



Vital ingredients and regional hotspots for rural business success

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Misalignments between innovative businesses and their environments – the Hermetia example



The business case

The enterprise aimed to fill the growing protein demand of the growing population by producing insect proteins.

- Development of technology and innovation.
- Create strong network with various stakeholders.

The business model



- Raising protein rich insects (black soldier flies - *Hermetia illucens*).
- Mainly for animal feed (dog and fish).



Business environment



- Lacking cooperation for market access.



- Inexistent knowledge and technological development.



- Missing legislation and inappropriate steering structures.



- Undefined steering structures.





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Impact



- Creation of over 50 jobs in rural areas and beyond.



- Less protein imports.



- Revitalizing rural areas through economic growth and 'rural hotspots'.



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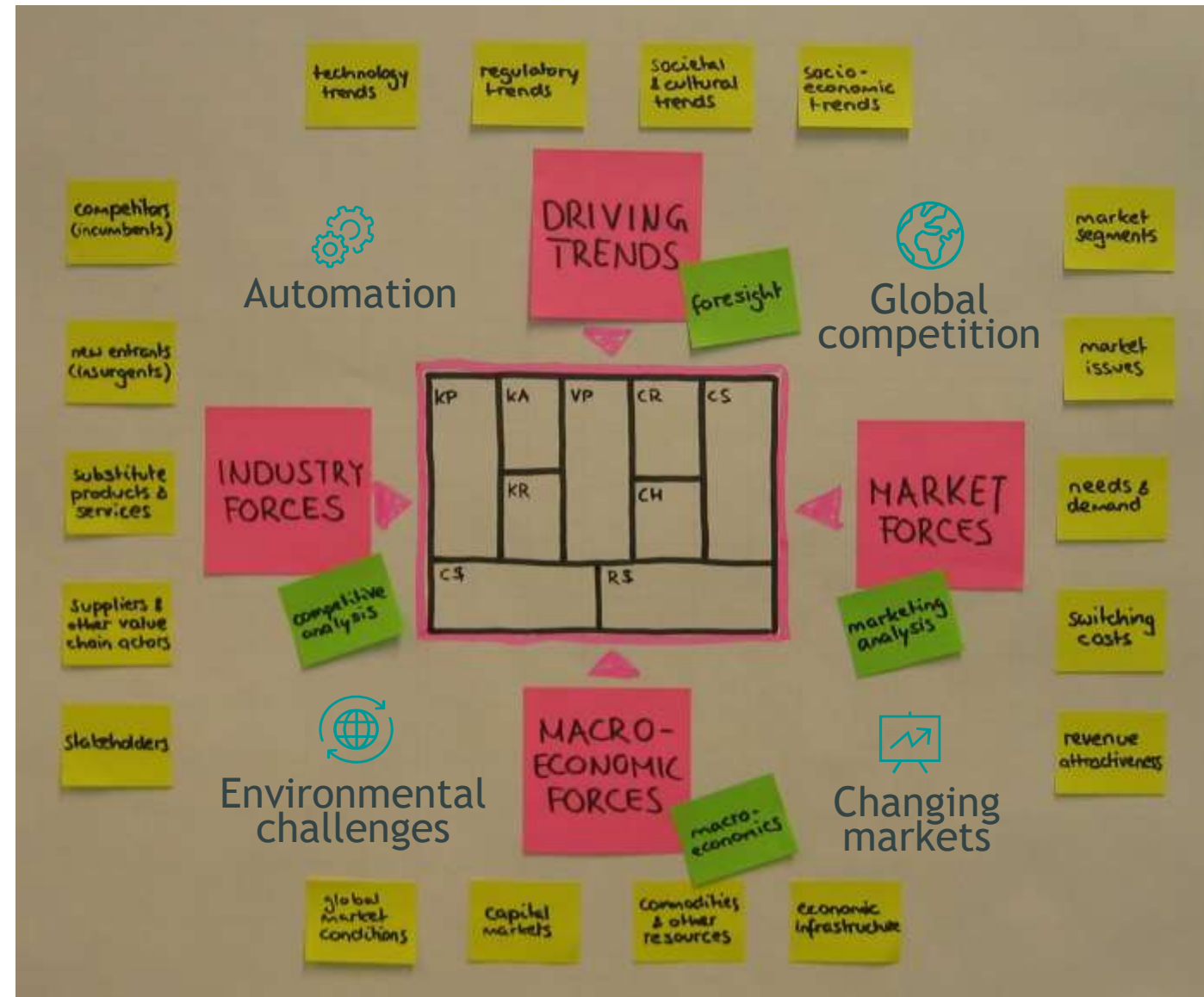
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Common view on business environments



