


CLAY
CROSS SECTOR SUPPORT FOR
INNOVATIVE AND COMPETITIVE ARTISTIC CERAMIC SMEs



**THE NEW TRADITION
OF THE
CERAMICA MADE IN UMBRIA**

ACTION PLAN

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The Umbrian soil rich in clay, with plenty of water, woods and the presence of wood-burning furnaces. The territory is ideal for powering the production of pottery and ceramics, offering a wide range of products that speak to the world of the Umbrian territory.

Throughout the history of Umbria, especially its relationship with this art, lives of individual collective destinies have intertwined with habits, customs and social relations determined by economic activity, often in the endless pursuit of beauty for pure beauty. Pottery is on the one hand, an historic event, calling for a precise reconstruction of scientific rigour and passionate cultural momentum. On the other, an artistic expression that goes beyond the chronological limits of historical events, being admired as an object worthy of representing the territory and the its people.





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1. INTRODUCTION

The CLAY project was born with the aim of facilitating and improving innovation processes in the traditional ceramic sector. CLAY uses interregional exchange of good practices between project partners to achieve its goal. All the regions involved in our partnership have important ceramic traditions and a growing pool of SMEs seeking market opportunities.

Artistic ceramics, as a traditional sector largely made up of small and micro enterprises, has been particularly affected by the economic crisis, by low-cost competition and by limited access to some non-EU markets.

Ceramics represents a central part of the European tradition. While globalisation has challenged this sector, if appropriate innovative processes are applied, it can also offer opportunities. In order to exploit such opportunities, the ceramic sector must prioritise new technologies, strengthen brands and develop services to maintain a competitive advantage. Political strategies in CLAY partner regions must foster innovation opportunities in this sector.

The CLAY project has helped partners to consider how public policies can support product, process and service innovation. During the project, innovation processes were discussed in relation to the specific context of partners' ceramics sectors and the regional policy identified for improvement within the project.

Below is a brief overview of the outputs achieved during phase 1 of the project.

- 1- Sector analysis - Through the SWOT analysis, the Strengths, Weaknesses, Opportunities, and Threats of each partner's different ceramic sectors were identified and compared;
- 2- Needs analysis – building on the SWOT, the innovation needs of the ceramic sector in all CLAY regions were illustrated and shared;
- 3- Interregional learning Events – various events were designed to exchange information, knowledge and, good practices. In phase 1 of the project, we organised participatory workshops and study visits;
- 4- Stakeholder workshops - each partner region activated a group of key stakeholders, meeting regularly to discuss results emerging from interregional exchange and to discuss how these could be applied at regional level.

A matching between the above-mentioned innovation needs and the good practices proposed by each partner was the basis for the elaboration of a "Dream Action Plan", in which partners described the

ideal activities they like to implement in their territories. With this dream in hand, partners continued exchange to consider which dreams could be turned into realities. They discussed concrete strategies to support innovation in ceramics within the project's policy tools and based on the sectors chosen by each partner.

After this process, partners completed their Action Plans and discussed them with other partners and regional stakeholders. Each action plan is, therefore, the result of a careful process of reflection and adaptation of the results obtained to the specific realities of each region.

2. GENERAL INFORMATION

Partner Organization: Regional Government of Umbria – Regional Directorate for Economic Development, Agriculture, Labour, Education, Digital Agenda - International Relations, Corporate Finance and Internationalization of the production system

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<https://www.regione.umbria.it/attivita-produttive-e-imprese/progetto-interreg-clay>

3. POLICY CONTEXT

This action concerns ERDF operational programme 2014-2020 for the Region of Umbria. In particular, it addresses:

- Axis 3. “Competitiveness of SMEs”
- Specific objective 3.3 "Increase of the level of insourcing within the production sector".
- Key action 3.3.1. – “Projects to promote company exports and territorial/sector based clusters”.

The idea for this action was born after the fourth Interregional Learning Event (ILE) in Portugal (Semester 4), during which the good practice “Thematic Voucher (Innovation, I&D)”¹ was presented. Within this good practice, companies can apply for vouchers to finance support from regional universities on specific innovation projects.

