CASE STUDIES ON INNOVATIVE ENTREPRENEURIAL ORGANISATIONS IN EUROPEAN REGIONS

FIERE WORK PACKAGE 4

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FIERE case studies

The FIERE (Furthering Innovative Entrepreneurial Regions of Europe) project actively supports the concept that within regional economies, public organisations, societies, clubs and not-for-profit organisations could be more entrepreneurial and innovative in the way they organise their entities and deliver services to their clients. FIERE aims to support local communities and regional economies by specifically focusing on the development of entrepreneurial and innovative skills and attributes of policy makers, managers, administrators, enterprise development officers, community leaders and developers, founders of community and social enterprises, and organisers/managers of local community entities.

It is a significant challenge to develop an education programme that caters for all aspects of the enhancement of innovative and entrepreneurial skill-sets. The key activities the consortium partners will address and include the following:

- The identification of local, community and regional entities to engage with;
- The development of survey content that will be used to identify the Training Needs Analysis (TNA) of local, community and regional entities vis-à-vis education and training with regard to entrepreneurship, innovation, and creativity; and
- To provide an input into the development of a training and/or education programme for those managing, supporting, employed in, and/or volunteering in local, community and regional entities.

The aim of FIERE Case studies is to prepare and disseminate good practice case studies. Good Practices should demonstrate how selected regional organisations in various countries, implemented and demonstrated “innovative” and “entrepreneurial” ways for improving their performance.

The case studies presented in this handbook in chapters 1-7 are:

1. The case of Austurbrú – the case of an amalgamation of regional support institution in East Iceland.
2. The case of ICY- Innovation centre for young people in the town of Gotse Delchev which is located in the South-Western part Bulgaria.
3. The case of Libera Terra (literally “Freed Land”) a not for profit social cooperative founded 2001 in the “Alto Belice Corleonesese” region in Sicily.
4. The case of “Improve my city” an initiative by the Municipality of Thermi, situated in the east side of the Prefecture of Thessaloniki.
5. The case study of the merger of the former North and South Tipperary County Councils into Tipperary County Council (TCC).
6. The case of In.Cubo - Incubator of Innovative Business Initiatives created by ACIBTM - Association for the Incubation Center of Technological Base of Minho.
7. The case study of Waterford Institute of Technology’s (WIT) ‘ArcLabs Research & Innovation Centre’ as a model for supporting a regional ecosystem of open innovation.

In chapter 8 you will find the idea template (see chapter 8.1) for case studies from which each partner turned in 3-5 ideas for case studies, of which one was developed further by the respective partner based on a framework (see chapter 8.2). The focus was on presenting, for each case study, its goals and objectives, methodologies used, training needs and outcomes, both negatives and good practices.
The case studies, appropriately organised will constitute a significant element of the training to be delivered within the FIERE project.

The FIERE training programme, agreed by the partnership, will consist of 3 modules:

1. Creative and innovative approaches to enhance and develop services;
2. Analytical thinking and resourcefulness as ways to identify and satisfy customer/citizen’s needs;
3. Leadership and resilience in order to enhance innovation and more responsive services in public and voluntary sector.

Although the case studies presented in this handbook can apply to more than one training module a selection was made so that a minimum of two case studies could apply to each module.

1. For module 1, the cases of Austurbrú and Tipperary County Council, is in some way similar as they both demonstrate creative and innovative approaches to enhance and develop services in perspective regions through amalgamation of regional support institutions.
2. For module 2, the cases “Improve my city” and “WIT ArcLabs Research and Innovation Centre” both demonstrate the use of analytical thinking and resourcefulness to satisfy customer/citizens needs both in relation to civil services and open innovation through technology transfer and sustainable usage of local resources.
3. For module 3, the cases of “Libera Terra”, “In Cubo” and “ICY – Innovation centre for young people” demonstrates how building up and supporting leadership and resilience in farmers, entrepreneurs and graduates can be successfully used to enhance innovation either through cooperation (cooperative) or public incubation centres.
A case study on the amalgamation of regional institutions in East Iceland into Austurbrú (Iceland)

Author Árni Helgason

www.austurbru.is
1. Austurbrú ses

Austurbrú ses. is a support organisation in East Iceland founded on the 8th of May 2012. The name refers to a bridge in the east which is meant to convey the understanding of the whole of the eastern part of Iceland as one territory. The landmass Austurbrú services stretches from the village Djúpivogur in the south to Vopnafjörður in the north. Eight different municipalities form the hinterland for Austurbrú and the total number of inhabitants in this territory is only just over 10.000.\(^1\)

Austurbrú is a self-governed non-profit institution which provides interdisciplinary services related to:

- Education, lifelong learning, vocational and university education
- Innovation and entrepreneurship
- Culture and creative industries
- Research and development
- Institutional and community development (as stake holder for municipality in East Iceland).

Austurbrú was founded through the amalgamation of The East Iceland Knowledge Network, The East Iceland Development Centre, The East Iceland Tourism Office and The East Iceland Cultural board and which also managed The East Iceland Federation of Municipalities. Austurbrú had 32 founding partners and had initially a board with 7 members, 3 from East Iceland municipalities and 4 from different fields a) representing innovation and regional development, b) representing lifelong learning, c) representing university and research and d) representing culture and tourism. In addition to the board there was a council of 15 members who worked with different departments and experts within the organisation. In December 2014 the organisation underwent substantial structural change following a report from a task force formed by the owners after Austurbrú had three different managing directors in a spell of two years and there was a growing concern that the newly founded organisation was not working as expected in the beginning.\(^2\)

The key objective behind the foundation of Austurbrú was to enhance interdisciplinary cooperation to benefit the rural communities in East Iceland while at the same time establish a strong institution that could work directly with ministries and government on implementing regional agendas and other national incentives in East Iceland such as “2020 Growth plan”, growth agreements, culture contracts, and marketing plans etc.\(^3\)

It should be noted here that most of the sources used in the case study are unpublished and in some cases based on interviews with individuals involved in the organisation. Furthermore, they were working papers and documents that the author was given access to by The East Iceland Federation of Municipalities (hereinafter referred to by its Icelandic acronym: SSA), Austurbrú ses, the consulting company ALTA and some individuals that participated in the process. Some interviews were conducted but not recorded or written up and are therefore omitted from the list of sources. The

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1 See SSA website: [http://www.ssa.is/index.php?option=com_content&view=article&id=15&Itemid=32&lang=is](http://www.ssa.is/index.php?option=com_content&view=article&id=15&Itemid=32&lang=is)

2 “Tillögur starfsháttanefndar um endurskipulagningu á stjórnskipulagi og starfsemi Austurbruóar ses” Submitted at the EGM of Austurbruóar ses on September 30, 2014. This document was produced by a committee formed by the owners to reorganize Austurbruó. [http://www.austurbru.is/static/files/PDF/2014/Framhaldscarsfundur/arsfundurasturbuaar_fundargerd_300914.pdf](http://www.austurbru.is/static/files/PDF/2014/Framhaldscarsfundur/arsfundurasturbuaar_fundargerd_300914.pdf)

3 Unpublished document “Endurskoðun á stóórkerfi atvinnulífs og menntunar á Austurlandi. Áfangaskýrla framkvæmrulefðs AST” produced by a committee formed to prepare for the set up of Austurbruó in January 2011, the document is from May 2011.
unpublished sources are listed at the end of the study. It should be kept in mind that although some of them are accessible on the internet some of them are not available without requesting access should there be interest in verifying the findings of this case study.

The study itself was narrow in its approach since the main objective of the study was to understand if the venture that started in 2008 and culminated by the founding of Austurbrú did live up to its expectations and whether the process itself exhibited innovative or entrepreneurial approaches. Therefore the political landscape, social influences or other issues that may or may not have been prevalent in the process are not dwelled upon but the emphasis is to describe how the idea matured from documented inception to culmination and then we endeavour to measure the success against the goals set out in the beginning. However, in September 2014 a report was compiled that did just that and therefore the study relies heavily on the views expressed in that report. All mistakes or misunderstandings of the complex nature of the process are however, entirely the fault of the author of the study and should in no way reflect on the people who kindly assisted in the process of the study.

1.1 The before situation

There was consensus among the representatives of the different municipalities and other founding members that formed Austurbrú that it was necessary to work close together for the common interests of the municipalities and the people in areas that were common to the municipalities. In order to find ways to do this there were a few reports made from 2009, the first official report was on behalf of the Icelandic government and referred to as the 20/20 vision, until 2012 when Austurbrú was founded. The formal process started by a motion that was passed in the AGM (Annual General Meeting) of SSA in Djúpivogur village in September 2008 whereby a steering group was formed to “discuss and form suggestions as to the future organisation of the cooperation of the municipalities in SSA”.

Following that, an extensive preparation work was conducted by the committee and a consulting company, ALTA, which resulted in a formal report that was supervised and then submitted by the consulting company ALTA on behalf of the steering committee. As a part of that work an extensive analysis of the then current situation was conducted and discussed in detail especially in a meeting that took place on March 8th 2010. As a part of this analysis a questionnaire was sent to all the institutions that were supposed to be involved in the new entity or collaboration. In April 2010 an EGM (Extraordinary General Meeting) of SSA convened to discuss the report submitted by the steering committee.


5 Stefánia G. Kristinsdóttir: „Sameining Austfirskra stoðstofnana í Austurbrú ses“ Unpublished Power Point Presentation without a date but was clearly produced after May 2012 and was meant to inform of the process that resulted in the foundation of Austurbrú ses.

6 SSA is the Federation of Municipalities in the East of Iceland see http://www.ssa.is


9 The author of this Case Study was given access to all documented work papers by ALTA on their website which is not open to the public and therefore no reference is made to the website. When relied on in the text it will be referred to hereina as ALTA Workpapers 2010.
group and the meeting adopted the ideas of the steering committee and agreed to formally adopt the plans proposed by the steering committee. The suggested way forward of the steering committee was in three parts:

1. Increased access for users of services
2. Simplified governance
3. Detailed project plan

The 2010 report suggested that SSA itself would be the platform on which the increased cooperation was based and the collaboration between the existing entities would be ensured by a new organisational chart and on the operational level, a few fields of activities would be defined to ensure specialisation and efficiency. Thus the entities that were already in existence would still be operational but under an umbrella provided by the SSA to ensure the simplified governance and increased efficiency of the efforts paid for by the SSA or the municipalities directly or in some cases by the national government.

On this basis a new steering committee was formed to take the matter forward based on the analysis and assumptions made in the report. The new steering committee agreed that the paradigm of the participating sectors within the responsibilities of the municipalities would be those which:

"...provide the municipalities or the inhabitant’s services
The municipalities are all responsible for, by costing or governing
The municipalities had formal influence over"

It has to be kept in mind that the entities that formed Austurbrú were already a cross-municipalities effort and partly they were operated in collaboration between the participating municipalities but partly they were independent organisations owned and/or operated partly or fully by the members of SSA. The steering committee differed in their approach to the former steering committee and the ALTA report in the way that it now suggested a new entity to be formed to take over a big part of the role of SSA, but would work closely with SSA. The main difference was that instead of a cooperation of independent operational entities under an umbrella with the “old” entities there would be a new merged organisation independent of SSA but closely tied to the SSA.

As such the reports and discussions within the SSA are quite detailed and extensive and there seems to be no doubt that a lot of effort was put into preparation and discussion of the case. Judging from the minutes from meetings of the Board of Directors of SSA the matter was extensively discussed from 2008 until the foundation of Austurbrú in May 2012. Numerous guests discuss this at the board meetings and this issue is one of the most important to the board members judging by the minutes.

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12 Ib.id, 11.
13 „Framtíðarskipulag ...” 2011, 4.
14 See SSA website, minutes from board meetings: http://www.ssa.is/index.php?option=com_content&view=category&id=8&Itemid=3&lang=is
least three substantive reports were submitted and a great number of people put in a lot of time into the project.

Unfortunately the analysis of the before situation lacks the details that would form a basis of a comparison. The goals that are set out are ambitious but not measurable in detail and it seems that there was no report on services done. The basis of the foundation of Austurbrú was partly financial; i.e. there was a belief that a single institution would be able to save on cost in operating the services taken over at the foundation of Austurbrú. However, the cost actually proved to be higher in Austurbrú which was partly due to the cost of implementing the new structure which was not budgeted for.

In short the development of the idea goes from closer cooperation between the existing entities operated by the SSA and/or the municipalities, to a formalisation of the cooperation under an umbrella of SSA to the formation of a new entity that would merge the existing entities into one. The analysis of the situation was extensive but there was a lack of measurable goals put forward in the beginning which makes the assessment of the success or failure of the project in an objective way difficult.

1.2 Goals and Objectives

In the Milestone Report from May 2011 there are some clear goals set out which include the following points:16

1. Improved access by the users of the services
   a. Outlets are operating in all of the municipalities which form a net of outlets. The level of service has to be defined for each outlet and it has to be made sure that in each outlet there should be knowledge of the wider operation of the whole and the customer should be guided to the right place or person in the organisation even if it is not in the same location.
   b. Increase cooperation of specialists in different fields of service with emphasis on project management and project tracking.
   c. The users of the services should be made aware of the outlets and encouraged to use them.

2. Simplify management by
   a. Explore the possibilities of merging institutions and parts of the services provided by the municipalities to be coordinated under one management. The goal is to decrease the number of board members, define the operation based on service and fields of service. It is important to define and establish the participation of the municipalities in the governing of the merged institutions but at the same time take notice of the grass roots and experts in the field and in the development of the merged facility.
   b. Common use of technical resources and infra-structure as well as merging service operations such as book-keeping, payroll, receivables and call centre.

c. Emphasis should be put on effective management that is based on defined project management and project tracking as well as a quality system that ensures that work processes are defined and project management is effective.

3. Increase cooperation and merging and reducing cost by
   a. Organise the fields of expertise, define the need for expertise and secure access to the appropriate expertise.
   b. Prioritise projects, define processes and project management.
   c. Define the interaction of stakeholders and encourage common use of resources on a wide scale.
   d. Ensure that professional project management is followed in connection with different fields of knowledge and bigger projects.

Even if these goals are quite clear the problem is that it is difficult to measure most of them and they are rather a mission statement for the new operation (and were probably meant to be just that) rather than defined goals based on the SMART methodology (Specific, Measurable, Attainable, Realistic, Timely). Therefore it becomes subjective rather than objective whether the goals have been reached. But given the restructuring of the business in 2014 it seems that the consensus of the owners was that the goals had not been reached. The financial goals were at least not met as the cost of the merging entities in 2009, 2010 and 2011 (estimated) is on average just over 300 million ISK but the first whole year of operation of Austurbrú (2013) the cost of the operation is just under 369 million ISK which is an increase of 23%.  

1.3 Personnel Training

It has to be said that the training of personnel to ensure a smooth transition of the old institutions into Austurbrú is not discussed in any detail in any of the sources available. It seems that this was a top-down management style of merger implementation and does reflect on the idea set forward by the committee from 2011 that Austurbrú should be a new umbrella that took over the current services provided by different municipalities. Thus, it was assumed that there would not be a great change to the working environment despite the goals set forth in the report. The training of personnel was left to the new management of Austurbrú and it is unclear from the sources available to what extent that training was carried out. It becomes apparent that the lack of training has had some effects on the operation of Austurbrú and that there is some discontent among the employees early on and has followed Austurbrú until it was restructured in January 2015 and since that effort is still ongoing it is too early to say if it will be successful.

In the report to the AGM of Austurbrú in September 2014 it is suggested that there is a need for a change in the infrastructure of Austurbrú ses not least because the “ghost” of the original entities that

18 „Endurskoðun ...“, 2011, 14-22.
19 See minutes from board meetings of Austurbrú: [http://www.austurbru.is/is/um-austurbru/stjorn-og-fagrad-austurbruar/fundargerdir-stjornar](http://www.austurbru.is/is/um-austurbru/stjorn-og-fagrad-austurbruar/fundargerdir-stjornar) Almost at every meeting there are some discussions on issues with management, personnel or unclear vision from the first meeting and up until late 2014 when the new structure and new management are in place.
formed Austurbrú are still getting in the way of management and employees as well as the board of directors. It is also maintained that the then current organisation of Austurbrú inhibits collaboration between employees across their field of expertise.\textsuperscript{20} This clearly confirms that there is a problem with the education of the employees of what the purpose of Austurbrú was originally and that the institution is entrenched in the old way of carrying out its responsibilities.

1.4 Methodology of implementing the project

As with regard to personnel training the implementation of the new institution, Austurbrú, was not planned in detail as the consensus was that the new entity was taking over responsibilities already defined and in existence and thus it was more of a managerial or governance change that did not need detailed planning of implementation. In the 2010 and 2011 reports, a detailed list of what needs to be done in order for the process to be seamless is provided but there is no evidence that it was ever carried out.\textsuperscript{21} There was no similar merging of institutions on that level available for comparison and to learn from – at least it is not mentioned in any of the documents or discussions available. There were similarities between the new structure and what had been done in the North West of Iceland as well as in the West of Iceland\textsuperscript{22} but it was not fully comparable as Austurbrú is a formal entity that carries out the functions of many independent entities, whereas in the other two regions there is only a cooperation across the municipalities. As mentioned before the goals were not specific enough to form a basis for an objective comparison at the end of the implementation process. There are detailed suggestions in the 2011 report of how the merger should be carried out\textsuperscript{23} that are mostly aimed at organisational changes, how each current entity should fit in the new Austurbrú. It is apparent that a lot of thought has gone into how each existing entity should fit into Austurbrú and it is clear that there is a deep knowledge of the entities that will form the new Austurbrú exhibited in the report. In the report the change of work processes or streamlining of management has not been elaborated on but it is recognised that there is a need for defining new roles and work processes for the new entity which seems to have been left to the management of Austurbrú to perform. It is unclear from the sources available to what extent this was done.

1.5 The Implementation

In the implementation process there seems to have been some insurmountable hurdles that resulted in the overall restructure of Austurbrú by the end of 2014 which is still underway. In the report from September 2014 the implementation process is analysed in some detail. One of the symptoms of the problems the implementation faced is that the first managing director who was hired in April 2012 left the job after a few months and the next one left the job after less than 18 months in office. But what were the problems? The bullet pointed information below is an analysis conducted by a committee

\begin{itemize}
\item \textsuperscript{20} “Tíllögur starfsháttanefndar…“, 2014, 11.
\item \textsuperscript{22} Members of the board of SSA did visit their sister organisatin in the North West and West of Iceland, see Fundargerð Framkvæmdarð SSA 18. júní, 2010: \url{http://ssa.is/images/stories/skoli/fundarger%20framkbmdar%202018.06.10.pdf} and Fundargerð. Stjörn SSA mánudag 30. ágúst [2010]: \url{http://ssa.is/images/stories/skoli/stjornarf%2030.08.10.pdf}
\end{itemize}
formed to re-establish the project in 2014. The committee sent out a questionnaire to a wide range of stakeholders which yielded a good response rate and therefore the findings should provide a good picture of what was perceived to be the problems facing the new institution.\(^\text{24}\)

- **The old boxes.** Most believed that the organisational set-up that reflected the old institutions which were prevalent in the management of Austurbrú with ensuing protectiveness of territory and interests along the “old lines”. The organisation, infrastructure and book keeping all reflect the old but not the new. Personnel do not see itself as a part of a new entity.

- **Unclear role and responsibility.** Most think that levels of governance have to be better defined and that the directors had overstepped their authority by interfering in the day to day running of the business. The responsibility of some of the departments are unclear as well as the responsibility of employees over projects or departments.

- **Lack of confidence.** It became apparent that there was a lack of trust between the MD (managing director) and the employees as well as between employees and the board of directors; furthermore there was a lack of trust between the departments.

- **Limited information.** Most considered that there was a lack of information within Austurbrú as well as to the stakeholders and owners.

- **Link between SSA and Austurbrú.** Many thought that SSA had weakened and that there had been a confusion of the running of SSA and Austurbrú which resulted in outsiders thinking they were one and the same.

- **Complicated organisational chart.** Many thought that the organisational chart was unclear and the spheres of authority and responsibility were unclear leading to confusion.

- **Finance and book keeping.** Many considered that the current book keeping with its departmentalising and the division of employees by departmental lines as well as the division of cost by the same lines created a tension within Austurbrú and a competition for funding. The current set up was inhibiting cross departmental cooperation and encouraged the notion of the “old boxes”.

- **Limited role of employees.** There was a consensus among the employees that there was a lack of consultation with the employees before and during the implementation which resulted in failure of the project.

- **Different vision.** Quite a few found that there was a clear difference in the vision of the MD, employees and the board on where Austurbrú was heading.

- **Lack of leadership.** Most agreed that the first two MDs had not performed as expected.

