



## **"e-Leadership skills into the Digital Economy" Conference**

20 May 2015, Aalto University, School of Business, Helsinki

### **"How Finland and Europe need to change to successfully innovative to compete"**

#### **Moving away from 'use' to 'creation' of digital content applications and services**

This event was part a series of regional cluster events on e-Leadership. It was organised in close cooperation with and hosted by the Aalto University, School of Business and TIVIA (the Finnish Information Processing Association) and the support of the Ministry of Employment and Economy, Verkk Teollisuus, DIGILE and Teknologia Teollisuus.

Over 100 participants from the business community, innovative employers, especially from SMEs and start-ups, entrepreneurs, current and aspiring e-leaders, professional associations, Universities and Business Schools as well as policy-makers interested in promoting digital innovation registered to the event.

In his introduction, **André Richier** from the European Commission (DG GROWTH, Unit: Key Enabling Technologies and Digital Economy) said that digital leadership is very important for enterprises - especially SMEs and start-ups – in order to excel in their business and manufacturing operations in an increasingly digital economy. For effective e-leadership, the skills required are those which enable people with strong ICT skills to lead qualified staff towards identifying and designing new business models and exploiting innovation opportunities offered by digital technologies. As several studies revealed throughout Europe, strong demand is growing in the European industry to improve the digital talent pool and the quality of e-leadership to deliver real business value. These findings have been confirmed by the "European Strategy Policy Forum on Digital Entrepreneurship" which released its report on 24 March 2015. See: [http://ec.europa.eu/growth/sectors/digital-economy/entrepreneurship/strategic-policy-forum/index\\_en.htm](http://ec.europa.eu/growth/sectors/digital-economy/entrepreneurship/strategic-policy-forum/index_en.htm) and especially the recommendations of the Strategic Policy Forum on Digital Entrepreneurship for the need of workers and decision makers to acquire new skills and the creation of better policies, rules and regulations.

The Commission started efforts to promote e-leadership in 2013 with a focus on large enterprises in close cooperation with networks of CIOs and leading technical Universities and Business Schools. A complementary initiative on e-leadership targeting SMEs and start-ups was launched in 2014.

**Mika Helenius**, Professor at Aalto University made the point that decision makers in the economy missed the move from 'analogue' to 'digital' and that Europe has to change over from the 'use' of software and services to the 'creation' of these in order to become really innovative, globally competitive and successful in the market today and in the future. In the USA software is the largest single investment category, however, this is not at all the case in Europe. Software has become key for driving growth, it is the case of innovation and only this is driving growth. He asked for necessary changes to be built into and being reflected in the European e-Competence Framework (e-CF) including the issues around e-leadership and the combination of skills needed. He showed a YouTube video of President Barak Obama addressing the US population in a subtle showing them the need for learning the skills needed for the 'creation' of ICT applications and services and not just using it to be successful in the market in the future and asked for European policy makers to follow along the same lines to achieve the necessary move away from 'use' to 'create'.

**Robert Serén**, Chief Executive of TIVIA, the Finnish information processing association argued that Finland no longer is the best in class having to live with a 'strange' NOKIA legacy, which created a system where ambitious students willing to 'create' instead of 'using' ICT applications and services are missing. Furthermore, Finnish universities are weak on practical issues and are not offering any internships urgently needed to familiarise students already at an early stage with practical experiences.

**Werner B. Korte**, director of empirica then gave an overview of the huge differences between the European countries when it comes to policies and initiatives relating to e-leadership and digital entrepreneurship. Using a newly

developed e-leadership scoreboard he illustrated further differences among the European countries in e-leadership demand and supply aspects. Finally and when describing the education and training landscape on e-leadership he concluded with the urgent need of action to be taken by key stakeholders in basically all countries to develop programmes that can help and enable individuals to obtain the necessary skills needed.

After the presentations of **Erkko Isomäki**, Co-founder Vilma Solution Oy and **Timo Nyberg**, Aalto University, Werner B. Korte, presented an overview of the e-leadership requirements of SMEs based on the results from in-depth interviews with 50 high-growth SMEs classified as 'gazelles' and a survey of so far around 100 SMEs (currently being expanded to several hundred). It turned out that the proper e-leadership training format for SMEs and start-up can best be described as a 'tapas bar menu' as opposed to a 'set dinner menu' which would be more appropriate for e-leadership training addressed to C-level individuals in large corporations. The 'tapas bar' approach describes the fact that start-ups and SMEs need to acquire the necessary skills for e-leadership in a piece-meal fashion whereby ad-hoc self-learning is seen as the most practiced way to achieve these. Consultants and professional coaching / mentoring are among the main sources for training used most. Universities and Business School training programmes only play a role where these are of a short duration, modular, flexible and at acceptable fees.