The objective of this action is to support ceramic companies in their innovation processes. The Action “Innovative support scheme for SMEs innovation in the ceramic sector” will allow companies to apply for grant to fund knowledge and innovation support from the various departments of the University of Perugia. With an absence of ceramic research centres within the Umbria Region, the University of Perugia is the regional reference for innovation. The support service will allow ceramic companies to acquire relevant knowledge and skills for innovation and growth. Learnings from the scheme will also be used to investigate how new funding methods can be applied across ERDF POR funding measures, such as those to fund internationalisation.

¹ <http://www.interregeurope.eu/policylearning/good-practices/item/4611/thematic-voucher-innovation-i-d/>

4. ACTION INCLUDED IN THE ACTION PLAN

Action 1. Innovative support scheme for SME Innovation in the Ceramic Sector

5. DETAILS OF THE ACTION ENVISAGED

5.1 Policy Need addressed

Umbria is one of the few regions in Italy that can boast six municipalities with the ancient tradition of ceramics: Deruta, Gualdo Tadino, Gubbio and Orvieto, Città di Castello and Umbertide. There is a world-renowned tradition that has reached the highest levels of technical and artistic expression.

The Regional Government of Umbria has always supported the ceramic sector. Within the ERDF ROP 2007-2013 and subsequently from 2014-2020, calls were published to support production, process and marketing of ceramic products. In the past, projects such as “Ceramica Made in Umbria”, “Ceramic Luster Ceremony”, “International Ceramic Arts Ceremony Competition” were launched to support SMEs to adapt to today's challenges.

The ceramic tradition is so strong in Umbria that it can sometimes be an obstacle to the use of technologies. Structural weaknesses in the ceramic sector emerged following the economic crisis, which was also hit hard by globalisation. Another challenge is that of internationalisation. For this reason, the regional government wishes to create a circuit that connects different territories of different nations to offer new ceramic companies new reference markets with new business partners.

SMEs can face today's challenges by introducing innovative elements within the organisational and technological processes. Thanks to innovation in production, marketing and product / design, historical brands can be enhanced and ceramic companies can propose products that help to achieve greater competitiveness.

This is in line with EU objectives to accelerate a move towards conceiving production systems and services in innovative terms (Industrial Modernisation). Therefore, the Regional Government has proposed actions for the artistic ceramic sector, aimed at raising awareness among economic operators and the world of artists about the possibility to innovate, while maintaining artistic tradition and know-how, thanks to collaboration between universities and companies.

As such, one main challenge for the region is to find ways to promote such collaboration and to support collaboration between the innovative and traditional sectors of the economy. Umbria Region

has long recognised the important role that universities and research centres could have in the development of a territory. As such, they have played a role of connection between the regional production system and the University of Perugia. However, more work is required. Many companies in the ceramic sector remain unaware of role that the University could play to support them. They may also have difficulty funding collaborations.

Indeed, the needs analysis carried-out within CLAY, has showed that a vast majority of ceramic SMEs consider marketing and product innovation as the most urgent needs to be addressed. Grants and financial incentives were indicated as the support measure mostly sought after to address such needs. At the same time, the analysis highlighted that ceramic SMEs (especially smallest ones) not only lack resources (human / financial) to invest in innovation, but also lack knowledge of the potential innovations that could be implemented. This demonstrated that financial incentives alone cannot effectively address the needs of Umbrian SMEs. An effective support scheme for Umbrian territory should embed economic aids in a broader framework of collaboration with research / education institutions accompanying SMEs throughout the innovation path. The innovative support scheme proposed in this action is one practical attempt to make this happen on a more regular and systematic basis.