Based on the above analysis it becomes apparent that the preparation, training of staff and a common vision was lacking in the implementation process which resulted in an overhaul of the organisation by the end of 2014, a process that is still on-going. The main problems seem to have been organisational in the sense that instead of trying to create a new entity, Austurbrú, with a new culture and new vision the old entities were grouped together under a new heading without changing the ways they worked which resulted in a lack of coherence and togetherness within Austurbrú. This may be caused partly by

\(^{24}\) „Tillögur starfsháttanefndar ...“, 2014, 14-18.
the unsaid common understanding of why this journey started. Instead of a thorough analysis of the then current situation and suggestions based on that analysis it was decided to form a new entity but with the same old entities as the pillars of the new entity and thus the lack of the creation of a new culture within Austurbrú. To blame the MDs for this lack of results seems a bit unfair, without passing any judgement on them, the problem seems to have been systemic in the sense that they were given an impossible task. Austurbrú set out as an umbrella but was supposed to be a new body.

The time line may have been unrealistic and a longer time should have been given to amalgamate the old entities into a new vibrant entity. However, the willingness of the stakeholders to overhaul Austurbrú before the third year of business started seems to be daring and courageous. The stakeholders have a genuine wish to make this project work to the benefit of the tax payers in the East of Iceland which is commendable and perhaps that is one of the lessons to be learned from this experiment.

1.6 Evaluation

Judging from the report submitted in September 2014 the project had at that time partly failed to achieve what it was set out to do. The main problems seem to have been structural rather than operational – i.e. there is not a lot of criticism towards the operation of the outlets or the services provided to the people in the area. In that way it can be argued that the project was partly successful. However, as pointed out before, the problem with the goals set out in the beginning was that they were not easily measurable and therefore the valuation of the success is more subjective than objective. It should also be mentioned that the cost of the project was far greater than anticipated – mainly because it seems that there was no allowance for the cost of change. The actual cost of operation increased to about 23% during the first full year of operation of Austurbrú. Thus the finances of Austurbrú were a constant issue and at the same time as the cost went up the government funds went down due to more restraints on the government coffers in the aftermath of the financial crisis in 2008.

The preparation within the organisation was not sufficient and the initial structure did not work as it was supposed to do. Therefore it has to be concluded that the preparation and the idea of Austurbrú as a new body or entity that would merge the existing operations into one rather than being an umbrella fixed over a pre-existing structure did not work as it was supposed to.

When it comes to training it was believed that it was not high on the priorities list as the procedures and culture of the merging institutions was simply imported into Austurbrú instead of a new culture and set of procedures being established. Although this seems to have been the intention, there is no reason to assume that there was lack of knowledge on behalf of the employees on what was expected from Austurbrú but as the structural changes were not followed by cultural shift within the merging organisations the project did not live up to its expectations. The main problem with the training, or lack thereof, was to implement new culture of togetherness within Austurbrú and with more emphasis on Austurbrú as a new venture functioning by its own new set of rules and procedures. It should be kept in mind that the departments seem to have functioned by the old ways and that they conducted the business more or less as expected despite the structural problems.

The main lesson to be learned from this project is that in order to merge existing entities into a new entity it has to be structured as a new business, new set of rules have to be built, new procedures established and the ties to the old ways of doing business have to be cut. This is mainly a cultural shift within the organisation which is probably more necessary than the structural shift. If we look at the
organisational chart from the beginning of the implementation process it is very complicated and authority and responsibility is unclear which seems to have resulted in a dysfunctional Austurbrú.\(^{25}\)

There is no doubt that there was an entrepreneurial spirit in the original ideas set forth and also in the way the new organisation, Austurbrú, was structured. To merge many different entities into one streamlined organisation, improving services and lowering cost was, and is, a very ambitious project. There were a lot of discussions among the stakeholders and many reports submitted which speaks to the seriousness of the stakeholders of making this succeed.

Even though the stakeholders seem to believe that the project failed on delivering a streamlined single entity after two years of business they still have not given up on the project and the new structure, which is basically a cultural shift together with some structural changes, and which may prove to catapult Austurbrú into a new successful era.

1.7 Summary

Austurbrú ses as a project was an ambitious amalgamation of the management of SSA and four existing entities owned by the municipalities in the east of Iceland. The formal preparation work for Austurbrú started in 2008 and came to fruition in May 2012 with the formation of Austurbrú. An extensive level of professional work was put into the preparation by more than one steering committee. The development of the process went from collaboration of independent entities partly or wholly owned by the municipalities that formed the SSA to an formal entity that would provide an umbrella over the existing structure to enhance efficiency and reduce cost and finally to a merger of the existing structures into one entity, Austurbrú.

The goals set out in the beginning look more like a mission statement rather than achievable, measurable goals and therefore it is difficult to measure the success of the project. However, the financial goals were not achieved; in fact the cost of operation increased by about 23% instead of being reduced as was supposed.

Training of personnel was not high on the agenda as it was seen as more a formal structure being put over an existing operation. This resulted in a less coherent organisation than was anticipated and a very high turnover in the post of Managing Director of Austurbrú affected the coherence of the new entity.

The implementation process was not carried out in detail (at least there is no evidence of that) even though a lot of work was put in by the steering committees in analysing what was needed in the implementation process.

The project failed to reduce cost but it seems that it delivered the services it was supposed to even if the lack of measureable goals in the beginning and then a comparison study afterwards prevents us from making a judgement on that. The merger of the existing entities into one did not go as planned and Austurbrú ses has now a new organisational chart and new management that is meant to improve its status, that process is still on-going and too soon to tell if it will work. What made the project fail?

\(^{25}\) See the three different organisational charts suggested by each of the steering groups. The first one was abandoned, the second one was implemented at the foundation of Austurbrú ses and the third one was adopted in December 2014 in order to improve the structure and operation of Austurbrú.
was the lack of preparation of the personnel that were supposed to take the project forward and a lack of a sense of togetherness in Austurbrú ses among board members, stakeholders and employees.

As mentioned above the training of personnel in order to implement the new order was lacking. An extensive involvement of personnel and the new MD from an early stage would have enhanced the viability of the project.

The lessons to be learned from the project is that it is paramount that a common understanding between the owners/stakeholders and the people on the ground is necessary to bring the project to success. Even if the analysis and preparation among the stakeholders in the beginning was extensive the lack of training of personnel and involvement from early on in the process did have negative effects on the project.

There were innovative steps involved in the process in the way that it was trying to bring a number of different entities into one large organisation that would be able to serve the community better than small individual organisations.

Austurbrú ses is an interesting project for the FIERE project because of what made it fail. It underlines the importance of keeping the people on the ground involved in the process of change in order to make it happen. Ambitious projects will not succeed without the commitment of the people meant to carry them out.

Appendix 1: Suggested organisational chart from the 2010 ALTA report
Appendix 2: Organisational chart adopted in May 2012:

**Austurbrú ses May 2012**

![Organisational Chart May 2012]

Appendix 3: Organisational chart adopted in December 2014

**Austurbrú ses December 2014**

**Organisational Chart**

![Organisational Chart December 2014]
A case study on ICY – Innovation Centre for young people in Gotse Delchev (Bulgaria)

Author: Todor Todorov
2. Innovation Centre for Young People – ICY

This case study presents a project initiated by Business Incubator ‘Gotse Delchev’, Entrepreneurship Promotion Centre (BIGD) entitled Innovation Centre for Young People – ICY addressed at overcoming the lack of innovations in SMEs (Small and Medium-sized Enterprises) and narrowing the gap of innovation education in the region. The project uses the potential of innovative youth by establishing a common Bulgarian-Macedonian structure – Innovation Centre and providing services to support innovative ideas generation and further develop them into successful business and social enterprises. The ICY project started in December 2013 is implemented under IPA Cross-Border Programme Bulgaria-Macedonia 2007-2013, with Lead organisation – Business Incubator ‘Gotse Delchev’ and Partner organisation – Foundation for Local and IT Development, Gevgelija, Macedonia.

This pilot initiative was aimed at supporting innovation activities among young people (incl. pupils, students and even young entrepreneurs) in the Gotse Delchev – Gevgelija cross-border region by providing them access to ICT knowledge and skills and encouraging them to generate and develop innovative ideas in the area of business and social entrepreneurship in a multicultural environment. In addition, the low level of innovation activities in SMEs in the Gotse Delchev – Gevgelija region provoked the partner teams to seek the support of the public and private sector in both the preparation and validation phase of the innovative ideas generated by young people.

2.1 The Gotse Delchev region

The town of Gotse Delchev is located in the South-Western part of Bulgaria, 210 km south of the capital Sofia, near the border with Greece. It is situated in the Gotse Delchev valley at the foot of the Pirin Mountain and along the Mesta River valley. Its altitude is 540 m while the climate is Trans-Mediterranean with average annual temperatures at 11.3° C and average rainfall – 646 mm. The area is rich in water resources: Mesta River and smaller Tufcha and Gradska rivers. There are two mineral springs in the villages of Musomishte and Banichan.

According to the census carried out in Bulgaria in February 2011, the Gotse Delchev population amounted to 19,219 people, while that of the municipality of Gotse Delchev reached 31,236 people. The municipality has a high population density – 98.9 people per sq. km. The natural increase rate of population is above the national average and its age structure is relatively favourable with 64.2% of the municipality population in the working age category.

The educational structure of population in the Gotse Delchev municipality indicates a high share of the people with secondary education – 40.6% (with 37.9% for the country), while those with higher education are 13.02% of the working age population (with 14.1% national average). According to 2011 NSI data the employment in Gotse Delchev municipality reached 13,376 people (less than 85% of the economically active population), while 2,262 were unemployed. In 2011 the economic activity, employment and unemployment rates in the municipality of Gotse Delchev reached respectively 59.4%, 50.8% and 14.5%, thus performing better than the national (52.1%, 44.4% and 14.9%) and regional (54.8%, 45.8% and 16.4%) averages. Furthermore, even though the values of the above mentioned indicators for the Municipality of Gotse Delchev had values more favourable than those of
the municipality of the regional centre Blagoevgrad, they remained far lower than those reported for the capital of Bulgaria, Sofia.

The specific geographical location of the town of Gotse Delchev makes it a local economic centre for the four municipalities along the Mesta River valley – Gotse Delchev, Satovcha, Garmen and Hadjidimovo. The economy of Gotse Delchev Municipality has developed steadily over the past two decades. The contribution of the municipality to the GDP of Blagoevgrad Region sustainably increased to reach nearly 9% in the recent years. Key for the local economy are the sectors of apparel and footwear industry, logging and wood processing, electronics, machine building and metal processing, plastics processing, zippers production, construction and tobacco, while the potential of tourism and agriculture is still underutilised.

Over 90% of companies in the municipality are small and medium-sized enterprises (SMEs) in the sectors of retail trade and services, manufacturing industry and tourism. The industrial sector is of major significance for the local economy, the production of menswear, footwear and textiles have high shares in the municipal industrial structure. The enterprises in the manufacturing industry determine to a high extent the level of economic activity in the region, while most significant for the local industry is the textile sector which produces more than 50% of industrial production in recent years.

Gotse Delchev municipality has good potential for development due to the natural and human resources and relatively good and steady pace of restructuring of the local economy. The municipality continues to attract foreign investments, the main investors coming from Germany, Greece, Italy and the Netherlands. New investments are already integrated into the local economy and create positive multiplier effects such as the emergence of clusters in some sectors and related services such as clothing, footwear and food industry.

The region has a good potential for recovery and development of tourism, thanks to the good natural resources including natural mineral springs favourable for summer and winter recreation, attractive landscape and preserved historical and architectural monuments. The road connection Gotse Delchev – Drama (Greece) provides direct access to the port of the town of Kavala in the Aegean Sea and contributes to attracting new foreign investments. The development of Gotse Delchev region is strongly influenced by the creation of the “Mesta – Nestos” Euro region, which is a member of the Association of European Border Regions.

2.2 The situation “before”

2.2.1 Business Incubator ‘Gotse Delchev’ – background and services offered

Business Incubator ‘Gotse Delchev’, Entrepreneurship Promotion Centre (BIGD) is a non-profit organisation that aims at supporting the entrepreneurship and socio-economic development through promoting the establishment and activities of SMEs, family businesses and agricultural producers in the Gotse Delchev region in Bulgaria. By supporting the process of idea generation, encouragement of private initiative, exchange of information and utilisation of the experience of developed market economies, BIGD works for reducing the level of unemployment in the region and improving the living standard and working conditions in the region.

One of the main assets of BIGD is its experienced and highly motivated team based on initiative, resourcefulness, creativity, innovation and partnership. The team members possess serious expertise in project application and management of national and EU projects, provision of advisory services to
business start-ups and existing micro and small enterprises, support and work with young entrepreneurs, establishment of partnerships with organisations from Bulgaria and abroad, transfer of knowledge and innovation, vocational training, information services, etc.

Business Incubator ‘Gotse Delchev’, Entrepreneurship Promotion Centre was established at the end of 1998 with the support of United Nations Development Programme (UNDP) and the Gotse Delchev Municipal Administration. It was the first incubator set up under UNDP and the second on the territory of Bulgaria. It was registered as a non-government organisation on 21.07.1999. In 2002 its status was changed to non-profit public benefit organisation. BIGD is a certified vocational training centre registered by the National Agency for Vocational Education and Training in Bulgaria. Since 2010 BIGD offers a distance form of training through the web-based platform www.bi-gd.info.

Over the years BIGD strived at becoming an incubator not only for entrepreneurs, but also for new initiatives, projects and strategies that supported and contributed to the implementation of the good ideas of private enterprises, NGOs and the public sector. The Incubator implements various initiatives at local, national and international level, transferring knowledge, experience and best European practices, creating good practices of local significance, acting as a resource centre for the entire community. In addition BIGD supports innovations – in products and services, in the way of thinking, in management, in the development and implementation of projects with long-term effect.

From the beginning of 2001 until 2009 BIGD worked under The Job Opportunities through Business Support Project (JOBS), executed by the Ministry of Labour and Social Policy with the support of UNDP. The project aimed at creating favourable conditions for business development and boosting employment. JOBS continued the successful Business Development Support Project of UNDP and covered target groups such as the unemployed, micro and small enterprises, agricultural producers, representatives of vulnerable groups, incl. minorities as well as local communities, while its focus was on four priority areas:

- To support the development of SMEs and agricultural producers;
- To encourage employment and boost economic development;
- To promote entrepreneurship;
- To activate the connections between public sector, private enterprises and NGOs.

Other areas of activity of BIGD directed at the main target groups of the Incubator, namely the unemployed, start-up businesses, existing companies, agricultural producers, minorities, etc. include:

- Services provision – renting premises to businesses; support for application under leasing scheme for buying machines and equipment; technical and information services; delivery of trainings and seminars;
- Advisory services – business consultations, elaboration of market research and strategies, advice to agricultural producers, elaboration of business plans for business start-ups of unemployed registered at the Local Labour Office;
- Development and implementation of cross-border projects for sustainable tourism with partners from Greece and Macedonia by developing tourist attractions, establishing the regional cultural heritage as an integral part of tourism and promoting the non-traditional forms of tourism, such as cultural, rural, ecological and culinary tourism;
- Supporting the creation of new products and services within the community as well as the capacity building of NGOs in the region to work in partnerships and develop and implement partnership strategies, transfer and implementation of best practices, sharing experience and participation in working visits for studying successful projects and strategies;
• Provision of information to companies, agricultural producers and NGOs about the EU Operational Programmes in Bulgaria, active involvement in the preparation of the Local Development Strategy of Local Initiative Group – Gotse Delchev under the Rural Development Programme 2007-2013.

2.3 Innovative/entrepreneurial actions taken and problems addressed

One of the recent projects initiated by BIGD entitled Innovation Centre for Young People – ICY addressed a generally recognised weakness, associated with the low level of innovations in SMEs and the gap of innovation education in the region. The project uses the potential of innovative youth by establishing a common Bulgarian-Macedonian structure – Innovation Centre (IC) and providing services to support innovative ideas generation and further develop them into successful business and social enterprises. ICY project starting in December 2013 with a duration 17 months is implemented under IPA Cross-Border Programme Bulgaria-Macedonia 2007-2013, Priority Axis 1: Economic Development and Social Cohesion, Area of Intervention: Economic Development with Lead organisation – Business Incubator ‘Gotse Delchev’, Entrepreneurship Promotion Centre and Partner organisation – Foundation for Local and IT Development, Gevgelija, Macedonia.

According to a recent SME report published by the Foundation ‘Applied Research and Communications’ only about 20% of SMEs in Bulgaria implement innovations, while in the Bulgarian-Macedonian cross-border regions this percentage is even lower with only a few SMEs reporting innovation activities mainly with support from EU funds. The report also states that innovation activities are concentrated mainly in regional centres such as the cities of Sofia, Blagoevgrad, Burgas, Plovdiv, etc. (and away from border regions such as Gotse Delchev municipality) and especially in cities where there are connections established between technical universities and ICT centres. There is a gap in secondary and higher education in the field of innovations. In the Gotse Delchev region SMEs are in need of innovations and innovative employees in order to be competitive, while young people need innovative environment and supporting structures and services to help them generate and develop their innovative ideas into successful business and social enterprises.

Approximately 60% of the Bulgarian and 90% of the Macedonian high school graduates go to university but only few come back to their regions due to lack of prospects for a successful career. In addition a large number of the young people in the region are either unemployed or belong to vulnerable social groups (orphans, minorities or poor families) and thus are at risk of social exclusion. Local Labour Office statistics for Gotse Delchev municipality for 2012 indicated a youth unemployment rate at nearly 25%, meaning that one in every four people aged 15-29 was without a job.

2.4 Project preparation – how were innovative entrepreneurial actions initiated

The established partnerships of BIGD with secondary schools and universities and the regular contacts with these institutions clearly indicated that if the right incentives and conditions were provided for young people to support their creativity and innovative thinking, very interesting ideas can be generated. A good example is the Nevrokop Vocational Secondary School “Dimitar Talev” in Gotse Delchev where initiatives are undertaken aimed at encouraging pupils to think entrepreneurial through participation in educational training companies and competitions organised under Junior Achievement programmes.27

The training company is a practically-orientated teaching method – a model of a company in which the processes associated with real business activities are made transparent for the learning process. Key qualifications such as team work, flexibility and ability to handle stress and make decisions, competence in resolving conflicts are promoted in a simulated multicultural business environment. The initiative was supported within the ECO NET project in the framework of the Stability Pact for South-Eastern Europe, which started in 2001. The project was financed by the Austrian Foreign Ministry and the participating countries were Albania, Bosnia and Herzegovina, Bulgaria, Croatia, Montenegro and Romania.

The BIGD staff members occasionally take part in the juries of the above mentioned events and are able to identify valuable ideas among those presented by pupils’ teams. The ideas however seem to be in need of further support in order to be implemented in practice and turn into successful business and social models to the benefit of the local community.

That was how the particular concept lying behind the ICY project was conceived – to start a pilot project for supporting innovation activities among young people (incl. pupils, students and young entrepreneurs) in the Gotse Delchev – Gevgelija cross-border region by providing them access to ICT knowledge and skills and encouraging them to generate and develop innovative ideas in the area of business and social entrepreneurship in a multicultural environment. This was to be achieved with the support of an international team of experts and mentors not only from the partner organisations, but also from the public sector, higher educational institutions, business companies and NGOs, including and through the sharing of experiences with experts from West European countries. Thus a project consortium was formed between Business Incubator ‘Gotse Delchev’, Entrepreneurship Promotion Centre and Foundation for Local and IT Development, Gevgelija, Macedonia based on the successful partnership and previous initiatives in which both organisations were involved in the past.

The registered low level of innovation activities in the SMEs in the Gotse Delchev – Gevgelija cross-border region provoked the partner teams to seek the support of the public and private sectors in both the preparation and validation phase of the innovative ideas generated by young people. Thus project participants were supposed to receive the opportunity not only to be involved in the process of elaboration of business plans for innovative products and services in the area of business and social

27 The introduction of entrepreneurship in the Bulgarian secondary education started with the organisation of Junior Achievement Bulgaria. It initially started with 10 pilot classes, and today it offers 23 educational courses and business programs, collecting more than 12 000 pupils throughout country. During the 2012-2013 academic year the Junior Achievement programmes were taught by over 2000 teachers in more than 1100 schools in 450 settlements in Bulgaria. Since 1997 more than 160 000 pupils, 1100 pupils’ companies and 3700 business consultants took part in the Junior Achievement activities.
entrepreneurship, but also to receive feedback from representatives of the private and public sector about the feasibility of their ideas in practice.