- „Doing Business“ (World Bank, 2019)
- Investment climate (DCED, 2008)
- Business environment framework (Roos, 2016)

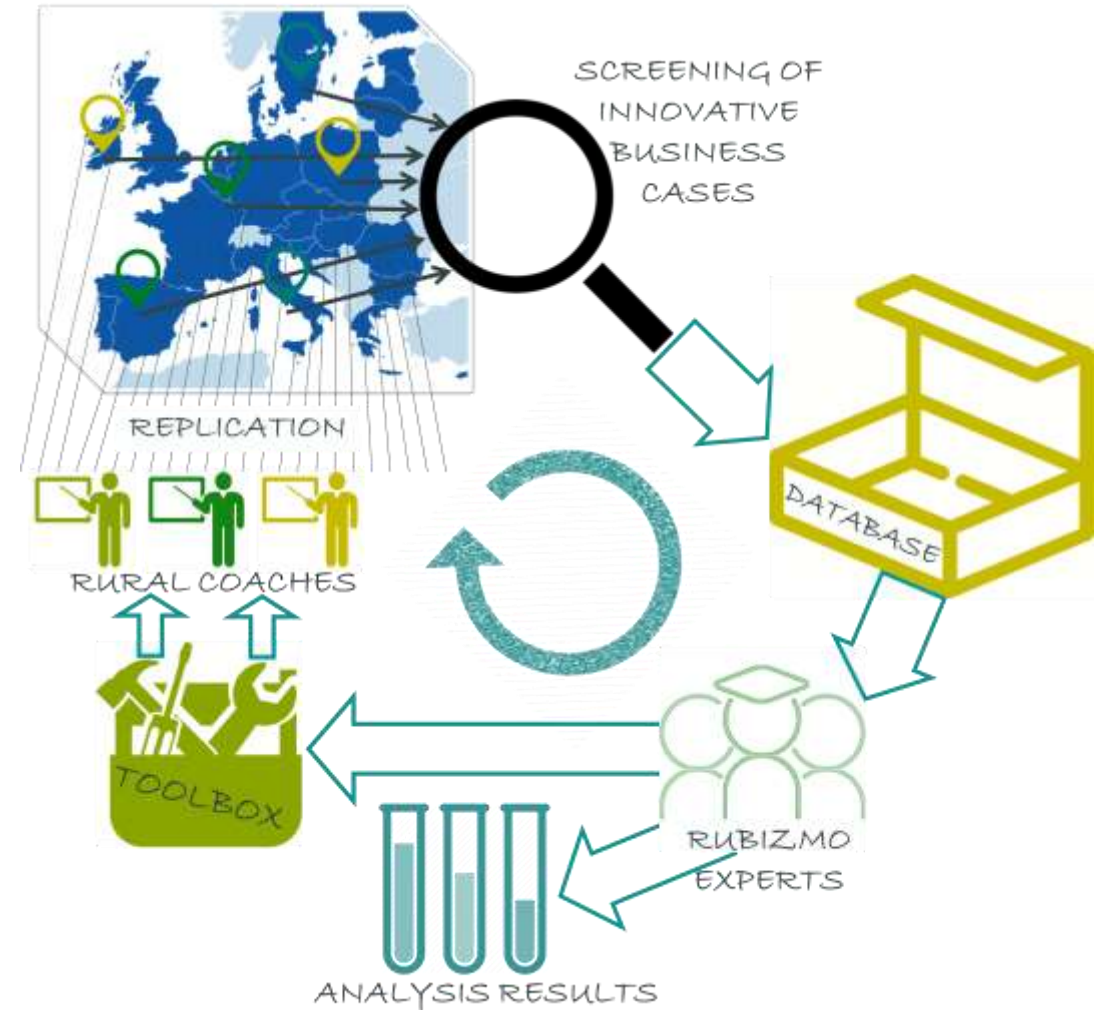


Adapted from Ostermeyer (2019)






Pressing questions and screening

- 1) What action arenas of the business environment are important for businesses in rural areas?
- 2) What levels of the business environment are relevant for the business models in rural areas?
- 3) What factors determine the performance of a business environment (e.g. a cluster)?
- 4) What distinguishes a supportive business environment and how does it develop?