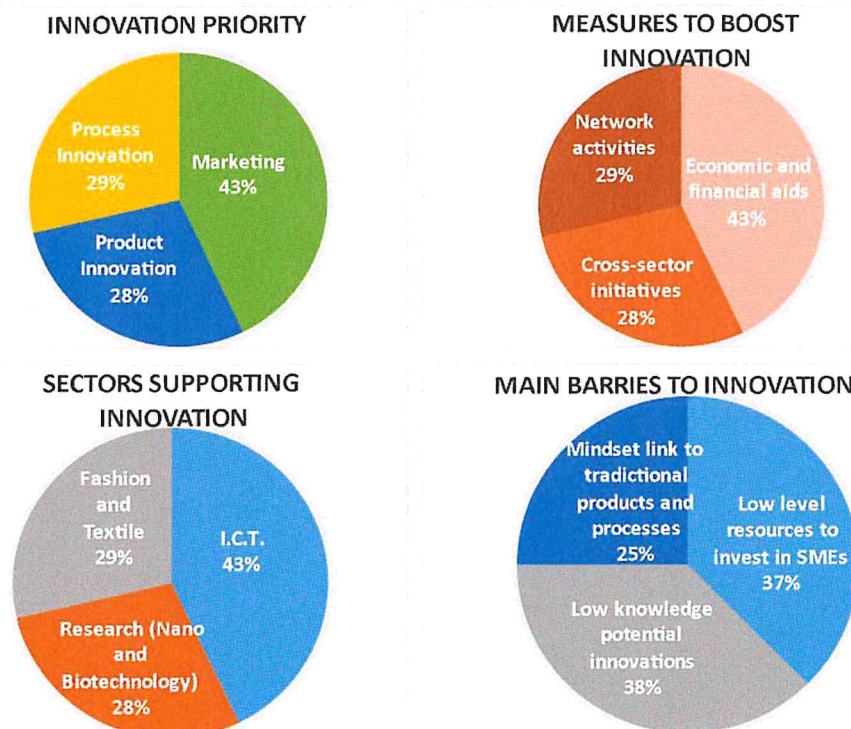


Figure 1 – Key results from comparative needs analysis

5.2 Overview of the policy improvement that this action refers to

This ambitious action aims to support companies to access innovation support in collaboration with the University of Perugia (on the basis of a framework Collaboration Agreement). Innovative processes require interactions among three different actors:

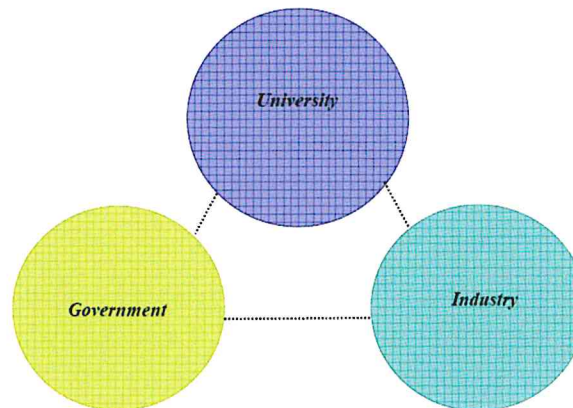


Figure 2 – Triple Helix Model II
Source: Etzkowitz & Leydesdorff, 2000, p. 111

Collaboration between University and industry/company is a key component for the effective result exploitation in the R&D and for regional competitiveness.

The action should improve the quality of products, processes and commercial capacities of SMEs in the ceramics sector. This objective can be achieved through the collaboration between different departments of the University of Perugia that carry out R&D in sectors of relevance to ceramics and the SMEs looking to innovate, especially those that do not have an R&D laboratory / department. Support from the University can help to promote:

1. product innovation and design quality;
2. innovation in production processes;
3. innovative marketing strategies and tools.

This action proposes an innovative support scheme, to boost regional competitiveness by bridging the gap between innovation needs of local ceramic SMEs and innovation expertise available in the regional research ecosystem.

In order to test this innovative scheme before roll-out, a pilot action has been requested to Interreg Europe. Follow up and mainstreaming would be funded by the ERDF ROP for 2014-20 (last remaining financial resources) and 2021-27.



The procedure for this new type of support scheme is summarised below.

SMEs submit an application, with a specific innovation project (focusing on product, process or marketing innovation), in response to a call under the new support scheme. In the application form, SMEs have to define and detail the innovation needs (one or more than one) that they would like to address in the project. Applications are evaluated and selected by an Evaluation Committee, involving representatives of Umbria Regional Government and external experts. There is no maximum threshold for the funding requested (within the maximum budget amount for the action). The objective of the action is to award the maximum number of projects possible, without setting limits in terms of funding and, thus, of the ambition of the proposed innovations. This is considered as a key requirement of the action, in order to maximise accessibility from different kind of SMEs (from micro, family-owned, businesses, to more structured companies).

The Evaluation Committee evaluates the proposals against specific criteria, in order to assess their value in terms of:

- type of innovation and relevance for internationalisation;
- quality of technical contents, paying a special attention to timing, objectives and coherence of the project with company's development strategy;
- clarity of the proposed actions and operational plan.