### 2.4.1 Identification of target group’s training needs and setting project objectives

The project target groups were identified as follows:

- Students from the Gotse Delchev – Gevgelija cross-border region interested in innovation and new technologies;
- Graduates from vocational and general secondary schools in the cross-border region: in Gotse Delchev region there are 2 vocational schools and 5 general secondary schools, while in the Municipality of Gevgelija region there are 2 secondary schools, one in Gevgelija and one in Bogdanci;
- Unemployed and disadvantaged young people such as youths in risk of social exclusion (incl. representatives of minority groups), single mothers who would like to obtain and/or improve their ICT skills, etc. The Gotse Delchev Local Labour Office registered 770 unemployed young people in 2012 while in Gevgelija region their number reached approximately 1000 people for the same period;
- Young entrepreneurs in the cross-border region who would be willing to develop or implement innovation and new technologies in their enterprises thus seeking for better prospects for the development of their business;
- Young employees in SMEs oriented towards innovations and innovative approaches to offering products and services to their clients.

During the phase of preparation of project application, a thorough analysis was made aimed at identifying the areas of interest to young people from the above-mentioned target groups, what initiatives they would participate in, what type of training they think would be most appropriate for them. This was done by using the information gathered from different events conducted under previous projects, initiating discussions with representatives of young people and conducting training needs surveys for the purposes of the ICY project in both cross-border regions. Based on the analysis of survey results, the particular training programmes and modules were elaborated for the ICT training, innovation workshop and innovation camp to be organised within the project.

### 2.4.2 Key objectives set by the project

The overall objective of the project is to contribute to the cross-border economic development through innovation, while the specific objectives can be defined as follows:

- To support Innovation environment within the cross-border region Gotse Delchev – Gevgelija through value added new services of Innovation Centre for Young People;
- To improve the competitiveness and attractiveness of the region through innovative idea generation and development with the active involvement of young people;
- To foster innovation orientation and implementation in SMEs within the cross-border region Gotse Delchev – Gevgelija;
- To improve the employability of unemployed and disadvantaged young people by providing access to ICT training and skills development.

The achievement of the above mentioned objectives is backed up by setting the following expected results:
- New Innovative structure created – establishment of a common BG-MK Innovation Centre for Young people;
- 40 young unemployed and disadvantaged people trained in ICT skills;
- 40 young people trained in advanced ICT skills and innovation;
- Developed 8 Innovative Business plans of innovative teams;
- Capacity building, networking and organisation of matchmaking events with participation of Bulgarian and Macedonian experts in the field of innovation;
- Developed network of experienced mentors, innovation-oriented SMEs and innovative young people;
- Increased capacity of the partner teams for provision of innovative entrepreneurial services.

2.5 Project implementation – setting ideas to action

2.5.1 Main project activities and results

The project activities within the project framework included the following actions aimed at the achievement of outlined objectives:

1) Selection of young people to participate in the project
   A questionnaire was developed for the purpose aimed at identifying creative youth interested in innovation and motivated to participate in interactive training courses, initiatives and teams for generating and development of innovative ideas. As a result of the survey conducted there were 80 young people selected from Bulgaria and Macedonia to participate in the project of which 20 pertained to vulnerable groups.

2) Establishment of a joint Bulgarian-Macedonian Youth Innovation Centre
   The activity included equipping the centre with computers and facilities for video conferencing and consultations. It was later used by the cross-border teams to discuss innovative project ideas and receive guidance from their mentors.

3) ICT trainings
   At that stage of the project, each partner organised a number of trainings in basic (for pupils and youth from disadvantaged groups) and in advanced ICT skills as per the training needs previously identified (e.g. web design).

4) Innovation training
   This included a 3-day Innovation workshop held in Gevgelija for 20 Bulgarian and 20 Macedonian youths, which included topics such as creativity, idea generation, innovation and innovation processes. The young participants formed 8 cross-border teams for creation/identification of innovative ideas and had to eventually participate in regular online team meetings to discuss those ideas, incl. with their mentors.

5) Innovation cross-border camp
   The 4-day Innovation camp was organised in Gotse Delchev for the previously set up cross-border teams, who had to further develop their ideas with the support of trainers. Camp Sessions included panels such as: Innovative Entrepreneurship, Social Entrepreneurship, European networks in support of innovation, European funding of innovation and other topics.
identified during previous activities (e.g. innovation in tourism, education, etc.). On the last
day of the camp the teams presented their business ideas before a jury, composed of experts
from Bulgaria, Macedonia and United Kingdom, both internal and external for the partner
organisations. The innovative ideas presented by the youth teams were either for start-ups or
for existing enterprises in the private as well as in the public sector. Managers of interested
Bulgarian and Macedonian enterprises and potential investors were invited to share their
innovation needs and the kind of innovation they were after.

6) Networking and mentoring of innovative ideas of the cross-border teams

After the conclusion of the Innovation camp, the cross-border teams continued to work with
the support of their mentors for further development of their innovative ideas. During this
stage of the project young people had the chance to present their ideas before relevant
stakeholders and seek for opportunities to put into practice their innovative ideas.

Since the project was only recently completed, towards the middle of May 2015 it is still too early to
say whether project activities would achieve some of its objectives related to boosting economic
development in the region through providing support for innovation, increase competitiveness at local
and regional level, encourage SMEs to be more innovative, increase the chances of vulnerable young
people for successful labour market integration, etc.

2.5.2 Innovative aspects in project implementation

There are several innovative aspects associated with successful project planning and implementation,
which are related mainly to the overall project approach:

- the approach undertaken at the project preparation phase, associated with focusing project
  activities on priorities identified by the representatives of the target groups themselves as
  interesting, useful, important and prospective for their future development in the fields of
  innovation and entrepreneurship;
- the emphasis on the creative energy of young people and presenting them with the opportunity
  to take the lead throughout the whole process from the generation of the innovative idea
  through putting it in a business plan for starting up a business or social enterprise to the final
  stage of presenting the ideas to representatives of the public sector and local business;

2.5.3 Problems and unforeseen circumstances during project lifetime

Although the project achieved its planned results, there were some problematic issues experienced
during project implementation:

- the delays in the verification and reimbursement of project expenses on part of the
  Managing Authority of the IPA Cross-Border Programme Bulgaria-Macedonia, the
  Bulgarian Ministry of Regional Development and Public Works, resulted in delays in the
  implementation of some of the project activities, which however had no adverse effect to
  the overall achievement of project objectives and did not lead to revision of overall project
timeline;
- due to the cross-border composition of the teams of young people established to generate
  innovative ideas and elaborate business plans for their implementation, there were at times
difficulties associated with the coordination of the online discussions among team members, incl. their mentors occasionally leading to delays in scheduled activities. The problem was solved by adopting the approach of written e-mail communication which ensured better coordination among team members.

2.6 Project results and lessons learnt

The direct results arising from the project implementation can be classified into two major categories:

- **Benefits for the representatives of the target groups involved in the project**

  These included ICT skills acquired by young people including youth from vulnerable groups and unemployed, participation in innovation workshops and innovation camps and preparation of business plans on innovative ideas generated by young people. The elaborated business plans turned out to contain a number of valuable concepts for development of both business activities and social initiatives. A good example can be given with ideas involving the use of ICT for supporting the tourism sector in the cross-border region. Some of the innovative ideas are still to be presented before representatives of the business sector and the municipal administration during the period left until the end of the project and during the Final Conference which is expected to be conducted at the end of April 2015, whereas most of them possess the potential to be actually implemented in different economic and social sectors.

- **Benefits for the partner organisations and their staff**

  One of the main benefits for the organisations involved in the project and the project expert teams was associated with the increased capacity of partners’ staff to provide innovative services. This was achieved not only through their involvement in project preparation and implementation itself but also by communication and sharing of experience with external experts invited to contribute to the achievement of project objectives at different stages during the project lifetime. Thus the BIGD staff received the opportunity to further develop some of the key skills necessary for the successful implementation of their working responsibilities such as initiative, resourcefulness, creativity and innovation.

The key factors for the successful implementation and the achievement of planned results within the ICY project can be identified as follows:

- the creation of practical environment for encouraging learning by doing and giving mentors only supporting functions at key stages of project implementation rather than involving them in the very process of innovative ideas generation, thus provoking young people to be more pro-active and creative;
- complementarity of the different stages of involvement of young people in the project activities (ICT training and innovation workshop, innovation camp, networking and presenting of innovative ideas), each project phase building over the results of the previous ones;
- the good coordination among the partners and experts involved in the preparatory and implementation phases of the project, the experience of the expert team members and the financial resources secured for the project implementation.

The lessons learnt from the project implementation are twofold:
the project effect would be bigger with the involvement of young people not only from the cross-border regions, but from other EU countries as well, as this would bring new insights into the innovative ideas generation and expand the possibilities of sharing of ideas overall;

- ways and financial opportunities have to be identified to support the practical implementation of innovative ideas generated by young people through application under EU Operational Programmes active in Bulgaria within the programming period 2014-2020 as this would further encourage the innovation and entrepreneurship at local and regional level.

### 2.7 Summary and conclusions

In 2013 Business Incubator, Gotse Delchev initiated a project entitled Innovation Centre for Young People – ICY, financed under the IPA Cross-Border Programme Bulgaria-Macedonia 2007-2013. The goals of the initiative were to facilitate the development of a pro-innovative environment in the partner regions through supporting the generation of innovative ideas by young people and turning these ideas into business and social ventures. The project addressed a number of issues in the cross-border region associated with:

1) the lack of innovative environment, supporting structures and special services to encourage young people in the region, incl. those from minority and other vulnerable groups, to develop their innovative ideas;

2) the very limited implementation of innovations in SMEs in the region of Gotse Delchev;

3) the unsatisfactory coverage of innovation in the educational system.

The outcomes of the initiative were associated with creation and development of innovative environment and services for young people, so that they were able to develop their own ideas. This was done through organisation of trainings and workshops in each of the partner regions for young people on topics such as creativity, elaboration of innovative ideas, team work, knowledge transfer and sharing of experience in the area of innovations; mentorship and innovation networks; cooperation with SMEs.

The long experience of the staff of Business Incubator ‘Gotse Delchev’ in supporting SMEs, entrepreneurship education and innovations in the regions proved invaluable in the process of implementation of project activities. A very positive aspect of the initiative was the fact that the youth, involved in the project, which generated innovative ideas, received the opportunity to further develop those ideas with the help of mentors and present them to company managers, potential investors and local administration.

The case study provides an example of an initiative aimed at supporting innovations and entrepreneurship among young people in the region of Gotse Delchev. The actions undertaken will prove invaluable in the process of capacity building among the management staff and the employees of the Business Incubator and facilitate their further efforts to contribute to improving the competitiveness of business entities at local level and support the development of the entire local community.
2.8 Appendices

Appendix 1. Organisational structure of Business Incubator ‘Gotse Delchev’

Appendix 2. Business Incubator ‘Gotse Delchev’ staff background

- **Rositza Djambazova, Director**
  Education: Master’s degree in Electronics and Automation Engineering from the Technical University, Sofia and Post-graduate degree in Foreign Trade and International Marketing from the University of National and World Economy (UNWE), Sofia. Has over 15-year experience in: elaboration of development strategies and project proposals; establishment and development of start-up businesses and SMEs; elaboration and implementation of projects for local economic development, employment and human resources development; business consulting for start-up companies and SMEs; researches and analysis, marketing, business planning; management of micro-financing schemes, partnerships, trainings; certified trainer by infoDev (Development Program of the World Bank) on business-incubation management.

- **Toma Machev, Chief Accountant and Financial Consultant**
  Education: Master’s degree in Economics from South-West University (SWU), Blagoevgrad, Bachelor’s degree in Accountancy and Control from UNWE. Has over 12-year experience in: development, assessment and monitoring of business plans; financial documentation management; budgeting of EU projects and project accountancy; financial consulting of micro-financing schemes; business consulting; training in entrepreneurship, finance and economics; ‘Start Your Business’ Programme trainer.

- **Snezhana Dzhugdanova, Project Coordinator**
  Education: Master’s degree in Economics and Teaching in Economics from SWU. Has over 10-year experience in: project development and management; preparation, organisation, monitoring and implementation of project activities and tender procedures; working with local initiative groups; human resources analyses and development expert; certified by infoDev in mentoring in business-incubation; training development and provision at the BIGD Vocational Training Centre, e-learning; ICT trainer under Global Libraries programmes, Microsoft Office certified trainer from Microsoft Academy Programme; trainer in entrepreneurship, accountancy, economics, CAD-systems in textile design; key competences trainer.
Ekaterina Popova, Programmes and Projects Expert
Education: Organisation and Management of Tourist Services, College of Tourism – Blagoevgrad, Master’s Degree in International Tourism, New Bulgarian University, Sofia. Has over 10-year experience in: development of projects and programs, monitoring and implementation of project activities; administering projects and programs; development and delivery of trainings, e-learning; analysis and development of human resources; organisation of events and maintaining permanent contacts with target groups and partners; expertise in textile and clothing sectors; trainer in CAD-systems in textile design; development of cross-border travel packages, attractions and entertainment programs; marketing research and analysis of tourism resources in cross-border Gotse Delchev – Strumica region, analysis of the existing tourism opportunities and potential of the cross-border region Gotse Delchev – Gevgelija.

Natasha Zarankova, IT Project Manager
Education: Master’s degree in Mathematics, SWU, Post-graduate degree in Informatics Teaching from Sofia University. Has 15-year experience in elaboration and implementation of IT concepts in BIGD; monitoring and implementation of IT activities and projects; organisation of trainings, workshops, qualification courses and vocational trainings; organisation of the activities of BIGD Vocational Training Centre, development of training programs, conducting ICT training; establishment and maintenance of data-bases, web-design, e-learning website development; IT consultations, promotional materials preparation, graphic design; Microsoft Office certified trainer by ICT, ‘Start Your Business Programme’ trainer.
A case study on **LIBERA TERRA**
for CESIE (Italy)

Libera Terra – [www.liberaterra.it/en](http://www.liberaterra.it/en)

Contacts: **Consorzio Libera Terra Mediterraneo**

Cooperativa sociale ONLUS

Via Porta Palermo, 132 90048 - San Giuseppe Jato (PALERMO) - Italy
3. Libera Terra case study

3.1 Analysis of the “before” situation and reasoning of the project

Libera Terra (literally “Freed Land”) is a project born in 2001 as an initiative of the association “Libera. Associations, names and numbers against mafias” (Libera. Associazioni nomi e numeri contro le mafie) to demonstrate how the social re-use of existing confiscated goods can be important for a given geographic area.

"Libera. Associations, names and numbers against mafias” is a network of associations established in 1995 with the purpose of involving and supporting all those who are interested in the fight against mafias and organized crime.

Libera Terra is also the brand that distinguishes the products obtained with raw materials coming from criminal organisations’, confiscated lands and managed by social cooperatives. The birth of Libera Terra dates back to the approval of the law 109/96 that allowed the social re-use of confiscated goods through their appointment to non-profit organisations. This law is the product of a petition that was promoted by Libera association in 1995 and for which more than a million signatures were collected. It was strongly required as a complement to law 646 of 13th of September 1982 (law Rognoni-La Torre, after the names of its proposers) that introduced the crime of membership in a mafia criminal organisation into the Italian legal system, establishing that people who are definitely convicted for this crime can be subject to the State’s confiscation of their goods. In that law, however, nothing was foreseen on the use of the confiscated lands that would become part of the State assets.

Please note that this case study is almost entirely based on an interview between Emanuela Salvo (CESIE) and Francesco Citarda (Communication representative at Consorzio Libera Terra Mediterraneo), held on 16/12/2014. Other sources of include the following websites: http://liberaterra.it/en/, www.libera.it, http://www.cooperareconliberaterra.it/ and the document “Speciale Libera Terra 2013”, available at the link http://www.libera.it/lex/cm/pages/ServeAttachment.php/L/IT/D/c%252F%252Fc%252FD.19827cfb253529ab6bd8/bp/BLOB%3AID%3D10542 (consulted on 23/12/2014).

For more information, please refer to http://www.libera.it/lex/cm/pages/ServeBLOB.php/L/IT/IDPagina/70
In 2001, Libera Association, with the establishment of the Libera Terra project, demonstrated the value of law 109/96. In that year, in fact, in the “Alto Belice Corleonesi” area (in the province of Palermo), the first project aimed at the establishment of a social cooperative that would manage confiscated goods. This first project has become a sort of a “model”, which has been followed by projects in other parts of Italy in last 14 years. Today there are ten social cooperatives adhering to Libera Terra. In total, they manage circa 1,400 hectares of land confiscated from mafia organisations in Sicily, Campania, Puglia and Calabria.

The aim of Libera Terra’s project today is to show how the assignment of confiscated goods for social purposes in a given area creates benefits not only to those who manage it but to the entire area and community. This social re-use is done with the aim of valorising wonderful but difficult areas where the cooperatives work, obtaining high quality products through environmentally respectful methods and protecting people’s dignity.

In the framework of the bodies that manage confiscated goods in Italy, Libera Terra represents only a small part specialised in food farming. A recent survey undertaken by Libera Association in the first months of 2014 and still underway today, has identified circa 500 best practices in the social re-use of confiscated goods carried out by voluntary and other kinds of associations.

3.2 Goals set out in the beginning (benchmarks)

Libera Terra is a project established in 2000 and demonstrates how the re-use of confiscated goods for social purposes can generate concrete benefits, not only to those who manage the cooperatives but also for the entire area and the local community. The main idea was that the best way to give value and dignity to confiscated lands was to create credible and self-sustainable entrepreneurial bodies. The main way to achieve this aim was through investments in quality procedures and excellence in products, processes, relations and management.

3.3 Training needs identified in order to achieve the goals of the project

Training needs were identified in the specific field of agricultural farming, as well as in the more general administrative and entrepreneurial management skills of the cooperatives’ members. In 2006 a not-for-profit association was created: “Agenzia per lo sviluppo cooperative e la legalità”. Its objective was and is to consolidate and support the economic and entrepreneurial development of cooperatives that are born on confiscated goods, through know-how and transfer of competence, offered by professionals working for associated structures. In this way mutual knowledge and exchange of best practices and information are ensured, leading also to the development of new cooperation activities and to the enhancement of entrepreneurial quality. Its main activities are: consultancy services, technical assistance, start-up assistance, evaluation of business plans and feasibility plans, the selection and evaluation of entrepreneurial projects to be developed on goods and farms seized, services for professional training of staff, assistance to monitoring of entrepreneurial management, management consultancy and tutoring.
Moreover, in 2008 the “Libera Terra Mediterraneo Consortium” was set up with the aim of sharing all agricultural activities- experiences and of facing the market in a united way.

3.4 Methodology of implementing the project

3.4.1 Analysis of the current status

Over the years, the cooperatives managed to obtain high quality products, adopting ever since their outset organic farming procedures and valuing the best human resources in the area. At the inception of the project (2001), there was only one cooperative working on 155 hectares of land. Its main cultivations were cereals and beans and it was managed by only 15 members. Today Libera Terra cooperatives manage over 1,400 hectares of confiscated land previously belonging to criminal organisations in Sicily, Campania, Puglia and Calabria, guaranteeing stable employment to circa 140 workers.

Today Libera Terra’s has over 70 branded-products, such as: wine, pasta, beans and extra virgin olive oil and cheese products. Libera Terra’s total turnover for 2013 was 5,832,297 €, with an increase of 20.5% in foreign market sales. Libera Terra’s products are part of the Italian supermarkets “Coop” network, other large retailers, organic shops, fair trade retailers and of 15 “Botteghe dei Sapori e dei Saperi della legalità” (shops that are directly managed by Libera Terra) in various parts of Italy. Moreover, as of October 2011 it is possible to buy the products online via the website www.bottegaliberaterra.it. It is worth mentioning that these products, as can be learned from Libera Terra’s turnover data from 2013, are also distributed abroad: in the USA, in Japan, in the UK and in several European countries. With regards to staff, Libera Terra’s cooperatives are “type B cooperatives”, which implies that by law at least 30% of its workers have come from socially disadvantaged backgrounds. In 2013, 43% of the workers were socially disadvantaged, i.e. much more than the threshold established by law foresees. Moreover, 40% of them were young people aged 35 years or less. Libera Terra cooperatives also host and implement social activities such as the volunteers’ camp “Campi di E!state Liberi!”, promoted by Libera association. In 2013, 1,214 volunteers have carried out this training experience at Libera Terra’s cooperatives. Libera Terra also plays an active role by involving other producers, who share the same principles, and by promoting organic farming. This has resulted in increased entrepreneurship in depressed regions of Italy, as well as in increased employment rates, better usage of seized assets to mafia groups and the introduction of a legal market system.

