent example of the economic diversification: in 25 years, Lorraine has acquired a high level of know-how and competences in this sector which today employs directly 22,000 people.

Market opportunities offered by aeronautics and space industries have become an axis of diversification too and in 2003 was founded the cluster "Pôle aéronautique et spatial de Lorraine". Now called Aeriades, this cluster has been co-opted by the GIFAS, the French aerospace industries association.

Lorraine is the first French region for cotton fabric, the second one for steel (22% of the whole French production) the third one for oilseed, beer and cheese.

Lorraine counts 76,350 companies. The number of companies' creations and buyouts has increased sharply, concerning mainly SMEs and the industrial sector.

In 2004, Lorraine – which exports amounted to €18,600 bio – ranked 7th French region.

Lorraine also ranks 5th French region in terms of trade with European new accessing countries

Foreign investment is a major factor for the regional attractiveness. In 2003, Lorraine ranked first French region for job creations from foreign funding.

The industrial sector is the first beneficiary of foreign investment.

One of the major challenges Lorraine is facing is the development of the attractiveness of higher education and the professional orientation and qualification of the young at the beginning of their working life.

Research and Innovation

According to the Eurostat charts of innovation, Lorraine is ranking 92nd out of 148 European regions and 13th French region. More precisely, Lorraine is good ranking as far as employment in the manufacturing sector of average and high technology and public spending in R&D are concerned. Lorraine is low ranking as far as continuous professional training and R&D spending in companies are concerned.

Lorraine's traditional industries can also generate innovation, as showed by the so-called "pôles de compétitivité", kind of "super clusters" gathering public and private research, technological and economical intermediaries, regional institutions, universities and companies.

2 projects in Lorraine have been granted the status of "pôles de compétitivité" by the French government:

- Innovative materials for intelligent products (materials such as steel, glass, or composite materials);
- Natural fibres (wood, textile and paper).

Lorraine has a weak potential for industrial research. The sector issuing from the industrial reconversion practice little industrial research and the automotive sector has no R&D forces in Lorraine.

139 enterprises have been created in innovative sectors, i.e. 3 % of the whole enterprises creations. This figure has been increasing by more than 15% in 2002-2003.

As far as higher education and public research are concerned, the potential is relevant with more than 77,000 students, 4 Universities, 16 engineering schools, 7 of which within the INPL (Lorraine Polytechnicum).

Lorraine has a wide range of technology transfer centres and economic intermediaries. They cover almost all economy sectors of the region and play an important role in terms of innovation, filling in the gap between research and companies. Moreover, through the services they provide companies

with (sectorial strategic intelligence, technical assistance, support to export operations, training, etc.) they generate trust among local actors and companies of a sector.

Technological resources in Lorraine:



2) The Wood sector in Lorraine

The forest produces wood, feeding the whole wood sector from silviculture and forest exploitation to the first (sawmilling, paper pastes) and second transformation (joinery work, housing frames, furniture, carton wrapping, etc.). Lorraine ranks second French region in terms of wood production with a production of 3.7 Mio sqm in 2002.

With 22,000 employees working in more than 4,650 companies, the wood sector is the second regional employer (its manpower represents about 15% of industrial employment in Lorraine). Almost all of this employment is rural.

The enterprises in the wood sector are the only industrial employers in many villages, indeed in whole basins.

The economic health of these basins is necessary in term of regional employment, but also for the balance of the regional territory in terms of demography, by preserving the rural population.