These criteria will be awarded specific points (defined in the call's text), with extra points that can be awarded to proposals demonstrating coherence with RIS3 and/or submitted by female entrepreneurs or young entrepreneurs. Proposals will be ranked accordingly.

Upon evaluation, the Committee directs the proposals to the University Department that is best placed to provide the type innovation support requested. The University Departments will analyse the innovation needs described by the SMEs and define the activities to address them. They will collaborate and dialogue with selected SMEs to discuss and negotiate the activities that best suit their innovation needs. In parallel, they will discuss (negotiate) with Umbria Region the activities agreed upon, to determine the grant amount.

Once this process completed and before starting each project, two agreements are signed:

- One between the University Department(s) and the SME defining the innovation service(s) that will be provided in the framework of the project and relevant rights and obligations;



- One between the University Department(s) and the Regional Government defining the grant amount and the obligations in terms of implementation, monitoring and reporting.

The grant awarded by the Regional Government is entirely dedicated to cover the cost for the innovation service provided by the University.

This is the first time that such a negotiated scheme is experimented in the region of Umbria for this specific purpose.

As described in section below, this action is directly inspired by the Good Practice from Centro Region in Portugal, “Thematic Voucher (Innovation, I&D)”.

5.3 The background

This Action Plan was developed on the basis of a series of analysis undertaken during the CLAY project, developed at regional level and completed through interregional comparison, of transfer of a good practice from the Central region of Portugal and of input from regional stakeholders.

Concerning the analysis, in semester 1 and 2, we developed and completed a SWOT analysis of the regional territory and the ceramic sector. Step 1 of the SWOT was the sector analysis and step 2 was the identification of needs. The needs analysis, included two questionnaires administered to companies and regional innovation actors. In each case, our regional results were enhanced by an interregional comparison. We worked in groups, using a variety of techniques, to share ideas and considerations on the results.

The needs analysis questionnaire was developed and tested by partners and stakeholders in the occasion of the 2nd Interregional Event (ILE2) in Limoges (February 2019). The practical exercise to test the questionnaire (also thanks to the involvement of representatives from local SMEs) provided useful input in terms of type of questions to include and aspects to focus on (e.g. knowledge of existing opportunities to finance innovation). As a result from the Limoges meeting, an improved version of the survey was developed. We translated it in Italian, to maximise participation from local actors, and sent it to our local stakeholders (including SMEs) using GoogleForms. Results from this survey helped us achieving a better understanding of the needs of our territory and of the main barriers faced by ceramic SMEs when it comes to innovation (*as described in section Policy Need above*).



The needs emerging from the survey were discussed with our stakeholders and shared with partners in the occasion of the Interregional Event (ILE3) in Seinajoki (September 2019). They are the basis of what we want to address with our action supporting collaboration between SMEs and Universities.

The next step of the project was identifying solutions: interregional exchange to identify experiences that can be used to address the needs of ceramic sectors in each region. During this activity, a Good Practice from Centro Region in Portugal was identified for transfer into Umbria. In the occasion of the 4th Interregional Learning Event held in Portugal (February 2020), the Good Practice Thematic Voucher (Innovation, I&D...) was presented. Following the interregional meeting, an in-depth presentation of this Good Practice was provided by Partner 5 – CTCV during the CLAY Virtual Meeting to exchange on Good Practices (March 2020). This was the opportunity to gather further details on the structure of the scheme and on the type of innovations covered. Subsequently, we were in touch via email with the Managing Authority in charge for this Good Practice (Centro Region - CCDR-C), to get more information on how the scheme works in practice, including difficulties and barriers to implementation.

In the Portuguese case, the vouchers are an economic and financial support tool developed to facilitate access of micro and SME to funding with thematic calls on innovation. Ceramic sector SMEs are eligible, hoping to promote innovation, while reinforcing dignity in the sector and recognising ceramic ancestral art as lifelong and environmentally friendly. The elements transferred to Umbria within this action are:

- The link between company innovation and internationalisation: the Portuguese voucher scheme is included under ROP ERDF 2014 – 2020 Thematic Objective 1, priority 1.1. Among the various planned initiatives, measure 1.2 focuses on innovation actions supported by Universities and Research Centres and highlights the links between innovation and internationalisation of SMEs. This was an excellent inspiration for us and was transferred into our Action Plan.
- The concept of hiring specialised consultancy: the vouchers can be used to hire specialised consultancy in an area that the SME needs to develop innovation and the service can be provided by a University with R&D speciality in that field. This was transferred directly into the action in Umbria.