3.4.2 Analysis of the implementation process

The 15 original members of Libera Terra’s first cooperative were trained at the premises of another cooperative called “Cooperativa Adriatica”. In 2002, for the first time, wheat was cultivated and pasta was produced and sold. Subsequently Libera Terra’s first social cooperative (Cooperativa Placido Rizzotto) started to also produce wine thanks to the “Cantina Cento passi” cellar and, as of 2005, to manage a rural tourism facility: the “Agriturismo di Portella della Ginestra” with 50+ places in its restaurant and several bedrooms. Little by little, other social cooperatives working on other confiscated lands across Southern Italy have become members of Libera Terra. For example, Cooperativa Pio La Torre near Corleone (in Sicily) and Cooperative Le Terre di Don Peppe Diana in Castel Voltorno (in Campania). The former manages another rural tourism facility and the latter a
cheese factory for the production of buffalo mozzarella and other dairy products. Throughout the years, the cooperatives that are part of Libera Terra managed to produce: olives, cereals (wheat, spelt, oats), beans (lentils, chickpeas), vegetables, fruit, tomatoes, oranges and traditional Sicilian cultivations. Furthermore, other producers that are not part of Libera Terra have been involved in its activities through their allegiance to Libera Terra’s “brand regulation” that implies sticking to specific social and economic conditions.

During its implementation process, as well as during its everyday work, Libera Terra’s cooperatives have not received any public funding, except for those that are available for any agricultural cooperative. What played a major role in the cooperatives’ start-up phase was the support of lending institutions that are close to the cooperative movement. It is to bear in mind in this regard that Libera Terra’s cooperatives manage public goods and as such have nothing to provide as a guarantee in order to get access to credit.

In 2008, a non-profit Consortium called “Libera Terra Mediterraneo” was created for the production and transformation of the raw materials and products. This consortium put together all agricultural products from all Libera Terra’s social cooperatives and was established with the purpose of bringing together the farming activities of the different cooperatives in order to integrate into the market in a united and efficient manner. Libera Terra was organized into different sectors, with, among others, product/market divisions. Highly-qualified professionals from different backgrounds deal with the different steps of product merchandising, communication and commercialization. Libera Terra Mediterranean coordinates the production phases of its individual cooperatives and oversees the transformation from raw materials to finished products, looking for the best way to promote its products’ quality and to ensure their economic value.

Libera Terra’s creation and conservation of farms with a promising future, which provide stable employment, is made possible by producing and selling the best goods, with an outstanding value for money. The pursuit of excellence guides every decision that has to be taken - and one of the rewards is to see in the fact that its products are sold in the most prestigious Italian and international stores.

3.4.3 Was there a theoretical foundation for the methodology?

Libera Terra’s methodology can be attributed to the principles of its mother association “Libera. Associations, names and numbers against mafias” and the thought of its founder Don Luigi Ciotti, an Italian priest, deeply involved in the fight against illegality and organised crime such as the Mafia. All this has been transposed in the establishment of the cooperatives that, through concrete actions and sound economic management, have paved the way to putting into practice Libera Association’s principles, giving a concrete example of how a new development model is possible. Moreover, it is worth recalling that in the difficult area of the Alto Belice Corleones region, where the first Libera Terra’s cooperative was born, there has always been a peasant rights movement as a counterpart to mafia organizations that has upheld the principles of legality and social justice that are today Libera Terra’s basic values.

3.4.4 Was there information sought in previously successful similar projects?

Libera Terra’s project was an innovative and totally new project, born from civil society and the State’s willingness to find concrete alternatives for difficult areas that had been socially and economically influenced by mafia organisations. This project was born in an absolutely transparent manner: through a public call for the establishment of the first cooperative (that was soon followed by
the creation of nine other cooperatives) and through the will to transform former mafia assets, into an economic drive for communities.

3.4.5 Realistic (and unrealistic) goals set at the beginning

The goals set at the beginning implied the creation of a social cooperative that would re-use 155 hectares of land that had been confiscated by the State from criminal organisations in the “Alto Belice Corleonesi” part of Sicily. This goal proved to be absolutely realistic and successful. The main evidence of this success is that from 2001 until today, 10 Libera Terra social cooperatives have been established in four South Italian regions: Sicily, Calabria, Puglia and Campania. Libera Terra has affirmed that the re-cultivation process of confiscated goods of mafia organisations can boost a community’s development. It can be a source of employment and entrepreneurial opportunities for disadvantaged lands and people, offer social and economic alternatives, including healthy entrepreneurial experiences within communities and be an example of economic, social and environmental sustainability.

3.4.6 Break down of goals in smaller tasks to be carried out

In order to restore dignity and legality to lands that had been confiscated from criminal organisations and abandoned by the State, a group of municipalities and organisations decided to launch a public call for the creation of a social cooperative in the year 2000. This was implemented in 2001, with 15 members and 155 hectares. Subsequently the members of the cooperative were trained in entrepreneurship tools so as to be able to manage the cooperative. After the creation of the first cooperative, much energy was put into the expansion of the variety of goods to be produced, then into the creation of a network of social cooperatives and into the creation of projects and socially relevant activities for the communities.

3.5 Implementation process

3.5.1 Hurdles and obstacles on the way, how were they dealt with?

These were the main obstacles at the beginning:

- Skepticism on the side of the local population in what was seen as an out-of-the-ordinary endeavour;
- Lack of practical and technical skills among the workers;
- Difficulties linked with access to credit and therefore to the banking system.

These obstacles were progressively faced and, in most cases, solved. The local population eventually started to see that the efforts put in running the cooperative at the beginning were soon being repaid, the cooperative was able to expand its cultivations, its production and could also employ more workers. The lack of practical and technical skills was soon overcome by increased know-how due to a learning-by-doing process among the workers of the cooperative and training resources, such as the ones put in place by the agencies “Agenzia per lo sviluppo cooperative e la legalità” and, as of 2008, by “Libera Terra Mediterraneo Consortium”.

3.5.2 What was successful in the process and why?

Successful elements for Libera Terra were the perseverance of its founders and the fact that the project was the result of team-work, whose ideals were shared by the different actors involved (the municipalities of the different lands, the Prefecture and Libera. Associations, Names and Numbers
Against Mafia Organizations). Libera Terra project started off as one single social cooperative (Cooperativa Placido Rizzotto) in 2001. This was replicated 9 times, with social cooperatives being opened up in other parts of Sicily and in other three Italian regions: Campania, Puglia and Calabria. For the full list of cooperatives, please refer to: http://liberaterra.it/en/world-libera-terra/libera-terra-coop.php. Moreover, another successful element for Libera Terra has been the creation of “Consorzio Libera Terra Mediterraneo”, an entity within Libera Terra organization that has been put up in 2008 to supervise over and control the production, transformation, marketing, communication and commercialization processes of all Libera Terra’s cooperatives.

What was missed in the initial outline of the project and how was that dealt with?

The start-up of the project was much more critical than what had been anticipated. In fact, for the first three years, the 15 original members of Libera Terra’s first cooperative worked and invested the cooperative’s revenues in the organisation and did not receive a salary. This was also one of the reasons for which some members left Libera Terra at the beginning.

General lessons learned from the implementation process

Libera Terra has learned from its first start-up years, that it is important to carry out a feasibility study of any cooperative project and of its anticipated performances and outputs, specifically under an economic point of view. This lesson learnt has been taken up and guides now the creation of replicas of other social cooperatives throughout Italy. Another lesson learnt has to do with the importance of acquiring important tools to manage critical situations through training, learning-by-doing, learning new farming methods, and to get well acquainted with the characteristics of the lands that are to be cultivated.

Evaluation of the success/failure of the project

Was the project successful in achieving what was set out to do?

Yes, indeed, the project was very successful. In fact, as mentioned before, the model that paved the way to the creation of the first cooperative in 2001 has been used as a pilot and replicated nine times, with social cooperatives being opened up in other parts of Sicily and in other three Italian regions: Campania, Puglia and Calabria. For the full list of cooperatives, please refer to: http://liberaterra.it/en/world-libera-terra/libera-terra-coop.php. The main objective, which was to transform and give a social and economic value to confiscated goods and let all cooperatives become self-sufficient and stable, was reached. The 10 cooperatives today work on circa 1,400 hectares of land confiscated to mafia, employing circa 140 workers. Moreover, another measure of Libera Terra’s success is the creation of the Consorzio Libera Terra Mediterraneo for the commercialization, marketing and communication purposes of the cooperatives. However, a few negative aspects in Libera Terra’s implementation are constituted by the fact that there has been a lack of measurable goals and realistic planning at the outset. This, for example, has caused initial difficulties linked with personnel and salary issues for the initial members of the cooperative.

What (and who) made it (un)-successful?

What made the difference was the change in cultural perspectives which made the local population get aware of an alternative to mafia organisations’ economic and social system of their lands. Moreover,
the creation of Libera Terra Mediterraneo Consortium allowed all cooperatives’ experiences to be shared amongst the network of cooperatives, allowing them to be present in the market in a united and stronger way.

3.7 Training

3.7.1 Was training specified and carried out?

Apart from the training that cooperatives’ members receive upon the establishment of new cooperatives, Libera Terra Mediterraneo Consortium supports these members in the initial phase providing them with professional guidance. Moreover, in 2006 another not-for-profit association was created: “Agenzia per lo sviluppo cooperative e la legalità”. Its objective is to consolidate and support the economic and entrepreneurial development of cooperatives that are born on confiscated goods, through know-how and transfer of competence, offered by professionals working for associated structures. In this way mutual knowledge and exchange of best practices and information are ensured, leading also to the development of new cooperation activities and to the enhancement of entrepreneurial quality. Its main activities are: consultancy services, technical assistance, start-up assistance, evaluation of business plans and feasibility plans, the selection and evaluation of entrepreneurial projects to be developed on goods and farms seized, services for professional training of staff, assistance to monitoring of entrepreneurial management, management consultancy and tutoring.

3.7.2 Was every participant within the organisation cognisant of the process?

Yes, as specified above, all participants shared the ideas and process of Libera Terra, especially with regards to its social and ethical values and mission.

3.7.3 What could have been improved in training and how?

A better training of senior management members of the social cooperatives would be desirable, as well as further training in the area of project-management.

3.7.4 What lessons are to be learned from this project?

The first lesson to be learnt is that from something so counter-productive for society as mafia groups and their lands, something beautiful and entrepreneurial can grow. The second is that entrepreneurial activities can also be accompanied by an ethical value that increases their visibility and reach.

3.7.5 Were there innovative/entrepreneurial means used to progress the project?

The entrepreneurial approach of Libera Terra is what makes it an innovative method. Its most entrepreneurial aspect is that its first cooperative (cooperative Placido Rizzotto) has been one of the first Italian cooperatives to apply social entrepreneurship to public (i.e. seized) goods. The most innovative features is therefore its high ethical value: from the use of land that has been confiscated by the State the idea has developed to do business of very high quality that can grow and restore a legal system in the market and bring back social well-being.
3.8 Summary

Libera Terra is networks of social cooperatives that was established in order to socially, economically and legally boost agricultural lands that traditionally yielded profits only to criminal organisations to the detriment of society as a whole. Its main goal is to demonstrate to civil society how the re-use of confiscated goods for social purposes can generate concrete benefits to the entire territory and the local population. Since its outset, an important role has been played by civil society’s motivation in requesting a law that would allow for the social use of confiscated real estates. Moreover, important steps in the creation of the first social cooperative of the network have included the training of its members, the production of high quality products and the management system. In fact, Libera Terra has created “Libera Terra Mediterraneo” Consortium that supports its merchandising phases and a brand regulation to involve other farms in the production of goods with the “Libera Terra” brand. Today Libera Terra consists of ten social cooperatives. The entire implementation process and especially its start-up phase were difficult. However, the factors that made Libera Terra a success were the perseverance of its founders and the fact that the project was a result of good team-work, whose ideals were shared by the different actors involved.

3.8.1 Lessons to be learned (both positive and negative)

Libera Terra provided an economic alternative to the mafia system, based on the idea that legality is convenient and on the respect of human resources and organic kinds of farming; this ensured the respect of the environment, also because of the fact that Libera Terra’s lands are public goods, and as such, need to be a positive example of social and environmental protection for citizens. This also led to a social “redemption” of citizens and the communities which have become socially and economically stronger thanks to Libera Terra’s achievements. Lastly, the profit is redistributed in the community as workers and suppliers are also part of the same community in which Libera Terra works.

3.8.2 Innovative/entrepreneurial aspects

The main idea is that the best way to give back value and dignity to lands starting from the use of confiscated goods is to create plausible and self-sustainable entrepreneurial bodies. The main way to reach this is through quality and a path that leads towards excellence of the products, of processes, relations and management.

3.8.3 Conclusion (why interesting for the FIERE project?)

Because Libera Terra is a local organisation that combines entrepreneurial spirit with an ethical drive for developing a mafia-free and sound market.
A case study on “Improve my city” in Municipality of Thermi (Greece)

Author: Joseph Hassid

Acknowledgements

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4. Improve my City Case

The specific “Good Practice” refers to an “innovative and entrepreneurial” initiative developed and implemented by the Municipality of Thermi, situated in the east side of the Prefecture of Thessaloniki (region of Central Macedonia); at a distance of fifteen (15) km from the metropolitan centre of Thessaloniki. The Municipality of Thermi consists of fourteen (14) local communities and it occupies an area of approximately 386 km². The Municipality’s position within the Greater Thessaloniki area is shown in the following map.

Today, the Municipality’s population is estimated to exceed 50,000 (53,070 according to provisional results of the 2011 Census). Thermi Municipality is considered to be the administrative, cultural, recreational and entrepreneurial centre for the eastern part of the Prefecture.

The specific Case was developed and implemented as part of a transnational project: “PEOPLE: Pilot smart urban Ecosystems leveraging Open innovation for Promoting and enabling future E-services”, selected for funding in the context of the European Commission’s 7th Framework Programme (FP7).

The “Improve My City” service allows citizens to report local problems and suggest solutions for improving the environment of city neighborhoods. The reported “problems” are displayed on the city's map. Users may add photos and comments. Issues are automatically routed to the appropriate Municipal Department, where the assigned administrators are responsible for monitoring progress in solving the reported “problems” and inform those reported and the public, accordingly. The service is accessible through web and mobile apps (Android). The citizens, who submit issues and the Municipal Administrators, must be registered to an associated service platform.

4.1 The “situation before”

Due to the large size of the Municipality, which consists of no less than 14 geographically dispersed “villages”, monitoring of identified local problems in facilities or other causes of citizens’ actions (e.g. damages in street lighting or sewage, waste, such as used furniture or abandoned cars) was difficult. Citizens had no way of quickly communicating with the municipal services, on problems that directly or indirectly affected citizens. This was developing a negative sentiment and, progressively, a sense of abandonment, since intervention for repairs and problem solving was extremely slow (if any at all).

The “problems” that the situation was causing were rather severe:

- Poor communication with citizens,
- Negative sentiments against the Municipality,
- Perpetuation of problems and
- Deterioration of local environment.

4.2 Innovative/entrepreneurial action taken

Innovative / Entrepreneurial action taken was based on a combination of factors, such as the use of new technologies and acceptance and support, by local stakeholders, of the resulting benefits.
The Municipality had, as early as 2005, formed a long list of potential ICT Applications that could be implemented. The list was formulated through contacts with the citizens, as well as with specific economic groups, such as local businesses. Several questionnaire based surveys had been conducted combined with awareness campaigns and open public discussions. It was clearly realised that, through innovative initiatives, “there were many things that could be done” The factors however that held back “progress” were, in most of the cases, (a) scarcity of specialized personnel and (b) tight budgets. “Vision, Opportunities and Political Will, were there, but resources were limited” It was, however felt, that, once financial resources and technical support were to become available, “the road would be wide open”, as one of the local experts put it.

The main training needs identified even before the project started, concerned ICT use and associated customised software. As the project progressed however, the need for additional skills development emerged. These were mostly related to “problem solving”, “team work” and “liaising with stakeholders”, especially Municipality’s citizens.

It was only much later, in 2010 – 2011, that an EC funded Programme, which the Municipality joined as a Partner, secured sufficient resources, allowing a set of ICT Applications (of which “Improve my City” was one), to proceed.

4.3 Implementation process

The Improve my City service enables the citizens of the Municipality of Thermi to report existing and/or developing local problems such as potholes, illegal trash dumping, faulty street lights and broken tiles on sidewalks, and illegal advertising boards. The submitted issues are displayed on the city's map. Users may add photos and comments. Moreover, they can suggest solutions for improving the environment of their neighbourhood.

Through this service the Municipality enables and encourages citizens and local stakeholders, to initiate, through their actions, processes leading to improvements in their neighbourhood. Reported cases then go directly into the city’s “Work Order Queue” for resolution, and users are quickly informed of how the case will be tackled. When a case is finally resolved, the person who initially reported “the problem”, is informed. The two pictures below show typical parts of the process to identify and report problems that need to be fixed.

The service is addressed to three main users’ groups:
1. Citizens (People who live, work or visit Thermi)
2. Municipality’s civil servants (employees in the Municipality’s various Departments)
3. Municipality Officers (Mayor and City Council)

Besides the main user groups there are other types of users, such as members of the local Press that publish local problems on the media, regional authorities and platform administrators.

Residents and other local shareholders, as well as people who work or visit the area on a regular basis can use the service through their desktop or mobile computers, smart phones and public info kiosks. Citizens using the above mentioned equipment may visit the web application or launch the mobile application and follow a simple process, report a local problem or a suggestion for improving their neighbourhood. Moreover they may comment on an existing issue and cast a vote for an issue important for them.

The following two flow-charts show the way in which interaction among the various actor (i.e. citizens, Administrators, City Officials and Municipality staff) is organised.
Selected Municipality’s employees from different departments are put in charge for receiving the “problems” that belong to their department’s responsibility. In the case of Thermi, at the current stage of pilot implementation the following departments are involved:

- Technical Service
- Municipal Police
- Urban Planning Department
- Cleaning Department
- Water Supply & Drainage Department
Municipal employees - Administrators inform their supervisors about the submitted issues, follow their resolution process, update regularly each issue’s status and reply to users’ comments with various appropriately designed Statements.

**The main characteristics of the service are the following:**

- **Accurate positioning on map:** Citizens are able to determine the exact location of the problem on the map, while they can also attach relevant photos
- **All issues are displayed on map:** The submitted cases are displayed on the city’s map. Each category is presented with a different icon. There is also a “Cases List”, containing important information on each case.
- **Detailed presentation of each reported case:** Each case is presented in detail, on a separate page showing: category, address, name of the citizen who reported it, the date of report’s submission, a photo, description, user’s comments, location on the map and the number of positive votes. On that page users can also comment, cast a positive vote and print the case report.
- **Filtering of the submitted cases:** Users can view only the cases that belong to specific categories or those who have a specific status. They can also sort the cases by date of submission, number of votes and status
- **User feedback:** Citizens and employees of the Municipality can make comments on existing cases. Commenting is allowed up to ten days after the resolution of each case
- **Online polls support:** Citizens can provide a positive vote on issues they consider significant. This process helps Municipalities to better prioritise city’s problems.
• **Users are informed about the resolution process:** The citizens are informed about the status of their requests by email. Initially the status of each case is: "Open". Once the Municipality becomes aware of the case and forwards it to the Department to be put in charge, the status changed to: "Acknowledged". Finally, once the case is resolved, the status becomes: "Closed".

• **An integrated management system:** The submitted issues are managed through a web based environment that is based on Joomla content management system. The management is distributed to the Departments of the Municipality.

The “system” includes the following:

- **Web-based administration:** The authorised employees manage the entries through a web form which presents all the available information.
- **Categories icons & emails:** Different Municipality’s employees are responsible for different categories. The application allows the assignment of various emails per category and also a special icon for each category.
- **User Comments Management:** The application provides a special page where citizens’ comments are displayed allowing the administrators and City Officials to have an overview of the discussions about the submitted issues.
- **Application Settings:** The application is fully customised in terms of user rights, comments, number of categories, notifications on new issues and comments, centre of the map, etc.
- **Reports:** The reporting capabilities of the application is not fully yet developed. However, a listing with detailed information about all issues is available. This data can be imported to a spreadsheet for further processing.

The “Improve My City” application is available as an open source application licensed under “GNU Affero General Public License (AGPL) v3”. The AGPL is a free license, specifically designed to ensure cooperation with the community in the case of network server software. The use of AGPL allow us to assert copyright on the application while giving to the developers community the legal permission to copy, distribute and/or modify the software.