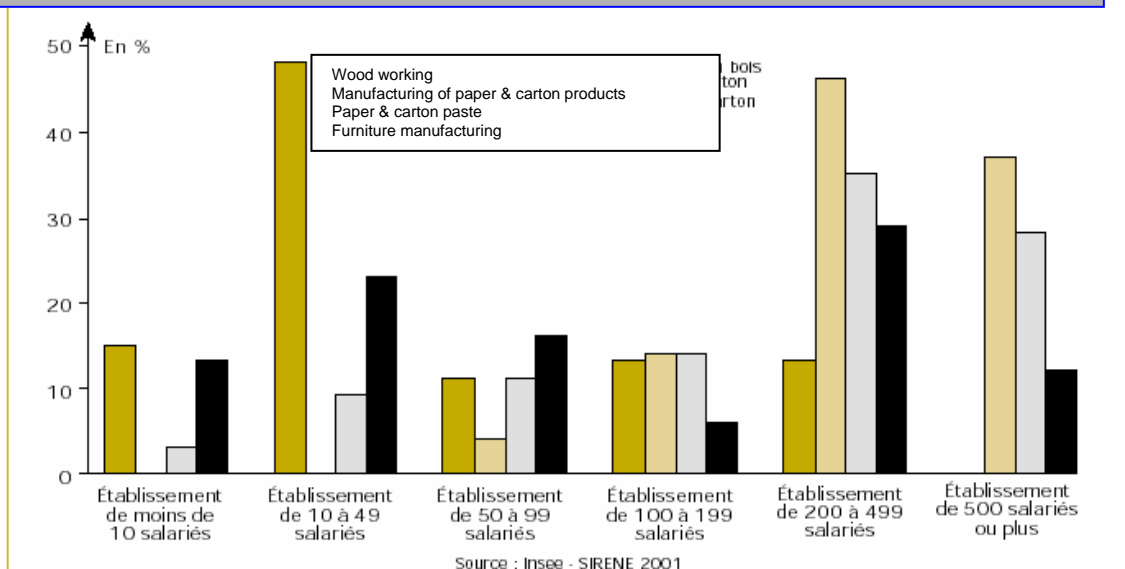
The geographical distribution of the wood enterprises and employments confirms the rural vocation of this activity. Indeed it gathers almost 28 % of industrial employment in the Vosges, and 25 % in Meuse, on the other hand hardly 9.7 % and 7.1 % in respectively Meurthe-et-Moselle and Moselle, more urbanized departments¹.

The staff force of the wood and furniture manufacturing sector is mainly located in the Vosges department.

The large size of the companies and the weight of national and foreign firms in the global production are also characteristic of this sector.

Large companies in the paper sector, medium ones in the wood working sector

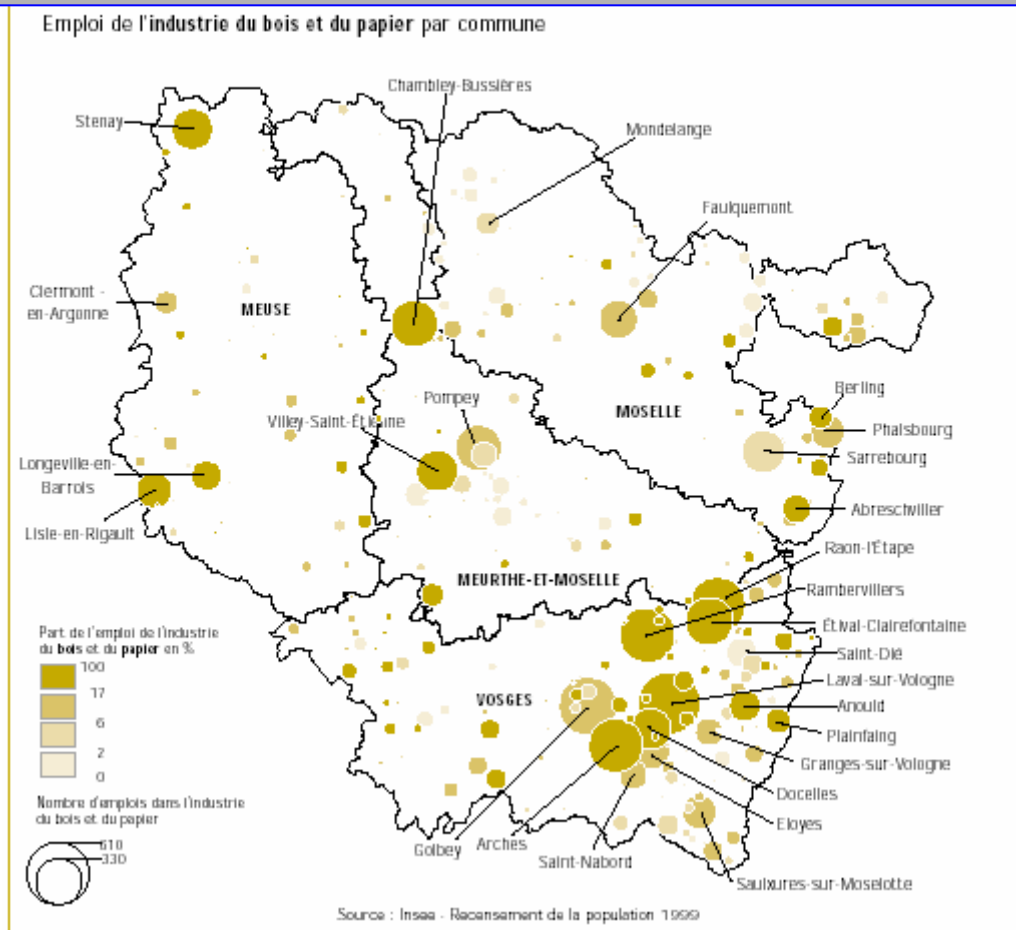
Dispatching of the size of companies in terms of workforce per sector



