

Executive Summary

Cross-company innovations in change: An opportunity for Mittelstand firms?

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Executive summary

The framework conditions under which medium-sized companies innovate have been subject to serious changes for some time: Digital transformation in particular is changing products, production and communication processes. This change increasingly promotes and demands the development of cross-company innovations. This study examines the triggers, the functioning and the challenges of cross-company innovation activities of medium-sized companies.

Lack of resources or market development as triggers

Companies develop innovations together with other companies when they lack resources. Apart from financial and personnel bottlenecks, this is primarily a lack of knowledge. However, cooperation with external partners can also aim to open up new markets for the company.

Knowledge gains through cross-company innovation

The most important condition for cross-company innovation is the exchange and generation of knowledge that is needed for the implementation of innovation and is not available in the company. Knowledge can flow between the companies involved either unilaterally or bilaterally. The resulting knowledge gains are thus not only an important component of innovation implementation, but can also trigger new innovation processes.

Cross-company innovations require feedback loops

Cross-company innovations are generated primarily in the application-oriented cooperation with the respective partner company. As a rule, the associated processes do not run sequentially, but iteratively: constant exchange and numerous feedback loops are indispensable for cross-company innovation development.

The more innovative and younger, the more open companies are to cross-company innovation

The implementation of cross-company innovations requires innovating companies to open up to their partners and to pass on knowledge beyond company boundaries. Medium-sized companies are prepared to do this to varying degrees. Companies in an early phase of development are particularly depend-

ent on cooperation and are therefore more open to cooperation with other companies. Established companies with more incremental innovation approaches, on the other hand, seem to be less open to a cross-company innovation process.

Cross-company innovations require trust

Joint innovation development often requires the disclosure of sensitive information. In order to limit the resulting risks and to enable cooperation with the highest possible level of information and legal security, the companies use, for example, confidentiality agreements. Alternatively, they apply for patents. Nevertheless, mutual trust and a common understanding of values are fundamental for lasting cooperation in innovation development.

Promoting exchange between small and medium-sized enterprises

Cross-company innovations enable the generation and dissemination of new stocks of knowledge. This strengthens the competitiveness of companies. Accordingly, initiatives that create more transparency between potential cooperation partners, offer practical consulting services or raise awareness of the opportunities for cross-company innovation are to be welcomed. Our findings also show that an inadequate digital infrastructure hampers daily exchange and the associated innovation dynamics.