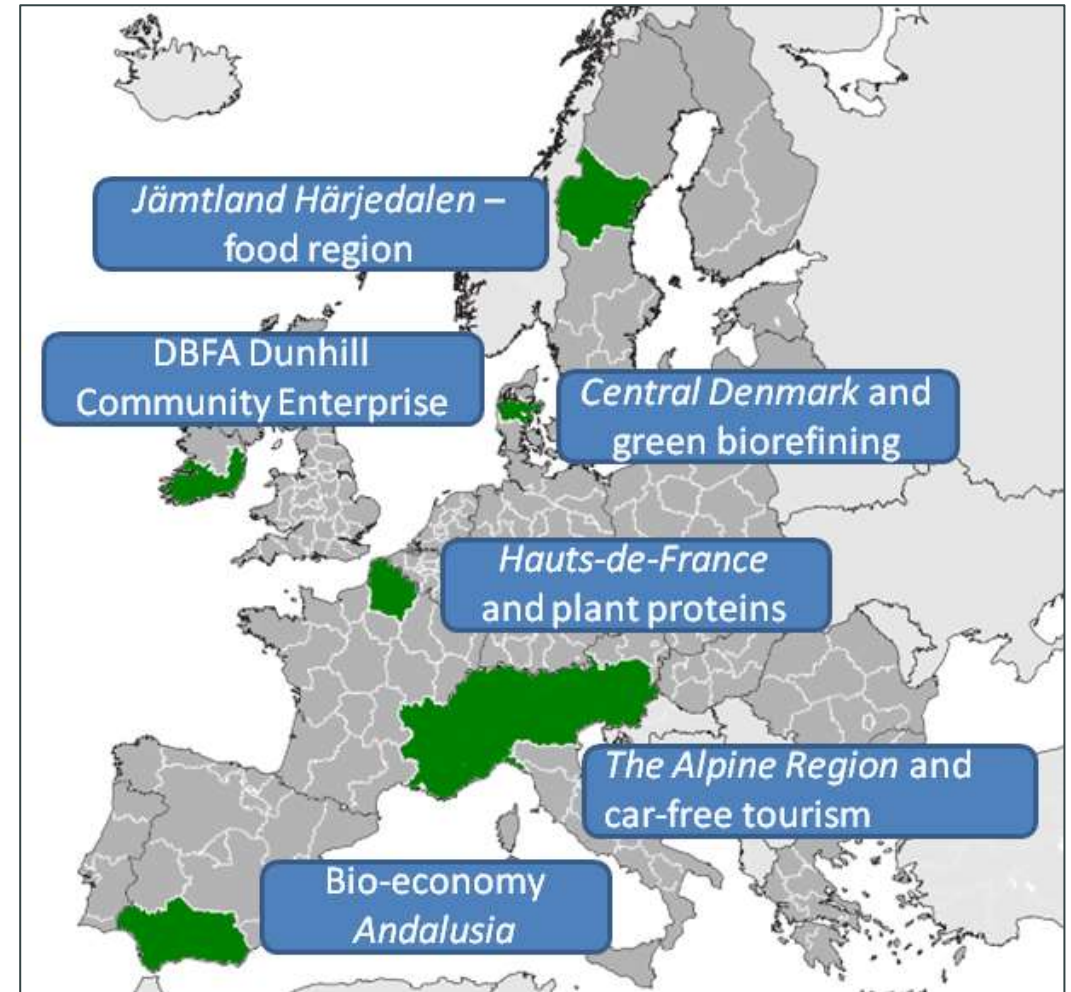
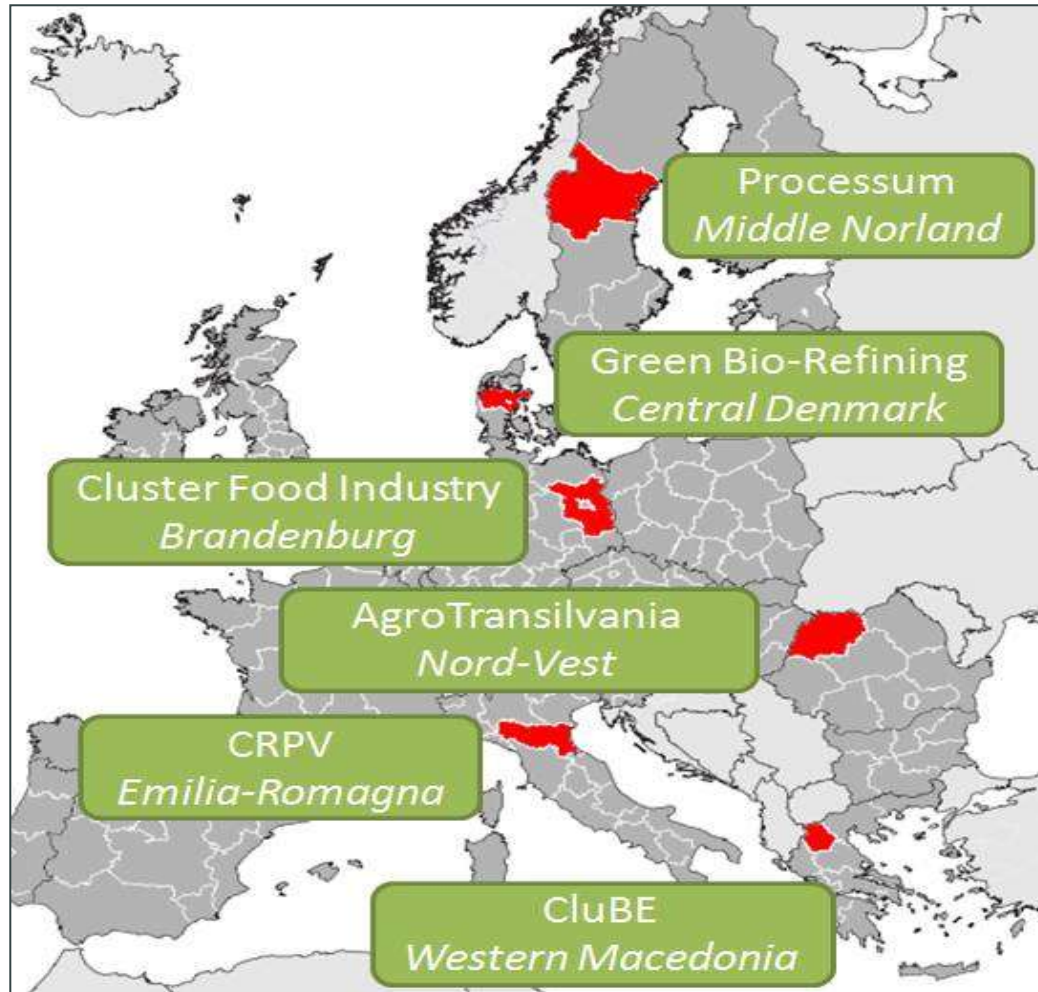
Business cases