¹ See the website of Gipeblor (interprofessional association of wood and forest sectors in Lorraine) : <http://gipeblor.netlorconcept.com/accueil.html>

The size of the companies in the wood sector varies according to their specific activity sector. In the wood working sector, production units have an average size: $\frac{3}{4}$ of them employ less than 100 people. More precisely, production units with a size of 10 to 49 employees gather half the work force of the sector.

The spatial distribution of employment in the wood and paper industries in Lorraine



The wood sector and innovation

The wood sector goes from silviculture and forest exploitation to products of first (sawmilling, paper pastes) and second transformation (joinery work, housing frames, furniture and wood, paper and carton wrappings) of wood as raw material.

During the 1990's the wood sector in Lorraine has undergone a sharp decrease in the jobs number of the furniture manufacturing (except kitchen and office furniture), sawmilling and paper production sectors.

c. Networking situation

1. Networking in the wood sector:

To face this slump, the sector has organized itself, constituting **networks**:

Companies sawmilling coniferous trees have gathered and created the *Selection Vosges* trademark, which guaranty quality in the wood production. Gathering 12 sawmill companies, this network provides promotion activities (sawmill drawing, collective actions for export, participation in exhibitions and collective advertising), partnerships with paper and particle board industries and training.

The **PLAB** network gathers furniture companies.

Created 1971, **GIPEBLOR** is an inter-professional network of the wood sector in Lorraine gathering private and public members involved in the wood sector. Its activities consist in the promotion of wood products and companies, technical and economic studies for the setting up of new products, the search of financial support, the support of regional training and watch.

The innovation in the wood sector is supported by **CRITT BOIS**.

CRITT Bois is a regional centre for innovation and technology transfer in the wood sector. Created in 1986, it employs 15 persons and achieves an annual turnover of €1.3 mio.

CRITT BOIS strategic objectives are:

- ✓ Provide SMEs with **technological added-value** to boost their **economic development**.
- ✓ Develop « **eco-technologies** » in a sustainable development objective ;
- ✓ Foster SMEs' **networking and partnerships**;
- ✓ Be an **operational anticipation tool** to future technological evolutions and to **new industrial practices**.

CRITT is internally organized in three activity poles:

- The TEST unit proposes services in the pre-qualification of technological solutions for development: the control of performances of products given the norms in force, and the audit of a process by the qualification of its products;
- The R&D unit relies on the development of new products and processes, on collective R&D for the whole sector, on research activities with laboratories in the framework of national or European agreements, on technological pre-feasibility studies and on sourcing from national and European research laboratories;
- The STUDIES unit coaches industrial projects to ameliorate existing products and processes, to design and develop new products, to identify and qualify markets, to settle new production units from scratch and to organize production flows and tools.

For 20 years, CRITT Bois has been supplying industries with:

- ✓ A team of polyvalent engineers ;
- ✓ A tested work methodology ;
- ✓ An efficient test laboratory dedicated to wood material ;
- ✓ An efficient watch department ;
- ✓ A machine and tools platform unique in Europe;
- ✓ A network of partners and experts.