The project has helped to increase the use of ICT by citizens, the improvement of e-governance and the enhancement of collaborative thinking and acting inside Thermi community. The effect on the local community and the high level of engagement of significant stakeholder’ groups create prospects for broadening the range and number of smart city services in Thermi. In addition, the wide engagement of the open community increases the prospects of participation and improvement of existing and/or development of third party applications. Such was the case with the mobile version of “Improve my City” application.

A secondary benefit is that improvements made in alternate versions of the program, if they receive widespread use, become available to other developers. Many developers of free software are heartened and encouraged by the resulting cooperation. However, in the case of software used on network servers, this result may fail to come about. The GNU General Public License permits making a modified version and letting the public access it on a server without ever releasing its source code to the public. In contrast, the GNU Affero General Public License is designed specifically to ensure that, in such cases, the modified source code becomes available to the community. It requires the operator of a network server to provide the source code of the modified version running to the users of that...
server. Therefore, public use of a modified version, on a publicly accessible server, gives the public access to the source code of the modified version and increases significantly its usage.

4.4 Evaluation of the Project’s results and Lessons learnt

In general, the implementation process is considered to be successful! Since 2011, when the new service started operating, more than 1000 citizens’ reports have been received and the reported “problems” were, in most cases, successfully resolved.

The application has been widely publicized and several local authorities across the country, as well as organizations from other European and non-European countries, have contacted the Municipality and inquired on transfer and adoption possibilities.

Problems that had to be overcome related to understandable and expected internal “resistance to change”, mainly attributed to some of the operators’ reluctance to undertake additional tasks that they were not familiar with! On the other hand, the main factor which allowed this barrier to be overcome was the “political will” demonstrated by the Municipality’s Mayor to proceed and implement the “Improve my City” project.

It has to be noted, however, that availability of earmarked EC funding for the project and the element of transferable transnational technical expertise and assistance, were also important factors mitigating “risks” and inhibitions. “Political will”, by itself, might not have been sufficient, if scarce resources had to be diverted to other uses. Similar comments may be made with regard to the time schedule applied for the project as a whole.

4.5 Summary

The “Improve My City” Good Practice refers to an “innovative and entrepreneurial” initiative developed and implemented by the Municipality of Thermi, situated in the east side of the Prefecture of Thessaloniki (region of Central Macedonia); at a distance of fifteen (15) km from the metropolitan centre of Thessaloniki. The Municipality of Thermi consists of fourteen (14) local communities and it occupies an area of approximately 386 km2.

The Improve my City service enables the citizens of the Municipality of Thermi to report existing and/or developing local problems such as potholes, illegal trash dumping, faulty street lights, destroyed tiles on sidewalks, and illegal advertising boards. The submitted issues are displayed on the city’s map. Users may add photos and comments. Moreover, they can suggest solutions for improving the environment of their neighbourhood.

The “problems” that the Municipality was facing, were causing were rather severe:

- Poor communication with citizens,
- Negative sentiments against the Municipality,
- Perpetuation of problems and
- Deterioration of local environment.
Through an organised Plan of newly designed interventions, largely based on The Municipality’s staff creativity and use of technology, it was attempted to improve the situation and remedy the “problems”. In short, the main “innovative” solution devised and implemented was the creation of a fully interactive Data Base for citizens’ reporting of problems, monitoring of action taken by Municipal services and real time feedback to citizens.

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The case of the merger of North and South Tipperary County Councils (Ireland)

Author Sean Keating

http://www.tipperarycoco.ie
5. The merger of North and South Tipperary County Councils, Ireland

This case study reviews the merger of the former North and South Tipperary County Councils into Tipperary County Council (TCC) which took place in June 2014. It is extracted from a more detailed review carried out in late 2014 by the Institute of Public Administration at the request of the management of the unified TCC. The paper reviews the arrangements and outcomes to date in respect of merger planning, implementation and consolidation. Any errors in this extract are the sole responsibility of the named official on the title page.

While it is too early to come to a definitive conclusion with respect to the success of the merger, the objective of the paper is three-fold: (1) to document the merger process; (2) to review outcomes to date and (3) inform TCC with regard to issues that require attention to ensure long-term consolidation within the new authority and to provide some lessons to other public service organisations engaged in reorganisation.

The findings come from consultation with the merger implementation team, managers across the council including retired senior managers, trade union officials, staff focus groups and elected representatives.

5.1 Tipperary in context

County Tipperary, the largest inland county in Ireland has a population of 158,754 and covers an area of 4,282 square kilometres of some of the most fertile and picturesque countryside in Ireland (see Figure 1 below). Tipperary is one of the most developed agricultural areas in Ireland and is home to some of the world’s best known stud farms and racing stables.

The existing county towns of Clonmel and Nenagh are located at opposite ends of Tipperary and provide strong economic and social focal points for the county. The extensive network of towns in Tipperary helps to ensure strong economic, social and community linkages throughout the county.

Tipperary has an indigenous industry base, in mining, engineering and food production. Over recent decades the county has benefitted to a limited degree from foreign direct investment (FDI), with the establishment of a pharmaceutical/healthcare cluster in the southern part of the county.

Tipperary had been administered as two separate local government units since 1838 when the county was split for the purposes of Grand Juries, established by the English parliament, which then governed the island of Ireland. That decision pre-dated the establishment of both county councils by some 60 years and was continued into the modern era by the first Local Government (Ireland) Act of 1898 under which Tipperary (North Riding) and Tipperary (South Riding) County Councils were formed.

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30 www.ipa.ie
The statutory reasons cited for the division of the county were its length (in the 1830s, it could take up to two days to travel from the far south of the county to the most northern point) and the location of the county town, Clonmel on the county’s southern border. While the position of Clonmel as a Grand Jury base was always secure, the position in the north of the county was less certain. The town of Nenagh eventually became the Grand Jury base for the North Riding and continued as the headquarters of the later North Tipperary County Council.

5.2 Background to the merger

The Irish economy collapsed in 2007/08 when the international financial crisis and the resulting restriction of credit exposed the insolvency of Irish banks, the property bubble and unsustainable levels of public spending. In November 2010 with collapsed revenues and unable to finance bank recapitalisation and day to day spending, the Irish government negotiated an €85 billion loan from the European Union, the European Central Bank and the International Monetary Fund (the troika). The National Recovery Plan prepared in 2010 (Government of Ireland, 2010) noted that ‘a downturn of this size is without precedent in Ireland’s recorded economic history and has few modern parallels at international level’.

The troika particularly identified the public service as having considerable potential to achieve savings for the government and advised extensions of initiatives already in place. A process of reductions in staff numbers had been instigated in 2008 with a target of a 12 per cent reduction by the end of 2014. A moratorium on recruitment was also in place and public service salaries had been cut, both directly and through the introduction of a pension levy.
In July 2011 the Government announced the establishment of a unified county council in Tipperary, with effect from the 2014 local government elections, to replace the existing North and South Tipperary County Councils. The merger was part of a wider local government reform initiative that also included mergers of the City and County Councils in Limerick and Waterford. It had been recommended in the Local Government Efficiency Review Group report (2010) that the city and county councils in Limerick and Waterford and the two county councils in Tipperary would merge. However, unlike in Limerick and Waterford where there was a consultation process to explore different reorganisation options prior to the decision to merge, in the case of Tipperary the decision was made directly by Government.

5.3 Merger planning

The Minister for the Environment, Community and Local Government appointed an implementation group, the Tipperary Reorganisation Implementation Group (TRIG)\superscript{31}, with a general mandate to oversee planning, preparatory work and initial implementation of the merger process.

The merger planning phase encompassed the period from the establishment of the TRIG in July 2011 through to the acceptance in July 2012 by the Minister of the TRIG implementation plan. The plan details the approach to be taken by the two councils in delivering on the terms of reference prescribed by the government.

The objective of the implementation group was to ensure that the implementation plan was as comprehensive as possible. Extensive research, analysis, consultation and communication, were undertaken across every section of the two councils, involving elected members, staff and unions.

The implementation plan substantively set out the steps required in order to ensure that the merger would happen on schedule. An early decision of the TRIG was that, in order to provide clarity and certainty for all concerned, the service delivery model, structure of the new council, and location of directorates needed to be confirmed at the earliest opportunity. The decisions of the Group in respect of these areas were set out in the implementation plan.

In relation to finances, the implementation plan noted the importance of ensuring an outcome which would maximise cost reductions and efficiencies. The plan indicates that, in the long-term, once revised staffing levels are reached, savings will be approximately €6.1 million per year. However, the plan also emphasised that there would be up-front costs, primarily IT-related, in respect of the merger. The implementation plan also highlighted the need for new or amended legislation in order to merge the existing two councils and establish a single county council, as well as to accommodate all other legal aspects of the merger.

On a day to day basis the merger was managed by a joint management team (JMT) comprising of the management teams of the two councils and jointly chaired by the two county managers. A project support team was established as an outcome of the first meeting of the implementation group. The team supported the implementation group and coordinated the actions agreed by the JMT. The support team comprised a project co-ordinator at director level, appointed to work on the project full-time, the two HR managers and two senior staff from corporate services. Over the course of the project, with the

\[31\] See Appendix 1 for the membership of the TRIG
volume of work increasing, one of the HR managers and a further senior officer were assigned full-time to the project. Management sub-groups were also established on a function by function basis (e.g. IT, finance, roads), including staff from both councils, in order to progress issues such as the merger of policies, procedures and protocols.

From a practical perspective, the merging of two councils whose principal centres are located 90 kilometres and one-and-a-half hours of travel time apart presents particular challenges. The TRIG made an early decision that both locations should be retained, albeit with a rationalisation of administrative functions in each location.

It is worth recording that there was little appetite or enthusiasm in either North or South Tipperary for the merger. North Tipperary County Council was part of the old Mid-West region and had strong connections with Limerick City which is 30 kilometres from Nenagh. South Tipperary County Council’s traditional orientation was to the South-East region, in particular Waterford City, and to some degree to the City of Cork. The culture of the two councils was also very different. However, from the announcement of the merger, there was an acceptance among those involved of the political decision and a willingness to overcome challenges in order to implement the merger.

For those involved in managing the merger, the TRIG implementation plan represented the ‘blueprint’ for the project. In particular having early decisions in respect of the service delivery model and management structure were very helpful. As a number of directors variously commented ‘actions were identified, managed and time-lined’; ‘the process was planned, it wasn’t reactionary, there were no surprises’; and, ‘we took great comfort from the plan’.

The distribution of services between the two centres of Nenagh and Clonmel, with its consequential impacts on customers, staff and elected representatives was one of the most critical decisions made by the implementation group and communicated to stakeholders in the implementation plan.

**The following table summarises the agreed proposal, listing:**

<table>
<thead>
<tr>
<th>Location of services</th>
<th>Nenagh</th>
<th>Clonmel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Roads</td>
<td>Roads</td>
<td>Roads</td>
</tr>
<tr>
<td>Planning</td>
<td>Planning</td>
<td>Planning</td>
</tr>
<tr>
<td>Finance</td>
<td>Finance</td>
<td>Finance</td>
</tr>
<tr>
<td>IT</td>
<td>IT</td>
<td>IT</td>
</tr>
<tr>
<td>Emergency</td>
<td>Emergency</td>
<td>Emergency</td>
</tr>
<tr>
<td>Health and Safety</td>
<td>Health and Safety</td>
<td>Libraries</td>
</tr>
<tr>
<td>Libraries</td>
<td>Libraries</td>
<td>Water</td>
</tr>
<tr>
<td>Water</td>
<td>Water</td>
<td>Environment</td>
</tr>
<tr>
<td>Environment</td>
<td>Environment</td>
<td>Community and Economic Development</td>
</tr>
<tr>
<td>Community and Economic Development</td>
<td></td>
<td>Housing</td>
</tr>
<tr>
<td>Housing</td>
<td>Housing</td>
<td>Corporate</td>
</tr>
<tr>
<td>Corporate</td>
<td>Corporate</td>
<td>HR</td>
</tr>
</tbody>
</table>
5.3.1 Engagement with stakeholders

Significant time and attention was paid by the merger team and in particular the two county managers to ensuring the political merger went well. The merger of Tipperary County Council not only encompassed the merger of the two administrations, but also the merger of the two former elected councils. Over the course of the planning phase several briefings were made by the county managers to the two councils to ensure that all members felt they were being kept informed. In addition a joint committee of elected members was established to address merger issues on behalf of the two councils. This encompassed the chairperson of the two councils and the whips\(^{32}\) of the political parties in both the north and south councils. The committee met with the two county managers on three occasions during the planning phase.

Also during this time the county managers, the merger coordinator and the two HR managers met with the national representatives of the trade unions representing both the indoor staff and the outdoor staff.

The approach to engagement with the staff of the two councils, in addition to general emails, was to brief senior management and in turn to ask them to brief staff in their sections. Briefings were held following the announcement of the TRIG in autumn 2011 and subsequently, two meetings in spring 2012, to explain key decisions in the implementation plan including the service delivery model and decisions in respect of the location of services.

5.4 Merger implementation

The implementation phase is the period from the acceptance of the implementation plan by the Minister in summer 2012 to the official merger date of 3 June 2014.

The government announced a further raft of local government reforms in October 2012 in a document entitled: *Putting People First – Action Programme for Effective Local Government*. The merger project consequently became a far bigger more complex one. Whereas previously it had encompassed the merger of the two local authorities and the incorporation of the Tipperary Joint Library Committee into the new council, it now also involved the dissolution of the county’s six town councils\(^{33}\) and Clonmel Borough Council and incorporation of the staff into the new TCC.

From the announcement of the merger it was understood that the county manager in the former North Tipperary County Council would be the manager of the unified authority as his counterpart in South Tipperary was in the role in an acting capacity due to the national embargo on promotions. Among staff in South Tipperary County Council this was, and for some remains, a contentious issue. It was suggested that there might have been an open competition for the position.

Following on from the acceptance of the merger implementation plan in 2012 work commenced on the merger of systems and procedures. Overall, there were 128 merger ‘projects’ ranging from the integration of major systems like pay-roll, financial management and planning, through to minor

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\(^{32}\) Councillor who is selected by their party (or group) to act as ‘team manager’

\(^{33}\) Carrick-on-Suir, Cashel, Nenagh, Templemore, Tipperary, Thurles
processes such as parking fines. The approach adopted was that a project team was put in place drawn from the section with responsibility for the system or procedure. They were supported as required by IT and finance. It was suggested that ‘this arrangement went well or not depending on the personnel involved from the various sections’.

It would appear that in the early merger implementation phase there was a co-operative approach between Clonmel and Nenagh with regard to the best way to merge systems and procedures. For example, the merger of Agresso, the financial management and payroll system appears to have been done in a collaborative manner. However, in the immediate pre-merger period as the challenge of merging systems and procedures within the necessary timeframe increased, the approach of the headquarters tended to be adopted. In the words of one director, ‘it was completely resource driven’ and ‘we did what was needed to be done to get over the line’.

As one focus group participant commented, ‘there was a chance to look at new, innovative ways of doing things rather than taking either the south or the north model and imposing that’. As there remains considerable work to be done to ensure systems and procedures are completely robust there is an opportunity to ensure that further changes are informed by the expertise of all staff.

5.4.1 Service delivery model

Previously, the two county councils delivered the full range of services across their administrative areas. They operated through nine engineering areas that were contiguous with the local electoral areas. The towns delivered a more restricted level of services directly within their town council boundaries and shared the remaining services with the county councils. (See map in Appendix 2)

The new one-council model saw a reduction from nine to five district offices, coinciding with the five new electoral areas. These are co-located with the central council offices in the main centres of Clonmel and Nenagh and in individual offices in the district headquarters of Tipperary town, Thurles and Carrick-on-Suir. Overall, the number of public offices has reduced from twelve to five, including the closure and subsequent disposal of six offices and the retention of one office for use as a depot.

All outdoor council staff are based out of municipal district offices. There are also 75 indoor staff (administrative, technical and engineering) based in district offices. Each district is overseen by a director of service who is assigned district oversight duties in addition to their functional duties. On a day-to-day basis a district administrator and district engineer manage service delivery from the office.

In moving to the new service delivery model, an important decision was the allocation of work between the centre (strategy and policy) and the districts (implementation, maintenance, front-line services). Both management and staff appear tentatively positive in respect of the impact of the municipal district offices. In particular it was noted that the new approach has resulted in a breakdown in past tensions between engineering/technical staff and administrators, with the close working relationship within the district offices facilitating a more united approach.

5.4.2 Workforce planning

Considerable preparation and attention was put into the workforce plan with roles and the aptitudes and preferences of those being assigned to them considered on a person by person basis. The detailed workforce plan signalled in the implementation plan commenced in early 2013. While an undertaking was made that staff would not be required to change locations, approximately 15 per cent of staff was required to change roles. This primarily included those staff who would be working in designated second centres. The purpose of these second centres was to provide a level of local service at the other end of the county from the headquarters of that service, with a consequent reduction in staff numbers.
In contrast, services headquartered in either Clonmel or Nenagh needed an increase in their staff complement in order to deliver services on a county wide basis. In addition, staff from the town councils and Clonmel Borough Council had to be reassigned.

Staff required to change roles were asked to indicate preferences and in a majority of cases actual moves reflected these. Inevitably in the small number of cases where this wasn’t possible, it resulted in disappointment. In general it is acknowledged that huge time and effort was put into the workforce plan by the merger team and in particular the two HR managers. The fact that there was only one formal appeal in respect of all new positions is testimony to the considerable care and attention that was taken over this process. The comment of one union official that the plan was ‘surprisingly logical’ also represents high praise.

While the workforce plan was undoubtedly a successful aspect of the merger, it is acknowledged that putting into effect the moves identified in the plan was far more time consuming and challenging than originally envisaged. In this regard Clonmel was more significantly affected than Nenagh as more people were required to change roles. A number of difficulties emerged with sections being slow to release staff scheduled for moves due to ongoing workloads. This created difficulties for those divisions headquartered in Clonmel which by this stage had taken on county-wide responsibilities without having a full complement of staff.

While the issues were resolved in the end, better anticipation of these difficulties and more effective communication to sections of requirements and expectations with regard to staff moves might have ensured that they took place in a more constructive manner.

5.4.3 Communications

Within Tipperary it was recognised from the outset of the project and reflected in the implementation plan that communication with stakeholders – staff, elected representatives, trade-unions and other local organisations – represented an important aspect of the merger. On one level, great care and attention was given to some aspects of communication, for example informing staff affected of their new roles and work location. However, in other respects, the approach to communication was somewhat unsatisfactory from the perspective of staff and also some managers.

A Communications Strategy was developed in early 2013 and signed off by the management team in April 2013. To a large degree it reflected the approach that was already in place. Firstly, it was highly dependent on e-mail, newsletter articles and intranet postings which have a low level of effectiveness as tools of communication, and even less value as tools to inspire and enthuse staff in respect of change. Furthermore, as June 2014, approached the number of merger-related emails reached a very high level.

Secondly, while staff numbers are of course large, it would have been desirable for the county managers to have met respectively with all staff in NTCC and STCC, perhaps using local conference facilities, or otherwise on a divisional basis, for a town hall style gathering. Instead the approach used was to request senior management to discuss information contained in merger update emails with staff in their section through dedicated team meetings and to feed back issues arising. Of course communicating with staff should be a general expectation of all managers, but in some instances this did not happen as effectively as was needed. As staff commented at the focus groups, ‘communication was top-down and got lost in the middle’. Consequently, there is a perception among staff that they were not always kept fully informed of merger developments.
It should be noted that communication with the elected representatives, trade unions, the general public and Department of Environment, Community and Local Government was excellent. Very specific initiatives were put in place to ensure that citizens were informed of the merger, with an information leaflet going to every household and information points set up in all libraries. However, overall, the approach to communication with staff is perhaps best summed up in the comment of one director, ‘there was communication but it could have been better’. It was possibly an area where external advice and assistance might have been beneficial.

### 5.4.4 Staff integration and wellbeing

At director level, integration and initiatives to work together commenced with the announcement of the merger in 2011. For other senior managers, the establishment of joint working groups did facilitate some level of interaction however some of this engagement was then postponed until later phases of the merger.

For staff at grade seven and eight (senior and middle managers) change management workshops with outside facilitators were held in late 2012 and early 2013. In addition, independently facilitated, joint working groups including all staff were held for most divisions in spring 2014. These were regarded as useful as a means of meeting future colleagues for the first time.

Notwithstanding the difficulties some staff had with aspects of the merger process, the vast majority of staff engaged with the project and worked extremely hard to ensure a successful outcome. It was commented by a number of directors that staff contributed at a very high level, in some cases working weekends and taking minimal summer holidays in 2014: ‘people did what they had to do to deliver’.