	REPLACE	UPGRADE	CIRCULATE	COLLABORATE
 FOOD	<ul style="list-style-type: none">1 Gårdsfisk SE3 Odovits RO1 Hermetia GE2 Emiko GE3 Kilbeggan Foods IR3. GOSPODARSTWO SZETYŃSCY. (PL)1.EKO BAJKA(PL)	<ul style="list-style-type: none">4 Gotland whiskey SE2 Aarstiderne DK1 FIRST HAND MILK GR5. 4GAIA GR4 ALMA BAMBOO IT6 SMILEAT SP2 irinas goats RO1 Taína Vie RO3 obsthof Roenn GE2. PIEKARNIA KLOS & PALAC PAWLOWICE. (PL)	<ul style="list-style-type: none">2 Stephan Henry BE5 Serra-Ivas RO8. Food bank (DK)5. Gospodarstwo WOJCIECH KURPIEL (PL)	<ul style="list-style-type: none">4 coop crowdfunding DK2 FARM&CO SP2. Panier local (FR)3. Feder (FR)4.Probiolife (PL)
 BIO-BASED VALUE CHAINS	<ul style="list-style-type: none">6 Energifabriken SE1 Ocean Rain Forest DK2. HERB&OILS GR3. CHLIAPAS GR	<ul style="list-style-type: none">1 BIO-ON IT3 BIOGAS IT5 BEFBIOSISTEM IT6 PECORE ATTIVE IT6. Tryon (FR)5. Nenufar (FR)	<ul style="list-style-type: none">4. ELPIS GR2 FIUSIS IT1 BIO-OILS HUELVA SP3 OLEOFAT SP5 OLEICOLA EL TEJAR SP1 Valbiom BE3 DMINOR BE	<ul style="list-style-type: none">5 Biogas Brålanda SE8 Pirinoble (SP)1. Pomacle Bazancourt (FR)
 ECOSYSTEM SERVICES	<ul style="list-style-type: none">3 Järvsö resurs SE4 ElidaFishing DK6 Crafts Village RO4 Coconat GE	<ul style="list-style-type: none">3 DuePapaver DK6 Nygaarden DK2 Glenkeen Farm IR4 Fuchsia Lane Farm IR6 Saint project Slow (IR)6 Adventure IR4 Drumul Plutasilor RO	<ul style="list-style-type: none">5. Driving center Gross Doelln (GE)9. Kusters trädgårdar (SE)6. Owoce Lutyni (PL)4. Alp'grain (FR)	<ul style="list-style-type: none">2 Lapland Voullerim SE1 Dunhill Eco Park IR5 Abbeyleix Bog Project IR4 KUDEA SP7. Virere (SP)