2. DECILOR: a territorial strategic intelligence setup

DECiLOR is a territorial system of Strategic Intelligence consisting in implementing a global set up of Strategic Intelligence at a regional level.

Based on external information mastering (a regular work of collect, validation, qualification, mutualisation and diffusion of information, made by specialists), this setup is aimed at supporting the decision process in the SMEs and improve their competitiveness by allowing the confrontation between external information (watches and studies) and internal information owned by each of the 120 SME (human resources, know-how, etc.).

Implemented by “infomediaries” in the technological intermediaries of Lorraine, DECILOR is targeting the following sectors...

- Wood (CRITT Bois);
- Medical devices (Centre lorrain des technologies de Santé) ;
- Nutrition, agrofood and biotechnologies (CRITT Agria Lorraine);
- Textile (CETELOR);
- Metal works (Institut de soudure).

...and is currently extending to glass (Pôle verrier), environment (NANCIE) and fuel cell (ALPHEA).

These infomediaries provide SMEs with the following services:

- Strategic intelligence;
- Sectorial services: newsletter, exhibitions reports, alerts, data-bases, etc.;
- Personalized services: strategic analysis, technological, business intelligence, etc.;
- Training, coaching;
- Network animation.

DECILOR is animated by 3iLorraine, a regional organism. Thanks, on the one hand to the knowledge of the needs of SMEs acquired through the infomediaries and on the other hand to the creation of sustainable links between the SMEs of a sector and their technological intermediary, DECILOR has made it possible to structure the targeted sectors and to generate trust cooperation and networking among the actors,

II. Intra regional activities during STRATINC

a) Steering and Working groups: constitution and meeting

The steering committee of the project in Lorraine is constituted by:

- The General Secretariat for regional affairs,
- Regional direction for industry, research and education,
- Regional Delegation for research and technology,
- National agency for innovation,
- The regional chamber of commerce and industry.

They are the partners of the Regional Council of Lorraine in the field of innovation. Initially aimed to pilot the local implementation of the project, the steering committee is more a place for the dissemination of the activities carried out and results achieved. There is no real involvement of the members.

The local working group is mainly composed of infomediaries of the DECILOR setup. Its meetings consist in informal discussion on field activities and the way to spread the STRATINC to other sectors. The infomedairies' main interest is the way to meet the needs of SMEs in strategic intelligence as closely as possible.

b) Some political changes in Lorraine hindering the project implementation

The project implementation in Loraine has been postponed to changes within the administration after the regional elections of March 28th 2004. These elections have been followed by a transition period preventing Lorraine from being efficient enough. For example the recruitment of the person in charge of the operational implementation of the project could only occur in July 2004.

c) The Survey and the interviews

Methodology:

The first step in the implementation of STRATINC consists in the assessment of the needs of the clustered companies in strategic information in order to determine if they were different from the ones of isolated companies, and – if different – in which way. Acquiring this knowledge has been achieved through a survey, performed directly on the targeted companies by the CRITT Bois. The size, sector, management or strategy of these enterprises can change their apprehension or use of information.

The internal contact was mostly with the Chairman, sometimes marketing director or Responsible of Project management.

Three face-to-face meetings with three companies have taken place and the others contacts made by telephone. The two identified clusters for wood sector have been contacted by mail and fax.

Lessons:

Three striking learnings have emerged from the survey, which have been followed by three concrete actions:

1. Segmentation of the wood sector: the main profession of the enterprises is a precise segment of the wood sector.
 - CRITT bois will meet the needs of enterprises according to their main profession: sawmilling, building timber and furniture manufacturing.
2. Development of external (fairs, exhibitions, conferences, events) and internal sources of information (employees, customers, suppliers). The most relevant external sources of information for SMEs are fairs, exhibitions, conferences and events. As far as internal information is concerned, SMEs mostly rely on informal information they collect from their employees, customers, and suppliers.

- CRITT Bois is orienting its search for external information and watches toward these sources.

The next step for them is having this information reach the appropriate department (commercial, R&D, administrative...).

As far as the internal information and processes is concerned, CRITT Bois, with the collaboration of the regional Council of Lorraine, has started implementing knowledge management to sensitize companies to its mastering. Internal knowledge and know-how of a company are the main factors driving its development. The main objectives of knowledge management are: to clarify the jargons and patterns used by the different professions constituting the enterprise and to improve the accessibility to internal knowledge and know-how.