This was followed by the presentation of some very successful examples and case studies of start-ups and SMEs from Finland which turned out to be successful because of the right business ideas in combination with the e-leadership skills of its founders and the combined skill sets of it teams.

- **Micky Paqvalen**, CEO and founder of Kiosked Corp. presented the case of his company which started in 2010 with a next generation online advertising platform adaptive to any content for the contextual targeting of advertisements which was launched in 2014. The company is operating globally, doubling its revenues every quarter with an expected 50 million Euro revenues in 2015 and 60 employees working in the company. When asked about the skills needed for success emphasised the willingness to work hard and fast and challenge everything every day, getting the sleeves up and the 'fingers in the dirt' coupled with the diversity of the employees with around 25 nationalities with almost none from Finland.
- **Mikko Välimäki**, CEO of Tuxera Corp., a file systems and streaming technology company which started in 2008 also emphasised the importance of the very good mix of employees from many different countries in Europe in addition to the skills mentioned above as a strength of the organisation.
- In this context the co-founder of Viima Solutions Oy, **Erkka Isomäki** emphasised that at some stage in company development different backgrounds, not only in terms of skills and competences but also nationalities are needed especially for internationalisation of the business and turning towards global operation.
- Finally, **Miika Mäkitalo**, CEO of M-Files, which in the meantime is employing 270 people emphasised the importance of hiring the right people in order to be successful. Ideally these people come with an entrepreneurial attitude. A further central element for success is 'communication' within different defined processes whereby this is used to exert leadership. Thirdly, and especially important when growing, the organisation needs to ensure that it develops suitable organisational and administrative structures and an appropriate marketing.

After a presentation of the 'e-leadership journey' by Werner B. Korte from empirica several e-leadership-type training courses and programmes for SMEs and start-ups from Finland were presented. Professor **Matti Rossi** and **Martti Mäntylä**, both from Aalto University presented the Program in Management of Digital Innovation and IT Governance and the Program in Digital Innovation and Industrial Internet which both also address SME and start-ups.

**Peter Kelly**, Professor of practice, high growth entrepreneurship at Aalto University, visiting professor of Business, Trinity College, Dublin and visiting professor of Design, Mada, Santiago de Chile in his provocative presentation expressed the urgent need for Finland and Europe to come up with entrepreneurs acting as 'positive non-conformers' emphasising that there is the need for design thinking which he sees as the balance between analytical and intuitive thinking. Innovation needs to start with student entrepreneurs and "creativity inspired innovation", whereby "entrepreneurship" is only about starting new ventures – it is a mindset and a skill set of exploiting opportunities in the face of resource constraints. Peter Kelly in his final reflections on 'Digital Innovation: a strategic view of IT and innovation for SMEs' made a number of points of what he thinks needs to be done:

- 1) We should debunk the myth that "entrepreneurship" is only about starting new ventures – it is a mindset and a skill set of exploiting opportunities in the face of resource constraints
- 2) To successfully innovate you need to balance "intuitive" and "analytical" thinking styles – the former dominate the creativity phase and the latter when choices are made about "what to do"
- 3) We need to rethink the obsession with planning – spending time and money devising a Plan A – that is expected and MUST work – is a pointless exercise – I actually believe that "planning" is a discovery process --- an open-minded exercise in finding out what "might work"

- 4) To ignite creativity, habitat matters - creative thoughts will not form in the boardroom, office or lecture hall. He is creating an Ideation Studio with this exact issue in mind – people need to embrace “purposeful play” - Why play is important? What to play? Where to play? Adding the word purposeful is a useful bridge to innovation - we do it with the aim of innovating - that is, making choices.
- 5) Effectual entrepreneurship is a fascinating (and provocative) approach which turns many of our long held beliefs about how to teach entrepreneurship on its head -
  - a. Look for opportunities that best leverage your skills, experience, passions and networks – an obvious but very difficult challenge for large organizations as we are dealing with perceptions which can be distorted when large numbers of people are involved –
  - b. Set up experiments, prototypes and be prepared to determine how much you are prepared to lose – this is often the antithesis of how big organizations operate
  - c. Co-create with others that is a tall ask for big organizations who are often deeply biased in the belief they can do it on their own
  - d. The element of surprise – what was the key insight you could not possibly have planned for – which implies voyaging into unknown and unfamiliar places -

He then referred to a new higher education programme proposal under discussion with the Aalto University study office to address these issues which is free from having to fit with all the formats and structures of a European Master programme but through its flexibility on the one hand and rigidity on the other could help create the people with the necessary skills and entrepreneurial mindset.