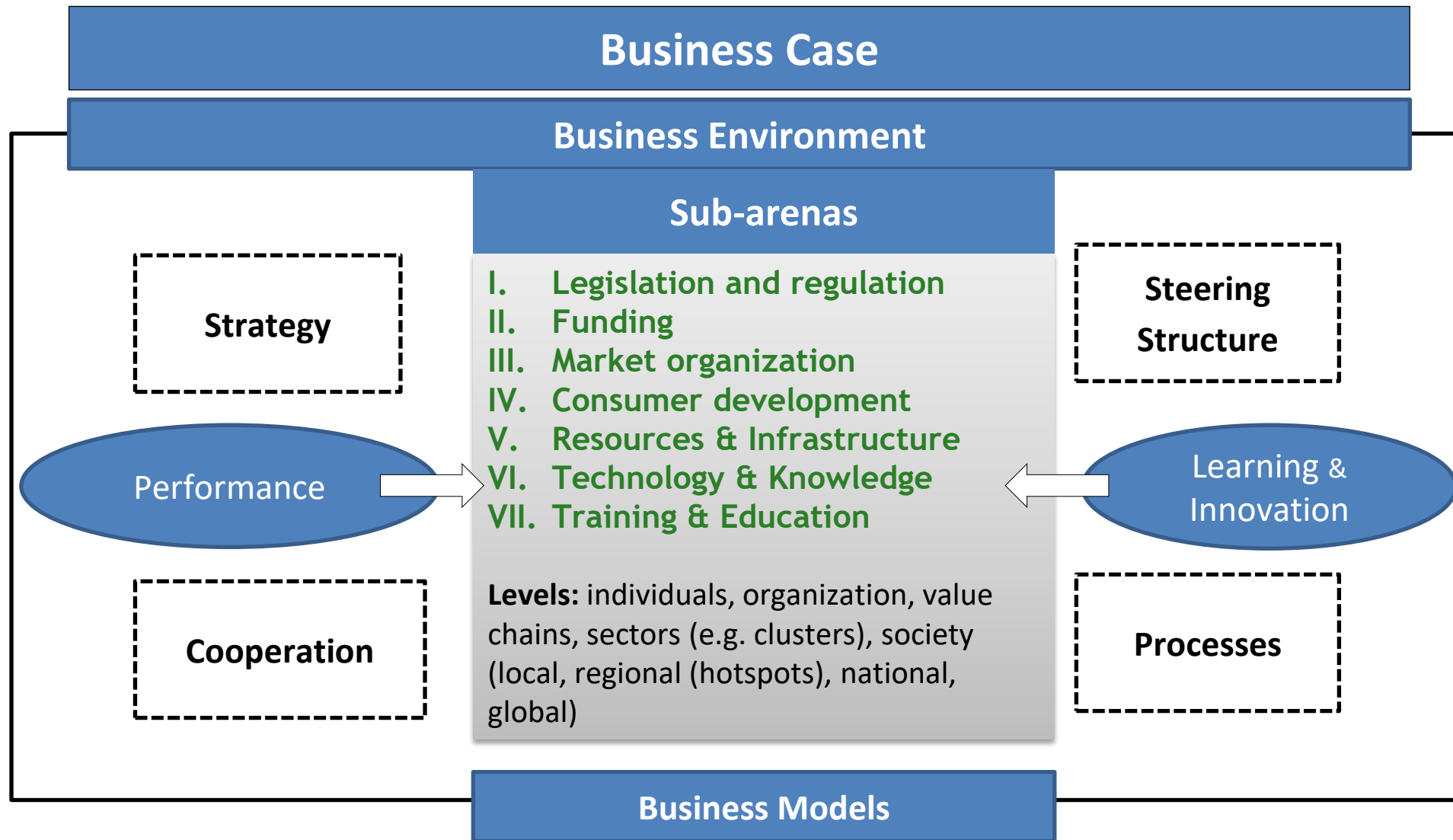


Clusters and hotspots





Framing business environments





Findings



Sub-arena: Legislation and regulation

- ❖ Learning and innovation related to legislation and regulation.
- Solutions for complex and restrictive legislations or, sometimes, lacking institutions.
- Regulatory gaps for new products and services at various level (regional, national and EU level).
 - “Everything which is not allowed is prohibited”*
Firm#75
 - Long process to get approval.
- Growing awareness and learning of public agents and actors at various levels and subarenas.
- Triple Helix Support of clusters helps dealing with regulatory barriers.





Findings



Sub-arena: Funding

- ❖ Enabling business environments offered diversity of funding sources and schemes.
- Majority of the business cases also received funding from various agencies (EU, national, regional), credit institutes, crowd funding, etc.)
 - “We have applied for EU subsidies. However, we prefer private funds since EU regulations are too complex and sanctions are potentially possible”*
Firm #88
- Difficulties to attract investors or access to funding at an early stage of the business life.
- Clusters provide support for attracting financing.





Findings



Sub-arena: Market organization

- ❖ Support of market organization (access) according to the nature of the product, size of the business and awareness in the society.
- Competition with larger companies and conventional products and services depending on:
 - competitors taking over the business model,
 - awareness of actors in the society,
 - clusters facilitating access to markets,
 - nature of the product and service (less competition for innovative businesses)

“The competition is less because the business model is not only providing a conventional rural tourism but also provide training module on solar energy and rent the building to use for training purpose” Firm # 48





Findings



Sub-arena: Consumer development

❖ Consumer values and awareness reinforce demand, learning and innovation.

- (Level) of awareness and social benefit for the society and stakeholders influences:
 - decision making of public agents,
 - demand for products and services,
 - source of innovation and participation.