The control of an enterprise on its own processes they operational or administrative can be hindered by:

- Internal or external staff turnover inducing a loss of key competences or know-how
- Staff Demotivation due to non-understood evolution of projects (stop, reorientation, change of partners...)
- Externalisation, delocalisation

Knowledge management helps coping with these difficulties.

Strategic Intelligence and knowledge management do have complementary objectives. Some strategic information existing in the enterprise may not exploit. Information got through the knowledge management process is benchmarked against the ones got through the Strategic Intelligence process. It enriches and appreciates them.

3. Exchange of practices among enterprises: SMEs have integrated a cooperation dimension and expressed the need to meet other SMEs of the same sector/segment or of complementary sectors (metal working, upholstery fabric...).

- They meet 3 times a year to discuss common themes (recruiting, KNOWLEDGE MANAGEMENT...), to exchange practices or create partnerships.

Meeting the demand in information of the SMEs on markets, reorienting the search for information towards relevant sources will support the decision-making process of companies. It will foster their long-term vision and generate trust between the players, developing their co-opetitive approach and anticipating capacities, enabling them to reach their objectives of getting new markets and diversifying their activities.

d) Selection of software tools

The selection of software tools was a two-steps process:

- Identification and benchmarking of 33 software tools for strategic intelligence available on the market;
- Survey on the needs expressed by the CRITT BOIS, structure hosting the PSIP in terms of tools and elaboration of a tailored-made design proposition in terms of tools.

This proposition did not match the CRITT Bois situation. Since the structure already had the necessary tools. The problems to face consisted more in a rationalization of tools. (See next section solutions for PSIP).

e) Diffusion of information

As Lead partner, Lorraine has taken the opportunity of its interventions during European projects, conferences and events to promote the project.

A French-English leaflet has been edited and is distributed during these events and through regional meetings.

The synthesis of the survey on SME needs is downloadable on the project website and was promoted through the INTERREG IIIC website.

There will be page dedicated to the project on the PSIP.

Press conference will be organised during the COCOM in Metz (April 2006).

Moreover, the project has participated in survey on good practices performed by the INTERREG IIIC authorities.