However, this work effort did on occasions result in staff being under considerable work-related pressure. It was commented by staff at the focus groups that no independent employee assistance services were offered to staff at a time when people were under a lot of stress and working long hours. While the designated NTCC and STCC employee welfare officers were identified to staff on several occasions, given the exceptional nature of the merger, it might have been desirable to also put in place an additional, independent service.

### 5.4.5 Risk management

Risk management was referred to in the implementation plan as a priority. A Risk Management Plan was developed in February 2013. The plan encompasses both a strategy and a risk register. Governance issues were addressed with the identification of a Risk Officer. The role of this officer was to ensure that the joint management team was kept ‘appropriately informed such that they can identify, analyse and, where necessary, respond appropriately to risks that might otherwise adversely affect the merger implementation process’ (Risk Management Policy, 2013:3).

The Risk Register which accompanied the plan recorded information with regard to all risks identified. This included a description of the risk, the current actions in place to address the risk, an assessment of the likelihood that the risk would occur, an outline of additional mitigating actions and the name of the manager who was accountable and responsible for the risk.

Overall managers appear to have been very happy with the approach to risk management, with several referring to it as one of the elements of the merger implementation phase that worked particularly well. The development of an online risk register and the requirement to update this monthly was regarded as a good discipline. In August 2014 the merger risk register was closed, with outstanding areas of concern transferred to the relevant section of the corporate register.
5.4.6 Political merger

As mentioned previously, the merger of Tipperary County Council not only encompassed the merger of the two administrations, but also the merger of the two former elected councils. The elected members were also required to contend with changes set out in Putting People First, in particular the abolition of the town councils and an overall reduction in the number of council seats from 113 (26 in South Tipperary, 21 in North Tipperary and 66 in the seven towns) to 40 in the new TCC.

Significant time and attention was paid by the merger team and in particular the two county mangers to ensuring the political merger went well. From the announcement of the merger, briefings were held and several meetings took place with the joint committee of elected members, established to address merger issues on behalf of the two councils. The merging of the electoral registers of the two former councils was also a major project.

In discussions with Tipperary councillors, the changes occasioned by the abolition of the town councils are their most immediate concern. The reduced level of local representation has resulted in a dramatically increased workload for some councillors. In this regard councillors commented that ‘the Council had moved away from the people’ and that ‘areas no longer represented [by a county councillor] would lose out’. However, the councillors also added that the ‘municipal districts were working quite well’.

Councillors also noted that the merger ‘was a big shock for everyone’. In operating within the new system several issues have arisen:

- The 40-person council is regarded as being too large, with meetings taking longer than necessary.
- Travelling to meetings in Clonmel or Nenagh by those based at the opposite end of the county is seen as a considerable source of frustration.
- Councillors also expressed ongoing frustration with regard to difficulties in obtaining prompt responses to representations, due mainly to the loss of valued relationships built up over time with certain staff members and also to staff movements required by the merger;

It is accepted by management that councillors have experienced difficulties in knowing whom to contact and several initiatives to address this have been put in place. Councillors have been encouraged to contact the Customer Service Desks or the administrator of the municipal districts where they are experiencing difficulties but some prefer the more direct route they are used to. A comprehensive staff contact list has also been made available to councillors detailing named staff members and their responsibilities in all areas. The issue will be further addressed with councillors at a workshop organised for late March.

5.4.7 Customer services

From the announcement of the merger and the early meetings of the TRIG, it was recognised that the merger afforded an opportunity to implement a new service delivery model. In particular a decision was made to put in place customer service desks in Clonmel and Nenagh to deal in a timely and efficient manner with as many queries as possible made to the Council, either by telephone or in-person. The work of the customer service teams would be supported by the introduction of a Customer Relationship Management (CRM) System for logging and tracking customer queries. According to the TRIG implementation plan the new approach would ensure resources are focused on the delivery of front line services and would also result in reduced administrative and overhead costs.
In a report prepared by the joint management teams of the two councils in advance of the merger, three core principles in respect of the customer service desks are set out:

1. Separating ‘customer support’ and ‘subject matter expert’ staff and services so as to avoid duplication of effort and optimise efficiencies
2. Structuring the customer support service into frontline customer service desks and backline contact centre services
3. Ensuring the customer support service team has quick and easy access to up-to-date and relevant information to satisfy customer demands and that output can be monitored and tracked

Acting on these principles has involved the establishment of service level agreements between sections and the customer support teams. There is an obligation on sections to ensure that the customer support desks have all necessary information to address the needs of customers as the first point of contact. Discussions were held across the council with section heads to review which services were suitable for delivery by the customer services team and which were more appropriately retained within the sections/service areas.

Six months after the introduction of the new approach, reactions to the customer service desks are broadly positive. It is widely appreciated that those staff assigned to the desks are working extremely hard and have a very positive attitude to their roles. Management are very satisfied with the arrangement. It was indicated that a high volume of calls are being dealt with in a professional manner at both locations. The information afforded by the CRM system is also considered useful and it was noted that there have been no difficulties with the customer services initiative reported by customers of TCC or by councillors on their behalf.

There appears to be some tension between the customer service desks and sections with regard to responsibility for queries and how calls are transferred to sections. There was a commitment to review the service level agreements between sections and the customer service team six months after the merger and in spring 2015 this is substantially completed. It is anticipated that amendments as a result of the reviews will address outstanding issues.

5.5 Merger consolidation

The consolidation phase encompasses the period from legal merger (June 2014) to the end of 2015 and beyond. A successful merger combines not only the technical aspects of two organisations but also the different cultures. Removing divisions and developing a single culture around a shared understanding of the aims of the new organisation is fundamental to any merger.

For TCC, understandably, in the months leading up to the merger date and in the immediate aftermath, the primary focus was on business continuity, the needs of customers, the political merger, and systems and procedures. However, in the subsequent months the need to address cultural differences is widely appreciated by the merger and management teams.

In one respect, there are many similarities between the two former councils in that the services they delivered were the same and both operate under the same Irish public service and local authority terms.

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and conditions. However, the TCC merger encompassed the amalgamation of ten organisations - the two former county councils, the seven town councils and the Joint Library Committee. Thus there were ten different ways of doing things. It is inevitable that integrating these approaches will take time.

In September 2014 an organisational culture working group was established. The group made a number of suggestions:

- All directors would be asked to facilitate groups of staff based in Clonmel or Nenagh to meet and confer with their counterparts in the other location. This was considered particularly important for staff based in the second centre of each service.
- The possibility of further section-wide ‘away day’ events to facilitate staff getting to know each other
- All training to include staff from all council locations
- Some initiatives to be developed to support councillors in getting to know staff.

While the initiatives and proposals described here are all worthwhile, progress in implementing them has perhaps been slower than it should be.

It was suggested at the staff focus groups, with the comments supported to an extent by the merger implementation team and some managers that it is very important that TCC develops a new vision: ‘there has been no clarity around the ethos of the new council or vision – to set a context within which staff would work in the future’. ‘There needs to be more of a sense of a new organisation with a clear, new corporate approach’. The changing functions of local authorities, with an increasing focus on local community and enterprise is a further motivating factor to address this issue. The need for a new vision for TCC is substantively addressed in the draft new corporate plan available for comment in spring 2015.

5.6 Merger outcomes to date

Notwithstanding the fact that a full assessment of the Tipperary merger won’t be possible for a number of years, it is still possible to assess outcomes to date. Examining the objectives of the merger as set out in the terms of reference provided to the TRIG it is possible to conclude that the merger has been achieved to a significant degree.

5.6.1 Deliver the merger effectively and on time

The establishment of TCC happened on schedule on 3 June 2014. Notwithstanding the issues mentioned above and that contributors to this research believe the process could have been managed better in some respects, given the scale of the project, the number of stakeholders involved, and the wider challenges arising from reform of the overall public service, it is reasonable to conclude that the merger was managed very effectively.

5.6.2 Maintain delivery of services across the county

The terms of reference refer to an ‘orderly transition to the unified authority, while maintaining effective service delivery’. The merger happened without disruption to service and without the unplanned closure of any public desks. A number of information campaigns were held to inform
citizens about the merger and some initiatives were also put in place to accommodate those who might have been disadvantaged from a services perspective by the closure of the town councils and area offices. To date, it would appear that customers have experienced no significant change in service delivery arising from the merger. While county councillors have experienced difficulties with the transition, considerable care was taken to communicate with them during the implementation period and continues to be taken to ensure that their concerns are addressed.

5.6.3 Maximise resource deployment and savings

The terms of reference refer to ‘actions necessary to maximise cost reductions and efficiencies’. The implementation plan identified that these would arise primarily from reduced pay-roll costs and estimated that once revised staffing levels were reached gross savings of €6.1 million a year would be achieved over an extended period. However, the realisation of these savings has occurred at a much faster rate than anticipated by the implementation plan. By February 2015, savings in excess of €3 million have been achieved. This figure is based on departures since the merger was announced, less those posts refilled with the approval of the Department of Environment, Community and Local Government.

The costs of the merger included one-off expenditure on IT harmonisation, office improvements and corporate branding amounting to €1.7 million, somewhat lower than the anticipated figure.

5.6.4 Maximise economic development opportunities for the county

The terms of reference refers to the ‘identification of measures to maximise the capacity of local government to contribute to the economic development of Tipperary as a whole’. The intention in the Putting People First reform initiative is that local government will become significantly more involved in economic planning and development. As a larger authority, well positioned at the centre of the new Southern Region, TCC is committed to contributing to the regional economic and spatial agenda once the regional structures are in place. At a county level, the new corporate plan is, as of spring 2015, available for public comment and, again following the putting in place of the relevant structures – namely the Local Community Development Committee and the Economic Strategic Policy Committee - it is anticipated that the Local Economic and Community Plan will be published in June 2015.

5.6.5 Realising benefits of the merger

The dominant motivation for the Tipperary merger was cost reduction. However, the implementation plan also refers to benefits for the county from the merger. Over the course of this study, many other opportunities were noted by managers and staff. These are described here. While of value in themselves, realising benefits is also critical to maintaining the morale and commitment of all staff who in many cases, as identified in the consultation phase of this report, are experiencing merger fatigue.

The old two-council approach located as they were within two different regional authority areas hindered Tipperary’s capacity to promote the economic, social and physical development of the county. The new larger council, with greater influence, will be in a stronger position to access funding. The county is also now more strategically positioned within the new Southern Region and it is anticipated will be better able to attract investment.

Promoting the county from a tourism perspective is now a far more coherent proposition and the county is now in a stronger position to take advantage of the world-wide recognition for the name and
brand of ‘Tipperary’. It is acknowledged that the county has a very good tourism product when combined and it can now work together towards encouraging visitors to stay in the county.

The larger council will be better positioned to take advantage of the new priority within local government for community, enterprise and economic development. It will be possible for staff to move into these functional areas and ensure that optimum services are delivered for communities and citizens in Tipperary.

For management, the larger complement of staff means that it may take on revenue generating initiatives such as the management of shared services.

For council staff, the larger organisation will afford greater career development and promotion opportunities. There are opportunities to learn from the expertise of a broader pool of staff and the opportunity afforded by greater staff resources to work on specific projects.

5.7 Conclusions and Lessons learned

The merger of two large public service organisations was not common in Ireland prior to the announcement of the mergers in Tipperary, Limerick and Waterford. For those involved, the process was challenging from many respects but also involved opportunities for development. In the course of the consultation for this report, learning from the experience was identified as a key outcome on a number of occasions. This will likely provide guidance to other public service organisations engaged in similar reorganisations. The suggestions made are also supported by the public management literature around mergers and amalgamations.

The comment most often repeated by those consulted, was the importance of resourcing the merger at a very high level. While the commitment and work effort of all managers is important, in order to ensure normal service is maintained, it is essential to appoint a senior manager full-time to a merger process. This person will be supported as needed by the chief executives, HR, corporate services and other managers, but responsibility for the day-to-day oversight of the merger project resides with him or her.

As with any change management project, leadership from the top is regarded as critical. The fact that this requires two chief executives and two management teams, quite possibly with different motivations, to work together effectively makes it both more challenging and more necessary. In some respects public service organisations have an advantage in this regard as the concept of public service ethos encompasses a commitment to implementing government policy. However, an open and committed approach is still required. Effective leadership also takes time with the chief executives needing to invest ‘as much time as is required’, with personal effort, for example visiting staff in all centres, appreciated.

In the case of the Tipperary merger it was suggested that ‘communication with staff was good but it could have been better’. While challenging in large organisations, efforts to ensure that staff hear messages directly from senior management, rather than a top-down approach whereby managers are expected to ‘pass on’ information is desirable. Employing many different means of communication, such as staff bulletins and road shows is also useful, with emails only one, perhaps limited, means of communication. Finally, huge time and attention needs to be taken to ensure that communications of a personal nature, changes in roles or work locations are managed in a very sensitive manner. Failures in this regard have the potential to cause huge resentment among staff.
Recognising and addressing cultural differences between the organisations to have merged has a huge bearing on merger consolidation. In particular, different management styles and different approaches to service delivery will need to be reconciled. It is important, though this takes time and energy, that neither organisation’s way of doing things is imposed on the other organisation, but instead that a new way of doing things that draws on the best of both emerges.

‘Harnessing the support and good will of staff’ is regarded as a key success factor in Tipperary. Also, recognising the considerable work effort and contribution of staff is essential for merger consolidation.

5.8 SUMMARY

This case study reviews the merger of the former North and South Tipperary County Councils into Tipperary County Council (TCC) which took place in June 2014. It is extracted from a more detailed review carried out in late 2014 by the Institute of Public Administration at the request of the management of the unified TCC.

County Tipperary, Ireland’s largest inland county, has a population of 158,754 and covers an area of 4,282 km². Tipperary had been administered as two separate local government units since 1838 when the county was split for the purposes of Grand Juries, established by the English parliament, which then governed the island of Ireland.

In July 2011 the Irish Government announced the establishment of a unified county council in Tipperary, with effect from the 2014 local government elections, to replace the existing North and South Tipperary County Councils. The merger was to be part of a wider local government reform initiative.

The general objective of the merger project was to deliver the merger effectively and on time, maintain delivery of services across the county and to maximise resource deployment and savings.

The management process put in place to undertake the amalgamation project utilized the resources of the existing councils and allocated them to best advantage in terms of their input to task completion. The merger was managed by a joint management team (JMT) comprising the management teams of the two councils. A project support team was established and supported the implementation group and coordinated the actions agreed by the JMT. The support team comprised a project co-ordinator at director level, appointed to work on the project full-time, the two HR managers and two senior staff from corporate services. Management sub-groups were also established on a function by function basis (e.g. IT, finance, roads) in order to progress issues such as the merger of policies, procedures and protocols.

The government announced further local government reforms in October 2012. As a result, the merger project became a far bigger and more complex one. Whereas previously it had encompassed the merger of the two local authorities and the incorporation of the Library Committee, it now also

35 [www.ipa.ie](http://www.ipa.ie)
involved the dissolution of the county’s seven urban councils and incorporation of their staff and functions into the new council.

The project took place over two inter-related phases – (1) a planning phase and (2) an implementation phase. The planning phase encompassed the period from July 2011 through to the acceptance in July 2012 by the Minister of the merger implementation plan. The plan detailed the approach to be taken in delivering on the terms of reference prescribed by government. The objective of the implementation group was to produce a comprehensive implementation plan that set out the steps required to ensure that the merger would happen on schedule.

The implementation phase then ran to the official merger date of 3 June 2014. It encompassed a focus on the merger of systems and procedures. Overall, there were 128 mini merger ‘projects’ ranging from the integration of major systems like pay-roll, financial management and planning, through to minor processes such as parking fines. The approach adopted was that a project team was put in place drawn from the section with responsibility for the system or procedure.

Innovative features of the project include a new service model for delivery of services; introduction of customer service desks; development of a new public-facing website; energy-saving/carbon-reduction improvements in building facilities; and risk management planning.

Given the scale of the project, the number of stakeholders involved, and the wider challenges arising from reform of the overall public service, the merger was managed very effectively. The administrative, legal, financial and political merger was achieved on time and within budget. Savings of €6.1m per year were to be achieved over an extended period. By February 2015, savings were already in excess of €3m. The costs of the merger including one-off expenditure on IT harmonisation, office improvements and corporate branding amounted to €1.7m, lower than the anticipated figure.

Communication with stakeholders – staff, elected representatives, trade-unions and other local organisations – represented an important aspect of the merger.

Social inclusion was a significant priority that guided the merger of the two councils. Marginalised communities, and the marginalised within communities, now have the opportunity to participate in local decision making and to influence and shape local decisions through new structures developed as part of the merger process.

The consolidation phase encompasses the period from legal merger (June 2014). This is focused on moving past the technical merger to building a new organizational culture. Removing divisions and developing a new culture around a shared understanding of the aims of the new organisation is fundamental to any merger. The first step in this process has been the development of a new corporate plan for the period 2015-2019, which sets out a clear vision for the whole county.

The merger of two large local authorities had not occurred in Ireland prior to 2014. Learning from the experience has been identified as a key outcome that will provide guidance to other public service organisations engaged in similar reorganizations in Ireland and across the wider E.U.
5.9 Appendix 1 - Membership of the Implementation Group (TRIG)

Extract from Terms of Reference of TRIG

“Arising from the Government decision to establish a unified county council in Tipperary to replace the existing North and South Tipperary County Councils, the Minister for the Environment, Community and Local Government has established an Implementation Group consisting of the following members:

- Mr. Joe MacGrath (Chair) (Manager, North Tipperary County Council);
- Mr. Billy McEvoy (Manager, South Tipperary County Council).
- Mr. Joe Allen (former Principal, Department of the Environment, Community and Local Government); and
- Mr. Gerry Kearney (former Secretary General, Department of Community, Rural and Gaeltacht Affairs).

Mr. Kearney will work as an External Evaluator and will assist the Group in covering all aspects of its mandate in an objective and effective way and with the resolution of any necessary issues in the completion of its work.”

5.10 APPENDIX 2 Management Structures before Merger

5.10.1 North Tipperary County Council
5.10.2 South Tipperary County Council

5.10.3 Management Structure Proposed

5.10.4 Management Structure Spring 2015*
*Proposed reduction to six directors of service is based on redeployment opportunities becoming available. One of the two ‘extra’ directors is focussing on consolidating the merger and leading countywide strategic projects; the other is managing the rollout of the expanded community and economic development functions passed to councils through recent local government reforms

**Position of Manager amended to Chief Executive as part of local government reforms

5.11 APPENDIX 3 – Maps

5.11.1 Map showing North-South electoral areas and town councils – before merger
5.11.2 Map showing Tipperary electoral areas (Districts) – after merger
The case of “In.Cubo” Incubator of Innovative Business Initiatives (Portugal)

Author: ACIB - Associação Comercial e Industrial de Barcelos

http://incubo.eu
6. In.Cubo, Incubator of Innovative Business Initiatives

The In.Cubo - Incubator of Innovative Business Initiatives was created by ACIBTM - Association for the Incubation Center of Technological Base of Minho. Productive equipment is a strategic focus on entrepreneurship as a key area for regional development.

The Association for the Incubation Center of Technological Base of Minho (ACIBTM) was established in March 1, 2007, becoming a private association, non-profit, with registered office in Arcos de Valdevez municipality.

The Association's purpose is the construction, management and operation of the Incubation Center for Technological Minho Base, as well as creating conditions for the development of Plans of Business enterprises and the host of R&D projects, including staple companies’ technology that foster and propagate innovation within the economic base installed in its territorial space of coverage.

Its main activities, apart from the management, operation and administration of the integrated equipment in the Incubation Center, include the following:

- Provision of support to technical, legal and financial level services and development of human resources training activities;
- Promotion of R&D activities in their areas of expertise and support to the respective implementation with the business base;
- Provision of consultancy services and technical support to natural and legal persons, including branches of the central, regional and local government;
- Promotion, development and support to the creation and activity of technological support infrastructure and business centers of advanced technologies;
- Detection and selection of sources of funding, with a view to scientific and technical activity of its members.

In.Cubo’s organisational DNA is structured around the following elements:

- Public-Private Partnership;
- Organic Nature (learning organization, evolving);
- Change Agent (promotes a new operational culture in the territory);
- Platform for Action (make it happen).

General Purposes

- Promote a more entrepreneurial Regional Community, which values the risk, innovation, learning and business culture;
- Encourage and support the sustainable creation of new companies, qualified employment and the progressive value added to the Minho-Lima region;
- Contribute to the diversification of production and to strengthen the competitiveness of the existing businesses;
• Operate as a broker and facilitator in the development of R D + i solutions for the companies located in the region.