Coming to the type of financial tool used to support innovation, we carefully evaluated the voucher and discussed with representatives of Centro Region and our stakeholders to evaluate the opportunities and benefits offered by such kind of tool. Our final decision was that a grant scheme,



instead of a voucher, would be best placed to cater for the needs of our local SMEs. As a matter of fact, a grant scheme allows a higher flexibility in terms of amount awarded to the applying SMEs. This type of support allows to evaluate the specific innovation needs of a given company and to tailor the intervention to their needs. This is considered crucial for Umbrian ceramic SMEs, which differ in size (from micro, family-owned, businesses, to more structured companies) and innovation needs.

The Regional Stakeholder group created in Umbria brought together a significant number of actors, as detailed in the section below. They were engaged throughout the project both as a group and during bilateral meetings to discuss specific issues. Their role was particularly important in the needs analysis phase, to disseminate the survey, provide interesting inputs and discuss results from the analysis, helping to clearly identify our need. Moreover, the stakeholders were involved in the selection of the good practice of relevance for transfer into Umbria Region (as described above). Without CLAY, this stakeholder group would not have been created. It is a solid foundation for consultation and to promote continued collaboration between traditional and innovative sectors of the economy.

5.4 Specific activities and timeframe

| | |
|------------------|---|
| <i>Feb. 2020</i> | <p>Interregional Learning Event (ILE4) in Portugal, where we first learnt about the Good Practice Thematic Voucher (Innovation, I&D...), presented by the representatives of Regional Development Directorate of Centro Region (PT – Managing Authority of CLAY PP5’s policy instrument).</p> <p>After ILE4, we organised a meeting with our local stakeholders from the University of Perugia to share this Good Practice and evaluate potential for transfer to Umbria.</p> |
| <i>Mar. 2020</i> | <p>Virtual meeting to exchange on CLAY Good Practices. During this meeting, we had the opportunity to ask questions and get further knowledge on the Good Practice Thematic Voucher (Innovation, I&D...).</p> |
| <i>Apr. 2020</i> | <p>Exchanges with the Regional Development Directorate of Centro Region (owner of the Good Practice), to better understand the functioning of their voucher scheme and evaluate its suitability to the Umbria needs. Due to</p> |



| | |
|------------------------------|--|
| | COVID-19 outbreak, it was not possible to arrange a bilateral meeting with Centro Region, so exchanges were via email. |
| <i>Jun. 2020</i> | Meeting with local stakeholders to share results of the exchange with Centro Region and discuss further steps for designing our Action. |
| <i>Aug. to Nov. 2020</i> | Definition and discussion of first draft of Collaboration Agreement between Umbria Region and the various Departments of the University of Perugia. |
| <i>Dec. 2020</i> | Publication of an expression of interest notice, to evaluate the interest of local SMEs in a grant scheme as the one proposed in our Action. |
| <i>June 2021</i> | Signature of the Collaboration Agreement between Umbria Region and the University of Perugia. |
| <i>Jul. - Sept. 2021</i> | Preparation and launch of the test call for innovative projects under the new grant scheme (within the CLAY pilot action). |
| <i>Oct. 2021</i> | Evaluation Committee appointed. |
| <i>Oct. – Dec. 2021</i> | Evaluation of proposals submitted, including definition of University Departments providing the requested innovation services and definition of grants awarded winning projects. In parallel, monitoring begins with the potential integration of the grant scheme into ERDF POR measures (final resources available on 2014-20 scheme). |
| <i>Dec. 2021 - Jan. 2022</i> | Selected projects are allocated to the various University Departments to start the innovation services. Umbria Region negotiates grants with the University Departments involved. Agreements (Umbria Region – University Departments and University Departments – SMEs) are signed and projects start. |
| <i>Feb. – Sept. 2022</i> | Communication and exchange with the various University Departments involved to monitor ongoing projects. |
| <i>Sept. – Nov. 2022</i> | Evaluation of pilot results and preparation of recommendations / content for the continuation of the funding scheme (mainstreaming within 2021-2027 ERDF POR). (end of pilot action) |
| <i>Dec. 2022 - May 2023</i> | Possible new call defined and launched. |



5.5 Players involved

In Umbria, as in other CLAY regions, stakeholder consultation has become part of policy development. Stakeholders, with their knowledge and experience, provided significant contributions to achieving the objectives of the CLAY project.