III. Selection of solutions or products and their consequences

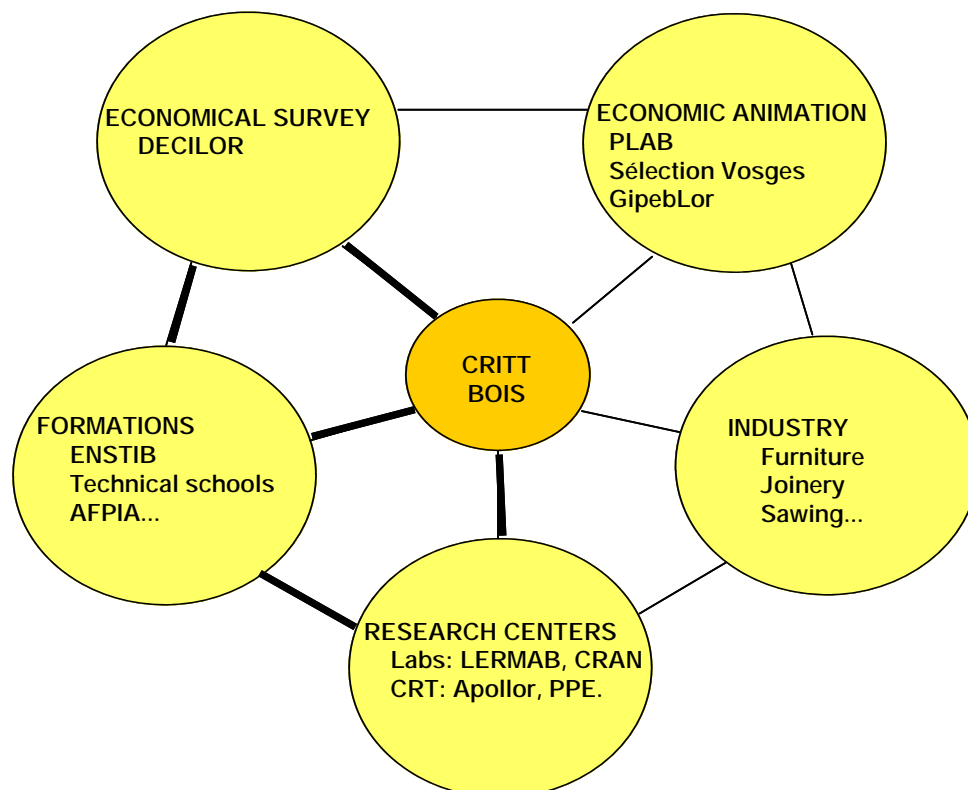
a) Software tools

No need for further software tools was expressed by the partner implementing the PSIP.

b) Partners or subcontractors implementing the PSIP

The CRITT Bois is a technological intermediary in the sector of wood. It is the organism implementing the PISP in Lorraine for:

- This organism is the partner of the DECILOR setup, providing Intelligence services to SMEs of the wood sector;
- This organism provides the SMEs of the wood sector with many competences for innovation:



- CRITT Bois has a European dimension through its participation in many projects: Regional programme of innovative actions, Stratinc, Ecow, etc.

Participating in the STRATINC project will legitimate the position of the CRITT Bois as the animator of the wood sector in Lorraine.

CRITT Bois will be able to:

- Meet the needs in information of the companies more closely thanks to the survey performed on SMEs.
- Offer a comprehensive and clear range of services and an efficient internal organisation thanks to the knowledge management audit.
- Provide them with clear information through the PSIP, a unique portal and contact to all CRITT Bois services.
- Foster the networking activities and business activities thanks to the meetings of sectorial intermediaries organised during the meetings.

c) Sustainability of the instrument

The knowledge management audit has led to an internal reorganisation of the CRITT bois. The mastering of internal and external information will be totally integrated in the activities of the CRITT bois and its personal will be involved in its gathering, qualifying, sorting and diffusion.

The PSIP, as unique portal to the CRITT Bois range and services, including DECILOR services, will be financially supported by the CRITT Bois and constantly updated.

IV. Main outputs having an impact on the sectorial cluster and area

a) in terms of information

1) External information (strategic intelligence)

Thanks to the in-depth knowledge of the information needs of the SMEs of the wood sector, CRITT bois will adapt its strategic objectives and corresponding services to the needs of SMEs.

The surveys have also highlighted the segmentation of the sector: the main profession of a company is a precise segment of the wood sector (sawmilling, building timber and furniture manufacturing). Thanks to this knowledge, CRITT Bois will be able to target more closely the needs in information of the companies and to adapt its services. Moreover, CRITT Bois will look more closely for information on fairs and exhibitions for the information is available earlier there than on electronic sources. Companies will have earlier access to more relevant information, creating a competitive advantage.

2) Internal information (knowledge management)

The knowledge management approach led by CRITT Bois has generated an in-depth knowledge of their internal competences, critical points and networks of information. It has helped them improve their organisation so that they can provide SMES with more efficient services and clarify their range of services.

In 2006, this approach will be mainstreamed to the DECILOR setup (sectors of health, nutrition-agrofood-biotechnologies, textile and metal works). This process will improve the integration of the infomediaries in their hosting organisms, giving them a real internal added-value in terms of information, and improve the quality and efficiency of services to the companies.

b) In terms of networking-clustering and the management of clusters and networks

The knowledge management methodologies will also be applied to the *Centre Lorrain des technologies de santé*, an animation intermediary in the field of health and more specifically medical devices. This center is currently launching a formal cluster and the transfer of experience from the STRATINC project will support the methodology of this launching.

c) Foresight perspective

The events dedicated to foresight organised during the project will sensibilise the sectorial and technological animators to the importance of a long term vision in the definition of their strategy and to the methodologies used to construct scenarios and set corresponding objectives.

V. Main results of the project

a) Qualitative appreciation of the PSIP

b) Qualitative appreciation of the blueprint

c) Situation within the cluster: companies, networking and relationships between stakeholders, new bodies, new relationships

No relevant data yet.