Specific Objectives

• Provide training and entertainment activities in the entrepreneurship and cooperation area dedicated to broad public;
• Provide value-added business services to companies and existing institutions in the region;
• Act as an interface between business and universities and R&D in the region, facilitating the transfer of technology and knowledge likely to corporate exploitation;
• Promote the participation of the Incubator and their companies which are installed in it, in cooperation networks (national and international);
• Promote legal business efficiencies in the territory;
• Implement a Territorial Marketing Strategy in Minho-Lima, oriented to economic promotion of the region and to attract investments.

6.1 The “situation before”

According to several studies in recent years on the Minho-Lima Region, there are clearly identifiable critical factors for business development, among which we highlight the following:

• The need to qualify / Attract Human Resources;
• The promotion of entrepreneurial capacity;
• The promotion of the production of the business basis and upgrade the densification of productive sectors;
• Strengthening collective business function.

On the basis of this context and in order to act on it to generate changes, competitiveness and sustainability, was designed and developed the project for the creation of the Incubation Center for Technological do Minho Base (whose trademark is In.Cubo - Incubator of Innovative Business Initiatives), funded on the PRIME program.

This Incubation Centre intends to establish itself as a new generation of Incubator based on territorial synergies, relational symbiosis and the development of economies. That is, it is assumed that the Incubator is much more than a simple infrastructure / physical equipment with a specific geographical location, where new business initiatives can minimize their start-up costs through access to cheap space, shared services and management support. The In.Cubo is seen by its promoters as a tool with high potential to create and exploit synergies and contribute decisively to stimulate the economy in the Minho-Lima Region, by spreading the entrepreneurial spirit, the provision of an enabling environment for the generation of new entrepreneurship, attracting business activities and investment-oriented technologies, and the creation and operation of interfaces and networks of cooperation and innovation.

In this respect, three principles guide the action strategy that In.Cubo intends to develop, in particular:

• Focus on entrepreneurs, assuming that they can develop when operating in an environment that facilitates access to a coordinated network of support and strategic resources;
• Being based in the Community, since the communities provides culture and an environment within which entrepreneurs thrive. In this way, communities need to build, from their assets, a strategy to support their entrepreneurs;

• Guidance towards the region, assuming that the regional cooperation is critical to obtain the scale and the synergies necessary for the development of an entrepreneurial culture. The relationship with services, actors and regional institutions is crucial to contribute with appropriate support to entrepreneurs and dissemination of entrepreneurship.

The technical team In.Cubo, based on these strategic principles of action, has been working and focusing its activity on the implementation of on-time and on-budget projects. However, they are aware that it is urgent to structure interventions, in one hand regarding to the promotion of entrepreneurial capacity in the region, and on the other hand, regarding to the creation of facilitator contexts and environs of that capacity because In.Cubo’s success will depend on that.

6.2 Goals set out in the beginning (benchmarks)

1. Spread and disseminate entrepreneurship;
2. Provide high added value to companies and institutions in the region services;
3. Encouraging cooperation between vocational education institutions and higher, companies and local authorities;
4. Create a business and technology platform, generating an environment of “technology business”;
5. Contribute to raise the level of skills of employees;
6. Support entrepreneurs by incubating companies with:
   a. Preparation and development of their business plans;
   b. Provision of physical space;
   c. Training;
   d. Technological Infrastructure;
   e. Management and coaching services.

6.3 Methodology

In order to create an institutional macro-environment of entrepreneurship in Minho-Lima, they were faced with an entrepreneurial culture deficit at the level of different organisations that are instrumental in supporting entrepreneurship in the region, as well as a limited practice of networking and partnerships.

It was intended to intervene directly on the blocking factor; developing an approach that allowed us to overcome this problem, so that when the entrepreneurial activities initiated, an institutional and organisational environment would already be, oriented to the pursuit of common objectives and coordinated with the process of undertaking the Minho-Lima.
In this sense, and after a wide ranging collection of information on experiences and best practices regarding this issue, they got in touch with the experiment developed in Finland, which was awarded the "European Enterprise Awards" in 2006, which consists of a methodology developed and tested to promote an entrepreneurial region. What is truly interesting and innovative in this methodology?

First of all, the fact that is based on an approach geared to build and spread of an entrepreneurial attitude throughout the community and to promote this attitude in the operational culture of the region, at all levels (public institutions, enterprises and business associations, schools and educational institutions, ONG's, press, etc).

Second of all, because it is a service designed and planned to function as a "platform for action", that is, based on an a “hands on” approach, involving representatives of different public and private organisations with activities related to entrepreneurship and hence must result in practical and concrete actions.

Finally, the high degree of transferability that this methodology has shown, which has been used and properly adapted in different territorial contexts and cultures (e.g. Turkey, Russia, Estonia, ...), received positive and successful feedback leading to the launch of some action guides or roadmaps for building entrepreneurial regions.

How this service has helped to foster the success of In.Cubo and to promote the entrepreneurial spirit in Minho-Lima?

Mainly because it achieved four goals, including:

- Clarifying the concept of entrepreneurship, realising and assimilating it as a positive and critical attitude to incorporate in the daily practice of each organisation and to have permanently into account in decision-making;

- Building an entrepreneurial platform in the region, spreading a more entrepreneurial culture in organisations, while simultaneously strengthening its relationship with the local context and partnerships;

- Design and planning a "Minho-Lima - Entrepreneurial Region" Action Guide, structuring an operational framework to promote entrepreneurship at all levels of the regional community;

- Placing entrepreneurship at a regional level, as a central and strategic theme in the development process of the Minho-Lima.
Analysis of the current situation - Services provided by In.Cubo

**Incubation**: Capacity: 10 industrial buildings, 12 rooms, 6 spaces Co working

**i9 Minho platform**: The i9minho web platform is a project that promotes the approach of the R&D + i institutions, to the productive fabric. Its operating model has to do with the launch of challenges to specific problems identified by the organisations in the process of development of products or services, as well as in competitions of ideas to find solutions to technical challenges, social, political or scientific, promoting merit to the best solution presented. The transfer of innovation can generate more innovative ideas, solve concrete problems more quickly, reduce costs associated with R&D and with the "time to market" innovations.

**Activities:**

- Cooperation agreements with NSTS entities: IPVC, A, UP, UTAD, BPGV, etc;
- Cooperation agreements with highly spatially technical and recognized curriculum;
- Interconnection with the business world: SME's, Micro companies, startups;
- Launch challenges.

**Fab-Lab Alto Minho I9**: Laboratory of rapid prototyping of physical objects inserted into a worldwide network of nearly 450 laboratories (8 in Portugal), grouping a set of professional-grade CNC machines, allowing access to digital fabrication tools. It is an educational component and
individual awareness of digital technology, it democratizes access to technology and the techniques specific, and also promotes and facilitates invention, innovation and experimentation.

Activities:

- Professional - promote their use by the business community of Minho.
- Academic - get interconnection with IPVC and UM to promote the integration and use of the use of Fab Lab in the education system units.
- Kids - interconnection with local schools, preparatory school, secondary, vocational. As mentioned in the previous point, promoting integration courses in the education system.
- Workshops and Training - organization, preparation and implementation of workshops and training activities, directed to the general public in various areas such as product development, equipment operators and expertise in CAD software and design, etc.

Services

- Support entrepreneurial activities:
- Implementation of "Entrepreneurship in the Alto Minho" Network - creation of an entrepreneurship support network in the Alto Minho: co-working spaces in cities and videoconferencing room;
- Pre-Incubation support: information / initial guidance for people with business ideas; guidance and support in developing business plans; information on setting up and starting a business; advice on financing systems;
- Specialised Consultants Network - interconnection with STCN entities;
- Financial support of applications and development of these projects.

Start-up:

Directed service for companies, newly created, under development and market research. Because they are young and usually wish to implement new ideas on the market, with inexperienced promoters in management, markets and sales, have a high business risk associated. Usually, they are projects with low initial cost, highly scalable, as they have an expectation of very strong growth.

Startup Activities

Management - Development of an advisory service management company that enables young entrepreneurs to access management tools, simple, objective and effective;

Marketing - Development of an advisory service with the definition of a marketing plan, strategic tool used to identify the strengths, weaknesses, threats and opportunities that the market provides to the
company, encouraging it to set goals, objectives and seek to know the needs and the wishes of the customers / consumers. It must be understood as a complement to the business plan and as an indispen-sable tool for the development of business, simple, objective, useful

Product Design - Product design service development with support to creative activity, the definition of a product, considering not only the external characteristics of the object, but also the structural relationships that make an object, as a coherent unit, practical and appealing for consumers

Prototyping - Associated with the development of prototypes in the Fab Lab Alto Minho.

**Follow-up:** targeted service for existing companies which have economic / financial sustainability problems normally associated with mismanagement, sales decrease or lack of market.

**Follow-up activities:**

- Management - Development of an advisory service management company that enables young entrepreneurs to access management tools, simple, objective and effective;
- Sales - Development of an advisory service in sales techniques, which would enable entrepreneurs and their salespeople to boost sales and the company's business;
- Internationalisation - In collaboration with the AICEP, support companies in their internationalisation process in the search for new markets and new customers;
- Innovation - Associated to the use of i9 Minho Platform.

### 6.4 Analysis of the implementation process

Projects developed with countries, including France, UK, Portugal and Spain.

**GERÊS-Xurés VALUE** - Enhancement of Transfrontier Park Gerês- Xurés - Application submitted to POCTEFP, had as promoter the Intermunicipal Community Minho-Lima, in order to plan, implement and consolidate a common cross-border strategy that promotes the coordinated development of the tourism sector sustainability in the Euroregion and the creation of new activities that promote job creation and fixing people. Within this application, the ACIBTM/In.Cubo introduced himself as beneficiary, responsible for implementing the action "Eco-Biz Gerês-Xurés" - Cross Border Program to Support Eco-Business Creation, which aimed to promote entrepreneurship in PNPG area and add value to products and services endogenous. This application is awaiting final decision.

**EMER** - Entrepreneurship Pilot Project in Rural Areas led by In.Cubo, it includes an intervention in the ten municipalities of the Alto Minho. Over six months 195 business ideas were identified, from which 40 were pre-selected, in order to encourage the creation of small locally based businesses linked to agricultural and agri-food production, trade and creation of products and innovative services. The importance of this initiative is shown by the demand raised of a measure to support entrepreneurs in low-density areas.

**Was there a theoretical foundation for the methodology?** The theoretical foundation was the Y4 methodology of Central Finland - awarded with the "European Enterprise Award" in 2006
Was there information sought in previously successful similar projects? The concept of an Incubation Centre is based on an action of "benchmarking" held within the framework of an enterprise valuation action which involved visits to some of the best business incubation experiments in the world, namely the existing incubator in Manchester Science Park in Manchester the USS Market Access in California / Silicon Valley and the IC2 at the University of Texas at Austin. Sharing this experience is intended to help promoters of innovative projects, industrial and service sectors in the preparation and development of their projects in the best conditions possible.

Realistic (and unrealistic) goals set at the beginning:

a. Spread and disseminate entrepreneurship;

b. Provide high added value to companies and institutions in the region services;

c. Encouraging cooperation between vocational education institutions and higher, companies and local authorities;

d. Create a business and technology platform, generating an environment of "technology business";

e. Contribute to raising the level of skills of employees;

f. Support entrepreneurs through business incubation.

Time line established (project management): Constant: The process of building some of the most ambitious goals take longer to achieve the desired effect, since it is important to first gain some confidence and then establish cooperation networks.

6.5 Implementation process,

6.5.1 Hurdles and obstacles on the way

Maintain, create and strengthen networks of cooperation between different actors in the different areas and activities. The networks are seen as one of the fundamental aspects for the establishment of partnerships, project development, business creation, to start new businesses, for internationalisation, etc. Networks provide a wide range of valuable resources to help them achieve their goals. Among the most important resources that networks can provide stand out the information, access to finance, skills, tools, knowledge, advice, social legitimacy, reputation and credibility. Networks to create and enhance:

- Municipalities from Alto-Lima and their partners;
- Interconnection with infrastructure networks to support competitiveness and innovation;
- Links with other incubators and the network BIC`s;
- Liaison with the network of Science and Technology Parks (PCT);
- Liaison with higher education institutions and other Science and Technology infrastructures.
6.5.2 What was successful in the process?

The entrepreneurship service, the business incubation, and their credibility in the territory. The amount of people searching for their support to begin their own businesses; all incubation spaces are filled and it is a recognized institution in the territory.

**Period between: 2009 - 2014**

<table>
<thead>
<tr>
<th>Activity</th>
<th>Count</th>
<th>Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>Entrepreneurship Diagnoses</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>Contests of ideas</td>
<td>6</td>
<td>+ than 100 participants</td>
</tr>
<tr>
<td>Business plans / elaboration of an action plan</td>
<td>50</td>
<td>+ than 30 participants</td>
</tr>
<tr>
<td>Seminars / Workshops developed</td>
<td>20</td>
<td>1500 Participants</td>
</tr>
<tr>
<td>Organized events</td>
<td>3</td>
<td>Open days / Rural Innovation Hall</td>
</tr>
<tr>
<td>SME’s founded</td>
<td>20</td>
<td></td>
</tr>
<tr>
<td>Established services</td>
<td>5</td>
<td>Incubation / Entrepreneurship Workshop / Fab Lab / PI9 / Tool Box</td>
</tr>
</tbody>
</table>

6.6 Evaluation of the Project’s Results and Lessons learned

In.cubo mission is divided into 4 areas of intervention:

a. Investment attraction - Promoting Territorial Area of the Alto Minho, towards economic promotion of the region and attracting investment.

b. Hosts Business- contribute to the diversification of production and to strengthen the competitiveness of existing businesses by providing infrastructure and support services, promoting the territory and attracting investment,

b. Training - Promoting Collective Efficiency, empowering young people, unemployed, assets, businesses and institutions of competence in innovation, entrepreneurship and management

c. Entrepreneurial Action - Stimulating a regional entrepreneurial ecosystem, stimulating and supporting the sustainable creation of new businesses, seeking employment and the generation of value added in the Minho-Lima region.

Within those four guidelines, In.cubo has interest in strengthening partnerships, and to continue to promote strategies for entrepreneurship: business, social, rural and organisational.
This organisational model contributes to the development of a more innovative and entrepreneurial culture in the region. It created new services, new skills and new approaches to support entrepreneurship, facilitating the creation of companies and the development of new business.

Fab Lab and i9 Platform are an innovation in the region and enhances entrepreneurship. These services developed by MIT are methods constantly expanding all over the world and proven effective in supporting the entrepreneurial culture.

The project was successful mainly because of the different people who led and worked at the institution over this time and for its technical competence, knowledge, experience and network of contacts who possessed.

It was developed training for all the staff, in methodologies of economic development, management, leadership and group dynamic.

The whole Project is conceived as a process to promote entrepreneurship, including above all, three components that are interconnected and are fundamental in the process: the creation of hardware, the support to entrepreneurship and to the creation of enterprises and the creation of software as an enterprise support service able to stimulate and monitor enterprises and entrepreneurs.

To achieve the goals of success, we used some means to progress the project, such as dynamic sessions promoting entrepreneurship, focus groups, training to promote methodologies of economic development, entrepreneurship contests, collective training sessions, promoting entrepreneurship and coaching.

6.7 Summary

The In.Cubo project was successful; it started from a strong involvement with the various partners at a local level, including municipalities, inter-municipal communities, local development associations, higher education units with the ultimate aim to intervene at all the municipal territories surrounding the region of Minho-Lima.

In.Cubo emerged to fulfill the need to qualify and attract human resources for the region, to foster the entrepreneurial capacity, to promote a business background and to strengthen the collective business function.
One of the most important benefits that In.Cubo offers to the region and to its promoters is the support and monitoring of individual promoters through the intervention of a team with extensive experience and high level of skills in the entrepreneurial sector.

In.Cubo revealed widely innovative aspects such as: the coordination of the various partners to act together in the region and pursue common objectives to support entrepreneurs; the intervention in various municipal territories that comprise the region of Minho-Lima; and the important technical consensus on the evolution of the various stages of the programs, seeking to frame the projects selected with the objectives of the programs.

In.Cubo offers new generation incubation services, based on territorial and relational symbiosis synergies. It is more than just a physical infrastructure, with a specific geographic location, it is assumed as a high potential tool to create and exploit synergies and contribute actively to the revitalization of the region's economy.

Therefore, In.Cubo has great relevance for FIERE project because it is able to attract and foster a new generation of business activities and investment-oriented technologies and to contribute to the creation and operation of interfaces and networks of cooperation and innovation.

The In.Cubo focuses on entrepreneurs by providing them a physical space with reduced costs and the support of specialized teams in the business startup. It is based mainly in the community, since the communities provide the environment in which entrepreneurs can thrive and be guided to the area, intending to stimulate it economically.

This spirit undertake that encourages innovation and networking is, without doubt, essential for the FIERE, as it is a great example of encouraging entrepreneurship in Portugal.
The case of “ArcLabs Research & Innovation Centre” (Ireland)

Authors: Valerie Brett and Bill O’ Corman, Waterford Institute of Technology

http://www.arclabs.ie
7. ArcLabs Research & Innovation Centre: Creating an Ecosystem of Open Innovation

The purpose of this case study is to explore the emergence and the role of Waterford Institute of Technology’s (WIT), ArcLabs Research & Innovation Centre in the development of a regional ecosystem of open innovation, in South East Ireland. ArcLabs Research & Innovation Centre is unique in that it is the only such centre in Ireland where there is the co-location of an applied researcher centre (TSSG), education/training/research unit (CEDRE), and micro-enterprises and SMEs existing in the one building. This co-location has facilitated a richness of knowledge exchange, technology transfer, and collaboration that is the essence of the ecosystem of open innovation in South East Ireland. ArcLabs Research & Innovation Centre is based in WIT’s West Campus - a beautiful rural setting that is conducive to creativity and innovation.

Waterford Institute of Technology (WIT) is a leader in research in the IoT sector in Ireland, securing over €107 million in external research funding since 2001. At the core of the Institute’s research ethos is its commitment to engagement and knowledge exchange with regional, national and international industry.

ArcLabs Research & Innovation Centre, Carrigore, West Campus, Waterford Institute of Technology, Ireland.

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36 TSSG is the Telecommunications Software Systems Group. The main focus of which is on a wide spectrum of industry-informed research in Information and Communications Technologies (ICT), particularly technologies enabling communications and information services.

37 CEDRE is the Centre for Enterprise Development and Regional Economy. There are two aspect to this Centre. One is education/teaching: its flagship education programme is the Post Graduate Diploma in Business in Enterprise Development, which is academic element of the South East Enterprise Platform Programme (SEEPP). SEEPP is a year-long incubation programme for entrepreneurs to assist them to start up their enterprises. Most of the micro-enterprises and SMEs in ArcLabs Research & Innovation Centre are founded by graduates of SEEPP. The other aspect of CEDRE is social science research. The main focus of this research is on regional innovation systems, entrepreneurial regions, knowledge spillover, entrepreneurship and enterprise development.

38 There are up to 21 micro-enterprise and/or SME businesses resident in ArcLabs Research & Innovation Centre. Many are spin-outs from TSSG, many are attracted there because of the opportunities of working with TSSG (mostly spin-ins), and many are graduates of the SEEPP (now called New Frontiers).

39 Institute of Technology
A culture of entrepreneurship and innovation is fostered at all levels within WIT but primarily through the institute’s main research groups such as the Centre for Enterprise Development and Regional Economy (CEDRE), TSSG (Telecommunication Software Systems Group), the Optics Research Group, the Pharmaceutical & Molecular Biotechnology Research Centre and South East Applied Material Research Group (SEAM).

As the Institute’s key technology gateways, the research groups are a major driving force of WIT’s commercial relationship with industry. For example, TSSG is a renowned ICT research group in Europe and is Ireland’s leading software ICT research centre as it has secured more than €57 million in research funding since 1996. Each of WIT’s research groups has established extensive relationships with a wide range of industries engaging in research, contract research, problem-solving and university–industry collaboration. Industry partners include but are not limited to IBM, Ericsson, Cisco, Alcatel-Lucent, O2, Telefonica, Vodafone, BT, Eircom, Oracle/BEA, Genzyme, and Eirgen.

ArcLabs Research & Innovation Centre is located in the South East region of Ireland which is made up of five counties including Waterford, Wexford, Kilkenny, Carlow, and Tipperary. The region covers an area of some 9,406 sq. kms, or about 13.5% of the area of Ireland. The current population is approx. 460,838, which is 11% of the national population (of the Republic of Ireland). The economy of the South East is based primarily on agriculture, manufacturing and services, tourism, fishing and aquaculture, with increasing development in the life sciences area.