“Due to our value for the local and seasonal food, we have volunteers who lobby for the product and service we are providing” Firm #88

- Cooperatives, clusters and firms with strong networks operate as performance enhancers, increase consumer convenience, and create awareness and shared value.





Findings



Sub-arena: Technology and knowledge

- ❖ Alignment of demand and supply of technological solutions and innovations.
- Technology and innovation supports are frequently limited.
- Knowledge provided is mostly related to market development or creating marketing strategies.
- Availability and access depends on:
 - the size of the business,
 - offers to participate in networks and clusters the businesses are able to create,
 - Triple Helix Support of clusters facilitates access to R&D and tacit knowledge sharing,
 - association the businesses are member in, and
 - nature of the business.





Summary and conclusions

- Businesses also encounter misalignments within their environment related to the success factors at different levels and in sub-arenas.
- Business environments are heterogeneous and subject to changes of cooperation, strategies and processes and which requires
 - a high capacity for learning and innovation, and the
 - adaptation of steering structures according to the diverse tasks.
- Businesses struggle with fragmented business environments which aggravates the alignment of business models.
- Creation of awareness about offered products and services among different stakeholders contributes to a supportive environment.
- Networks, clusters, hotspots and other forms of cooperation can be effective enablers and catalysers for alignment processes.





Recommendations

- Clear definition of cooperation between actors and organizations in the different sub-arenas.
- Clear definition of cooperation with networks, clusters, hotspots and other forms of cooperation as catalysers and enhancers.
- A clear and plausible strategic orientation of sub-arenas for addressing fragmentation of business environments.
- Awareness creation among different stakeholders.
- Creating effective steering structures for different types of tasks and creating a clear understanding of key strategic processes.
- Develop and consolidate learning and innovation capacities of actors and organisations in the business environment.





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