In conclusion, participants sent clear signals that there is a critical lack of e-leaders in the economy, that is, individuals who are at the same time ICT and business savvy and have the ability and skills to lead multi-disciplinary teams across functional and geographical boundaries. SMEs and start-ups presented concrete cases and demonstrated how the availability of the right e-leadership skills helped them to make their organisations a success in the market. With the support of European policy makers and key stakeholders Europe urgently needs to achieve the necessary move away from ‘use’ to ‘create’ as outlined above with the experts of the event having shown some possible paths to get closer to this aim.

There was consensus that relevant actors need to get out of their comfort zones. Education system players need to move away from traditional behaviours and programmes and other players are likely to also come up with offers in this domain or take over should the traditional education institutions not react. Industry needs to specify their needs in more detail and also need to train people in order to become more creative. They also need to find ways of dealing with non-conformance behaviour since this is often the way to innovation and success. Finally, policy makers need to set the right framework conditions including joint initiatives with industry and universities. In this respect Finland is better placed than many other European countries, an aspect which was also emphasised by a government representative at the event.

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#### Links to European initiatives and reports on e-leadership and e-skills:

- European Conference on Digital and Key Enabling Technologies Skills: <http://leadership2015.eu/conference/>
- e-Skills for Jobs 2015 high level conference under the Latvian Presidency of the Council of the European Union: <http://eskillsforjobs.lv/>

- 7 Regional Cluster Events on 'Are you fit for the Digital Economy? Training and Education Pathways for SMEs and Start-ups' in 2015 in Berlin, Madrid, Helsinki, Lisbon, London, Paris, Prague: <http://eskills-lead.eu>
- 10 Regional Cluster Events on 'New Curricula for e-Leadership - Delivering Skills for an innovative and competitive Europe' in 2014 in Sofia, Reading, Madrid, Milan, Munich, Antwerp, Budapest, Aarhus, Paris and Wroclaw: <http://eskills-guide.eu/home>
- European e-Skills 2014 Conference: e-Leadership and ICT Professionalism: <http://eskills2014conference.eu>
- European Guidelines and Quality Labels for new Curricula Fostering e-Leadership Skills: <http://eskills-guide.eu/home/>
- e-Leadership Skills for Small and Medium Sized Enterprises: <http://eskills-lead.eu/home/>
- e-Skills: The International Dimension and the Impact of Globalisation: <http://www.eskills-international.com/index.html>
- European e-leadership skills conference 2013: <http://www.insead.edu/events/e-leadership-conference/>
- [E-Skills for the 21st Century website](http://ec.europa.eu/enterprise/sectors/ict/e-skills/index_en.htm) - DG Enterprise and Industry: [http://ec.europa.eu/enterprise/sectors/ict/e-skills/index\\_en.htm](http://ec.europa.eu/enterprise/sectors/ict/e-skills/index_en.htm)
- Grand Coalition for Digital Jobs website: <http://ec.europa.eu/digital-agenda/en/grand-coalition-digital-jobs-0>
- European e-Competence Framework (e-CF) website: <http://www.ecompetences.eu/>
- CEN Workshop on ICT Skills: <http://www.cen.eu/CEN/sectors/sectors/iss/activity/Pages/wsict-skills.aspx>
- e-Skills for Competitiveness and Innovation: Vision, Roadmap and Foresight Scenarios: <http://eskills-vision.eu/home/>
- Towards a European Quality label for ICT industry training and certification: <http://eskills-quality.eu/home/>
- E-Skills: the international dimension and the impact of globalisation: <http://www.eskills-international.com/>
- European guidelines and quality labels for Curricula for e-leadership skills: <http://eskills-guide.eu/home/>
- Monitoring and benchmarking e-skills policies and partnerships in Europe: <http://eskills-monitor2013.eu/home/>
- Fostering the ICT Profession in Europe: <http://cepis.org/index.jsp?p=827&n=940>
- Professional e-Competence in Europe: <http://cepis.org/index.jsp?p=940&n=2406>
- Monitoring e-skills demand and supply in Europe: <http://www.eskills-monitor.eu/>
- Evaluation of the Implementation of the Communication on e-Skills for the 21st Century: <http://eskills21.eu/>