Fig 2. South East Region of Ireland

The South East Region of Ireland can be classified as a peripheral region which consists mainly of traditional industries with low levels of innovation and R&D capacity and dominated by tourism and agriculture. Also the region and the state have a tendency to over-relly on foreign owned multinational enterprises (MNEs) through foreign direct investment (FDI) (Kirby, 2010). Therefore it has been difficult for the region to develop an ecosystem of open innovation due to the lack of capacity and
depth with regional based actors and stakeholders (O’Gorman and Donnelly, 2013). The following sections explore the challenges for the South East Region within the context of the innovation paradox and illustrate how ArcLabs Research & Innovation Centre through a number of key individuals took innovative action to support the economic development of the South East Region of Ireland.

7.1 The Innovation Paradox

One of the key problems and challenges of the region can be described through the concept of the innovation paradox which explains the, “contradiction between the need to spend on innovation in lagging regions and their lower capacity to absorb public funds allocated for innovation” (Oughton, Landabaso and Morgan, 2002, p97), in comparison to other and more innovative regions with greater levels of absorptive capacity. Regions must invest in R&D capacity but it is also paramount that any investment potential is fully realised and delivers impact for the region. A key issue as regards the innovation paradox for the South East Region is that Ireland operates under a centralised system of government therefore local and regional authorities have little power in the design of innovation based policies and instruments (which are centralised) which may support greater absorptive capacity and even less influence in terms of the allocation of funds or other fiscal supports from national government.

Literature and research supports (see for example Bilbao and Pose, 2004) the concept that regions need to invest heavily in R&D, innovation and the commercialisation of research as the sustainability, progression and growth of regional economies is directly related to the ability of regions to innovate. For lagging or developing regions or regions that may have been particularly susceptible to the economic crisis (of mid 2000s), the need to “be innovative” or smarter is even greater as they strive to create an environment that facilitates research and open innovation. The challenge for the South East Region is to increase absorptive capacity and reduce the effect of the innovation paradox within the region. The approach adopted to increase the innovation capacity of the region was through facilitating and bolstering the demand for innovation and the supply and support of innovation processes through the commercialisation of research within the region. The mechanism for this action was visualised through the development of an ecosystem of open innovation through the ArcLabs model. The success and regional impact of the ArcLabs model was built from the vision and dedication of a number of key individuals within Waterford Institute of Technology. The following section presents in more detail the ArcLabs model and the key entrepreneurial individuals responsible for its development and progression to where it is today.

7.2 ArcLabs Research & Innovation Centre

WIT and many of the institute’s employees have a focus and a passion for developing their region across a broad spectrum of areas such as health, social inclusion, education, teaching, research, and the enhancement of the overall economic development of the region. WIT can and has played a critical role in supporting the region’s innovative potential, and entrepreneurial capabilities and abilities through the creation of ArcLabs Research & Innovation Centre as a functioning model of an ecosystem of open innovation.

In the development of this model, WIT through the mechanism of ArcLabs had to focus on the key strengths of the region and leverage the sectors that could offer the most growth potential. The South
East Region has good competencies in the areas of ICT, biopharmaceuticals, tourism, agriculture and advanced manufacturing. Furthermore, there is also potential to leverage traditional industries by adopting ICT as an enabler for sectors such as agriculture and tourism.

In 2004 WIT opened a purposefully designed building to house research and academia to encourage and foster greater collaboration between researchers and industry. ArcLabs Research & Innovation Centre is not the first example or attempt at the co-location of academia and industry to support greater knowledge spillover and collaboration between university and industry. Rather, the concept of co-location and collaboration was slightly adapted from the academic perspective, in that the metrics and value for the academic perspective would not be driven by the number of publications, but by the creation of a collaborative balance between the research community and the commercial economy through a one-stop-shop team of academics, post-doctoral researchers, engineers, entrepreneurs and business people. The evolution of the approach and thinking came from the collaborative efforts and vision of a number of key people such as:

1) **Prof. Willie Donnelly, Barry Downes, Eamonn de Leastar, and Dr. Mícheál Ó Foghlú – the founders of TSSG**

In 1996, Prof. Willie Donnelly along with Eamonn de Leastar and Dr. Mícheál Ó Foghlú founded the Telecommunications Software & Systems Group (TSSG) at WIT. The team and concept of TSSG was strengthened by the addition of Barry Downes as TSSG’s Innovation and Commercialisation Division in 2006. The TSSG is now one of Europe’s leading research centres for ICT research and innovation and technologies enabling communications and information services. TSSG strives for economic impact by engaging with industry and supporting their needs through the commercialisation of research. TSSG have created 16 spin out companies in the South East including FeedHenry a mobile cloud platform company which was bought for €63.5m by the US global software firm Red Hat in 2015. Other notable spin-outs from TSSG are ZolkC, a leading provider of mobile technology for international visitor attractions and KodaCall, a new ‘Click to Call’ Technology.

2) **Prof. Bill O’ Gorman, CEDRE**

Prof. Bill O’Gorman is the founder and Director for Research in the Centre Enterprise Development and Regional Economy (CEDRE). While performing his own research and supervising others in the fields of entrepreneurial regions, regional development, regional innovation systems, and entrepreneurship research he also lecturers in entrepreneurship, organisation development (OD), innovation, and change management at undergraduate, post graduate and executive levels. Bill is a mentor to a number of new and developing indigenous organisations, many of which are existing (or past) clients of ArcLabs Research & Innovation Centre. Prior to joining academia in 1999, Bill was Managing Director of his own electronics sub-contract business for nine years. Prior to that, he amassed over twenty years’ experience working in various multinational organisations at senior management and executive levels.

3) **Tom Corcoran, ArcLabs Incubation Manager**

Prior to joining ArcLabs Tom had extensive experience with start-ups and SMEs to develop links between business and research and his background areas included IT consulting, systems integration and business process improvement.
(4) Kathryn Kiley, Manager of Industry Services
Working within the Office of the VP of Research at WIT, Kathryn’s role was (and till is) for overseeing the management and direction of the WIT’s support infrastructure for sponsored research and the technology transfer function; and played a key role in stimulating enterprise development initiatives such as the South East Enterprise Platform Programme (SEEPP) and was responsible for securing funding from Enterprise Ireland to support the development ArcLabs Research & Innovation Centre.

The combination of these skills, experience and professionalism of the above people, led to the articulation of ArcLabs as the catalyst for developing an ecosystem of open innovation in South East Ireland. ArcLabs’ ecosystem provides a number of supports and services such as direct access to an experienced team that is dedicated to helping companies grow and develop, access to Waterford Institute of Technology’s research and development community, access to an extended ecosystem of mentors, investors, researchers and advisers, support with grant and research proposals, relationships with state agencies, business angels and strategic partners, investment finance and seed capital, mentoring on business strategy and operations, access to specialised IT equipment and to be part of a vibrant community of entrepreneurs. The development of ArcLabs as a model of an ecosystem of open innovation has been supported by a number of key activities such as;

(1) Providing incubation, mentoring and education support
ArcLabs provides collaborative working space for start-ups and access to mentoring from companies, academic staff and mentoring from entrepreneurs and commercialisation experienced individuals within the institute through the Technology Transfer Office located within WIT. Educational supports include access to the National Programme Supporting Early Stage Entrepreneurs (New Frontiers Programme (formerly named the South East Enterprise Platform Programme (SEEPP)) which is Enterprise Ireland’s national development programme for innovative entrepreneurs and early-stage start-ups.

(2) Putting effective funding process in place
ArcLabs has completed over 600 Innovation Voucher projects for micro-enterprises and SMEs across the island of Ireland. Vouchers worth €5,000 are available to assist any registered limited company to explore a business opportunity or problem. Innovation Vouchers can be used for a wide range of innovation or knowledge transfer projects. The knowledge gained from a project may be used to solve business problems or to innovate products, processes or services.

(3) Engagement in local and regional national industries
The Technology Transfer Office (TTO) is a partnership with Enterprise Ireland that enables industry to engage with academics to maximise the commercial impact of their expertise and research. The focus is on ensuring that innovative technologies are made available to businesses and are used to create sustainable jobs and economic growth. The Technology Transfer Office is often the first point of

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40 Innovation Vouchers is an EU funded scheme for micro-enterprises and SMEs, which is administered, in Ireland, by the state enterprise support agency, Enterprise Ireland. The Innovation Voucher initiative was developed to build links between Ireland’s public knowledge providers (i.e. higher education institutes, public research bodies) and small businesses. Innovation Vouchers worth €5,000 are available to assist a company or companies to explore a business opportunity or problem with a registered knowledge provider.
of contact for industry and other external agencies interested in identifying the research capabilities within WIT and exploring how WIT experts can add value to a business.

To create and fuel and open ecosystem of innovation within a region requires that a given region is very attractive to a knowledge based innovative labour force; but as O’Gorman and Donnelly (2015) presented, the challenge is how to create that attractiveness within that region. Ecosystems of open innovation can often be built around one single organisation or entity (Power and Jerian, 2001); and ecosystems can prosper when the entities within the system are connected and there is co-operation and trust among these entities (stakeholders). The ArcLabs model is not just another successful example of co-location of start-ups, enterprise supports, engineers, researchers and academics as the ArcLabs model adopts a slightly different approach. Traditionally for academics the value of their output has been measured by publications only, under the ArcLabs model this has been expanded to include the necessary stakeholders to ensure commercialisation of research.

7.3 The Evolution of the ArcLabs Model

The initial ArcLabs model of innovation is as illustrated in Fig.3 which shows the various elements and supports to the creation and generation of innovation and commercialisation both internally and externally.

Fig. 3 ArcLabs Ecosystem of Open Innovation

External supports and context include both EU Framework funding for research and support through the Higher Education Association (HEA) and Ireland’s leading applied research funding body, Science Foundation Ireland (SFI). From a commercialisation perspective the progression of starts-ups and high
potential starts up (HPSU) are supported by the state agency Enterprise Ireland. Figure 3 also illustrates the internal supports of incubation and the entrepreneurship education programmes and the benefits of co-location of companies and researchers such as in TSSG. The key component for success of ArcLabs is its ability to function as an ecosystem of open innovation based on the interaction levels of all parties along with effective interaction with WIT’s Technology Transfer Office and the Institutes Industry Services Manager and the Research Support Unit (RSU). Furthermore, each of the three entities; TSSG, CEDRE and the Incubation services still maintain their existing relationships and reporting practices within WIT therefore maintain knowledge spillovers, inclusion and communication across the institute. The model illustrated in Figure 3 has been built on and evolved towards the ArcLabs ecosystem of open innovation in Figure 4 and now illustrates the inclusion of venture capitalists which recognises the relationship and identifies the importance and value of their impact of the open ecosystem.

**Fig. 4 Extended ArcLabs Model of Ecosystems of Open Innovation**

Furthermore this also illustrates the evolution and the development of the ecosystem as it supports the concept of a more open ecosystem that strives for integration among all parties. The extended model (Figure 4) represents how important it is that national policy in enterprise, innovation and aligns with international policies. Also for the ecosystem of open innovation to function effectively there needs to be a level of overlap, openness and absorptive capacity between all stakeholders in and between other regions, and the development of an environment that encourages and embraces brain circulation within and into/out of the region.
7.4 ArcLabs Research & Innovation Centre in the Future

ArcLabs Research & Innovation Centre, since its establishment in 1996 has secured extensive levels of national and European Union funding for basic and applied research and the commercialisation of research. The ArcLabs model has generated over 10 spin-out and 4 spin-in companies, and developed an extensive international network across the world. The model has created a Mobile Services Cluster in the South East region employing over 120 research engineers where previously no such industry existed. The ArcLabs entrepreneurial development programme (New Frontiers / South East Enterprise Platform Programme), has created 84 new businesses in the past 6 years with a combined turnover of €29 million, €8.5 million in export sales and have generated 249 jobs in the period in question. ArcLabs through its collaborative research programmes, enterprise support framework and active approach to engagement has transferred know-how and intellectual property to more than 110 multinational and indigenous enterprises throughout the country in the recent past. Intellectual property (IP) generated through the Telecommunications Software & Systems Group (TSSG) has created 11 spin off companies in the South East Region including Feedhenry which recently announced a €7 million investment by international venture capital firms and the creation of an additional 100 jobs. The TSSG / ArcLabs model has been replicated in Kilkenny through collaboration with Kilkenny County Council and has created an additional 15 engineering jobs.

This case study explored the role key individuals played in the establishment of ArcLabs Research & Innovation Centre and its progression towards becoming an ecosystem of open innovation. The core concept of innovation in the ArcLabs model is the dynamics created by the co-location of academics and researchers within the Telecommunication Software Systems Group (TSSG) and the Centre for Enterprise Development and Regional Economy (CEDRE), engineers (in TSSG) and entrepreneurs (in CEDRE) and startups in the incubation centre. The purpose of this case is to illustrate how individuals with a complimentary vision and focused on the development of the region’s economy can support economic development through enhancing the research and innovative absorptive capacity of the region.

One of the goals of ArcLabs Research & Innovation Centre is to provide entrepreneurs (with high growth potential) and early-stage ventures with the support required to achieve success in national and international markets. ArcLabs aims to accelerate business growth by providing business advisory services, mentoring and access to the R&D resources of WIT. ArcLabs is a successful model for co-locating research, business incubation and entrepreneurship training through the ArcLabs model. As stated by one observer:

> Waterford is a shining example of how co-locating the incubation centre with the institute has led to the establishment of a software industry that probably should not have existed in Waterford. Unlike the normal impacts of business around there, this industry has been driven from the educational facility. Also in Waterford one sees the flow of graduates and researchers into local industry and start-ups”. (Mr. Gearóid Mooney, Director of ICT Commercialisation, Enterprise Ireland, Committee of Public Accounts Debate, 31 January 2013.)

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41 O’Gorman and Donnelly (2013)
The key to this applied approach is enabling the movement of human capital between the three elements as research generates know-how and intellectual property, and helps early-stage companies to develop technologies. Business incubation provides the physical infrastructure and advisory services for spin-outs, spin-ins and entrepreneurs. Specific entrepreneur development programmes provided in ArcLabs are a pipeline of companies that are interested in accessing research and utilising business incubation services.

“WIT through the Telecommunications Software and Systems Group (TSSG) / ArcLabs Innovation Centre embodies the Institute’s stated research philosophy of driving regional economic development through our global reputation for research and innovation excellence through the creation of an integrated environment where entrepreneurs, business start-ups, researchers and students are co-located” (Presentation to Joint Committee on Jobs, Enterprise and Innovation by Prof. Willie Donnelly (2013, p3/4)

Creating such an environment takes considerable time, dedication and foresight. The ArcLabs model provides a road map for small and lagging regions on how they can design and develop regional ecosystems of open innovations, develop regional specialism’s and support regional economic development (O’Gorman and Donnelly, 2013).

### 7.5 Conclusion

This case study supports and illustrates how key individuals within the public sector can behave entrepreneurially and create significant impacts for their regional economy. The FIERE programme aims to support greater entrepreneurial behaviour within public sector and voluntary sector organisations by developing the capabilities of individuals through a purposefully designed training programme. As part of the training programme, case studies that illustrate the power and potential of individuals’ creativity and innovative capabilities will be used as a teaching aid for discussion and debate.

### 7.6 Summary

The ArcLabs Research & Innovation Centre case study explored the role key individuals played in the establishment of ArcLabs Research & Innovation Centre and its progression towards becoming an ecosystem of open innovation. The core concept of innovation in the ArcLabs model is the dynamics created by the co-location of academics and researchers within the Telecommunication Software Systems Group (TSSG) and the Centre for Enterprise Development and Regional Economy (CEDRE), engineers (in TSSG) and entrepreneurs (in CEDRE) and startups in the incubation centre. The purpose of the case study is to illustrate how individuals with a complimentary vision and focus on the development of the region’s economy can support economic development through enhancing the research and innovative absorptive capacity of a region.

The goal of the ArcLabs Research & Innovation Centre is to provide entrepreneurs (with high growth potential) and early-stage ventures with the support required to achieve success in national and international markets. ArcLabs aims to accelerate business growth by providing business advisory
services, mentoring and access to the R&D resources of Waterford Institute of Technology. WIT has developed a successful model for co-locating research, business incubation and entrepreneurship training through the ArcLabs model. The key to this applied approach is enabling the movement of human capital between the three elements as research generates know-how and intellectual property, and helps early-stage companies to develop technologies. Business incubation provides the physical infrastructure and advisory services for spin-outs, spin-ins and entrepreneurs. Specific entrepreneur development programmes provided in ArcLabs are a pipeline of companies that are interested in accessing research and utilising business incubation services.

Creating such an environment takes considerable time, dedication and foresight and the ArcLabs model provides a road map for small and lagging regions on how they can build open systems of innovations and develop regional specialism’s and support regional economic development (O’Gorman and Donnelly, 2014). ArcLabs Research & Innovation Centre, since its establishment in 1996 has secured over extensive levels of national and European Union funding for basic and applied research and the commercialisation of research. The ArcLabs model has generated over 10 spin-out and 4 spin-in companies, and developed an extensive international network across the globe.
8. Appendix Case study

8.1 Idea Template

Partners will turn in 3-5 ideas for case studies within their region to be submitted before end of August 2014.

**FIERE partner:**

**Name and short description of proposed case study**

i. The “situation before”

ii. Problems/Issues

iii. Innovative/entrepreneurial action taken

iv. the “situation after”

v. who and what made the difference

vi. lessons learned and transferable elements

**Why relevant for FIERE project?**

**Which sector ?**

- Public
- Voluntary association or organisation
- Network / Cluster
- Community or non-profit enterprise
- Other, what ?

**Does the case demonstrate certain skills/culture within organization, such as?**

- Creativity & Innovation
- Networking & Communication skills
- Resilience & result driven approaches
- Leadership & self-confidence
- Open mindedness & non-prejudices
- Passion and proactive atmosphere
- Other, what?

**Contact information, person/organization - web site?**

8.2 In depth analysis in preparation for a report.

1. How was the analysis of the “before” situation and the reasoning of the project arrived at?
2. Goals set out in the beginning (benchmarks)
3. Training needs identified in order to achieve the overall goals of the project
4. Methodology of implementing the project
   i. Analysis of the current status
   ii. Analysis of the implementation process
   iii. Was there a theoretical foundation for the methodology?
   iv. Was there information sought in previously successful similar projects?
   v. Realistic (and unrealistic) goals set at the beginning
   vi. Break down of goals in smaller tasks to be carried out
   vii. Time line established (project management)
5. Implementation process
   i. Hurdles and obstacles on the way, how were they dealt with?
   ii. What was successful in the process and why?
iii. What was missed in the initial outline of the project (could be unforeseen issues but also omission or lack of analysis in the beginning)? How was that dealt with?

iv. Was the time line realistic?

v. General lessons learned from the implementation process with emphasis on innovative/entrepreneurial ways of dealing with the project

6. Evaluation of the success/failure of the project
   a. Was the project successful in achieving what was set out to do?
      i. Were the goals realistic?
      ii. Was the preparation sufficient?
      iii. What (and who) made it (un)-successful?
   b. If not successful, why?
   c. Training
      i. Was training specified and carried out?
      ii. Was every participant within the organisation cognisant of the process?
      iii. What could have been improved in training and how?
   d. What lessons are to be learned from this project?
   e. Were there innovative/entrepreneurial means used to progress the project?

7. Summary
   a. Taken together in a short summary the key points (the template above can be used as a guide).
   b. Lessons to be learned (both positive and negative)
   c. Innovative/entrepreneurial aspects
   d. Conclusion (why interesting for the FIERE project?)
9. References

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SSA board minutes from board meetings and executive committee 2008-2014:  
[http://www.ssa.is/index.php?option=com_content&view=category&id=8&Itemid=3&lang=is](http://www.ssa.is/index.php?option=com_content&view=category&id=8&Itemid=3&lang=is)

Starfsháttanefnd Austurbrúar ses: „Tillögur starfsháttanefndar um endurskipulagingu á stjórnskipulagi og starfsemi Austurbrúar ses“ Submitted at the EGM of Austurbrú ses on September 30, 2014.  

Starfshópur samgönguráðherra um endurskoðun á starfsemi landshlutamasataka sveitarfélaga: “Landshlutamasýtök sveitarfélaga Starfsemi landshlutamasataka og tillögur að framtíðararfylkirumulagi sveòísbudinnar samvinnu”  
[http://www.innanrikisraduneyti.is/media/Skyrsla/Framtid_landshlutamasataka_sveitarfelaga_-_skyrlsa_19.8.09b.pdf](http://www.innanrikisraduneyti.is/media/Skyrsla/Framtid_landshlutamasataka_sveitarfelaga_-_skyrlsa_19.8.09b.pdf)

Stefánía G. Kristinsdóttir: working papers and slides used for presenting the decision to form Austurbrú mostly from the spring and early summer 2012 but some from 2011, most without a date.