Throughout CLAY implementation, we have been involving various local stakeholders, including Municipalities, trade associations and Universities. They actively participated in the CLAY kick-off meeting (Umbria, 06/2018) and in the various local stakeholder groups held since then, providing useful technical inputs and insights on the needs of Umbria SMEs.

A stakeholder from the Department of Chemistry, Biology and Biotechnologies of the University of Perugia travelled with us to CLAY ILE2 in Limoges (02/2019), to learn about local innovation and exchange with CLAY partners and their stakeholders.

The key stakeholder involved in the implementation of the Action Plan, is the University of Perugia, with the various Departments that carry out research / studies in the field of process, product and economic / marketing innovation. Within our Action Plan, the University will provide SMEs with expert technical support in the implementation of the innovation projects (as described in section 5.2).

The other members of our local stakeholder group, will be equally important in supporting the implementation of the Action Plan. In particular:

- Municipalities with a tradition in artistic ceramics (Gubbio, Gualdo Tadino, Deruta, Orvieto, Città di Castello and Umbertide) will promote our Action Plan and the call in their territories. This will allow to give high visibility to our initiative and to reach all relevant actors in Umbria territory;
- Trade associations for crafts and SMEs (Confartigianato, CNA and Confindustria) will promote the call among their members, ensuring that the highest possible number of SMEs can be informed about the call.

5.6 Costs and funding sources

This Action should be initially tested through the pilot action requested within the CLAY project. The total pilot budget amounts to 76,900.00€.

If pilot results are positive, a new edition should be financed by the ROP ERDF 2014 – 2020 (remaining funds – estimated amounts to be clarified in final version of Action Plan).

On the longer term, still during Phase 2 of the project, the aim is to integrate the scheme into the ROP ERDF 2021 - 2027 of Umbria Region. Therefore, further funding will be granted in this context.

5.7 Monitoring

| Self-defined Performance Indicators | | |
|--|--------|--|
| Indicator | Target | Means of Verification |
| Number of entities (SMEs) supported by the Programme | 10 | Minutes and proceedings of the evaluation meeting(s) of the Evaluation Committee. |
| Output Indicators | | |
| Indicator | Target | Means of Verification |
| Number of applications received | 20 | Minutes and proceedings of the evaluation meeting(s) of the Evaluation Committee. |
| Number of innovation projects successfully implemented with SMEs | 10 | Final Reports of the project implemented provided by the involved University Departments |
| Number of innovation needs addressed by the Programme | 20 | Final Reports of the project implemented provided by the involved University Departments |

5.8 Risk and contingency plans

Risk and emergency plans may be revised following the results and problems identified during the implementation of the Pilot Action.

| Description of Risk | Level of probability (High, Medium, Low) | Description of Contingency Plan |
|--|---|---|
| Low number of SMEs responding to the pilot call | Medium | <p>A targeted communication campaign will be designed and implemented to make sure that the widest number of potential applicants can be reached by the call announcement.</p> <p>To maximise the outreach of the campaign, local public authorities (having strong links with the territories) and trade associations (having direct relationships with companies and artisans) will be actively engaged.</p> |
| Reallocation of public funding due to the COVID-19 emergency | Low | <p>Currently, it is extremely difficult to define what will happen in relation to the COVID-19 emergency and its impact on local SMEs. Therefore, this risk has been identified and it will be thoroughly monitored over implementation. However, the action proposed can be especially helpful to support ceramic SMEs in the post-COVID recovery period, which makes the likelihood of this risk to occur rather low.</p> |

6. OFFICIAL SIGNATURE

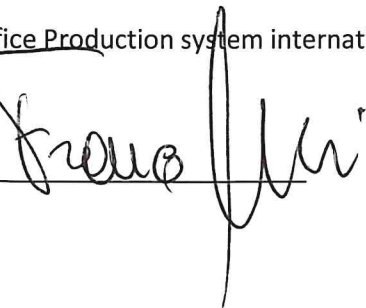
Date 02/07/2021

Name of Signatory: Franco Billi

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