

Regional Innovation Imperatives for Global Success

*The North Alabama Region:
A Globally Competitive Community
May 23, 2005
Randall Kempner*

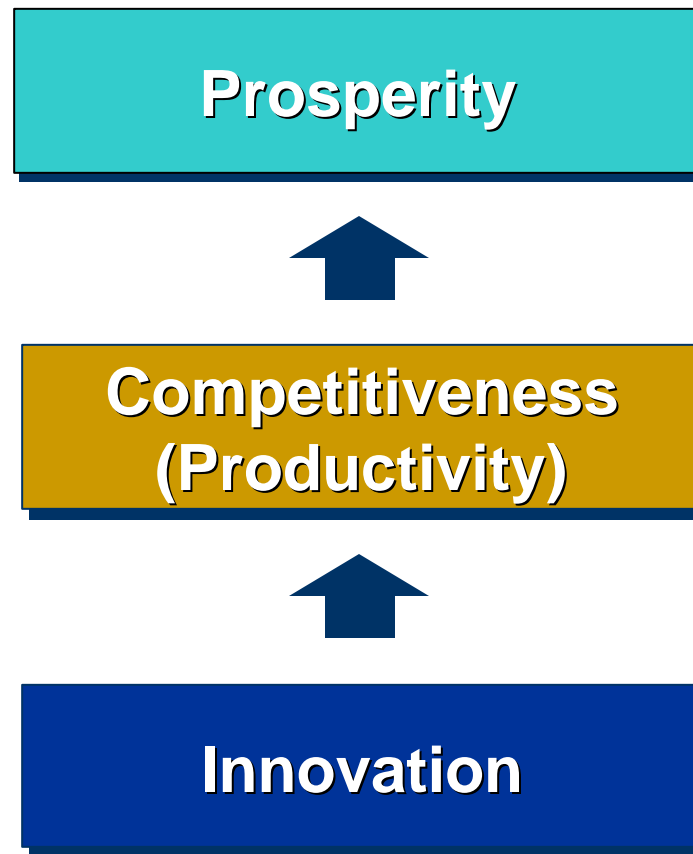
The Council on Competitiveness

- Founded in 1986 by John Young
- Non-profit, non-partisan
- 170+ members
- CEOs, University Presidents, Labor Leaders
- Set public policy action agenda to drive:
 - U.S. productivity growth
 - High living standards
 - Success in global markets

“Our agenda is at the nexus of necessity and opportunity—and we all have an obligation to serve the nation.”

**–Duane Ackerman, CEO,
BellSouth Corporation,
Chairman, Council on
Competitiveness**

The (New) Path to Prosperity



- The most important sources of prosperity are **created** not inherited
- Productivity does not depend on **what** industries a region competes in, but on **how** it competes

What is Innovation?

Innovation is more than just a new idea...

What Is Innovation?

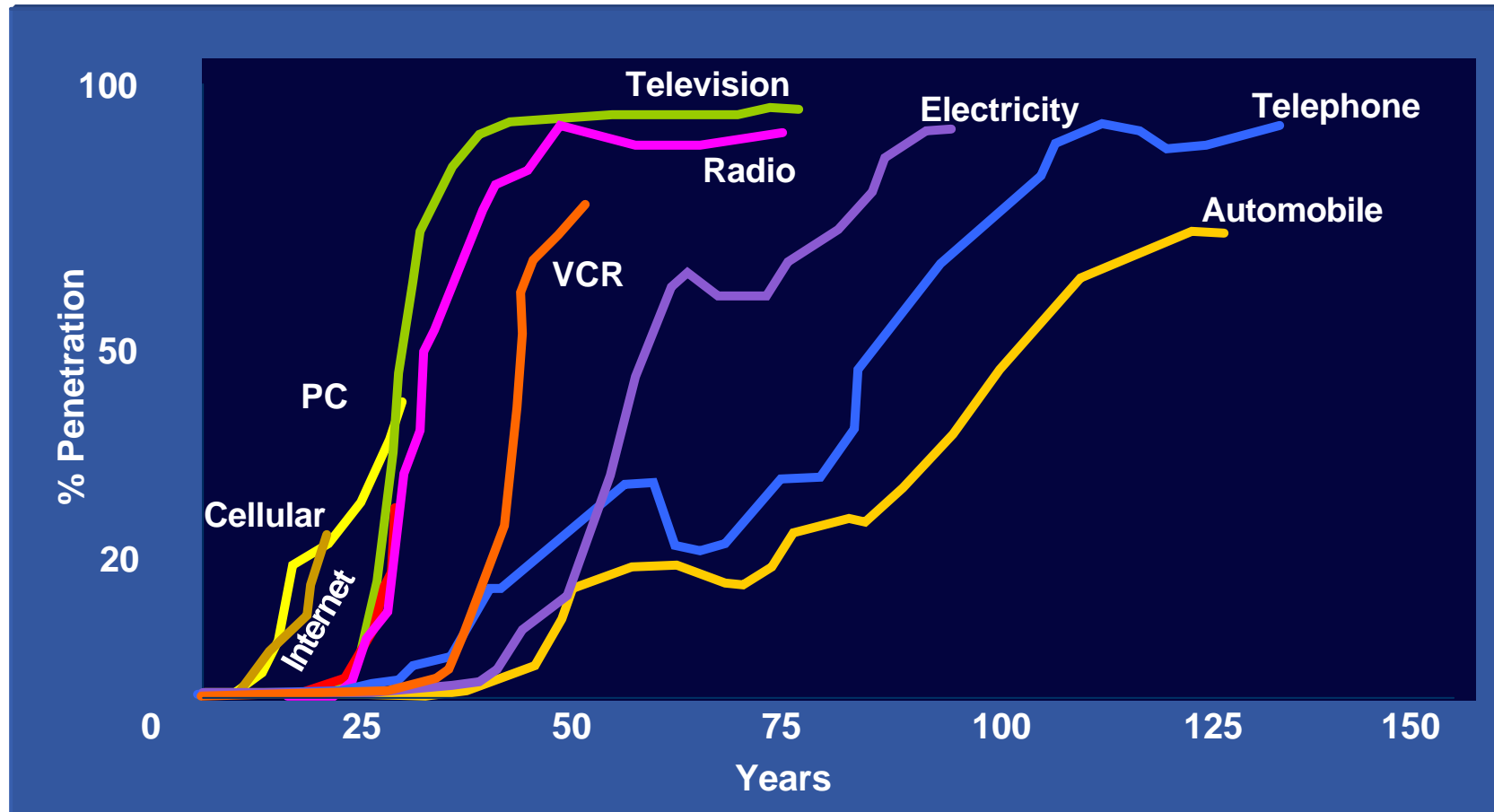
- Idea Generation (Invention);
Idea Development;
Idea Commercialization
- Improves on the existing
way of doing things
- Generates value for society
- Can come from anyone and
anywhere
- Can be a product, process,
service, strategy, etc.



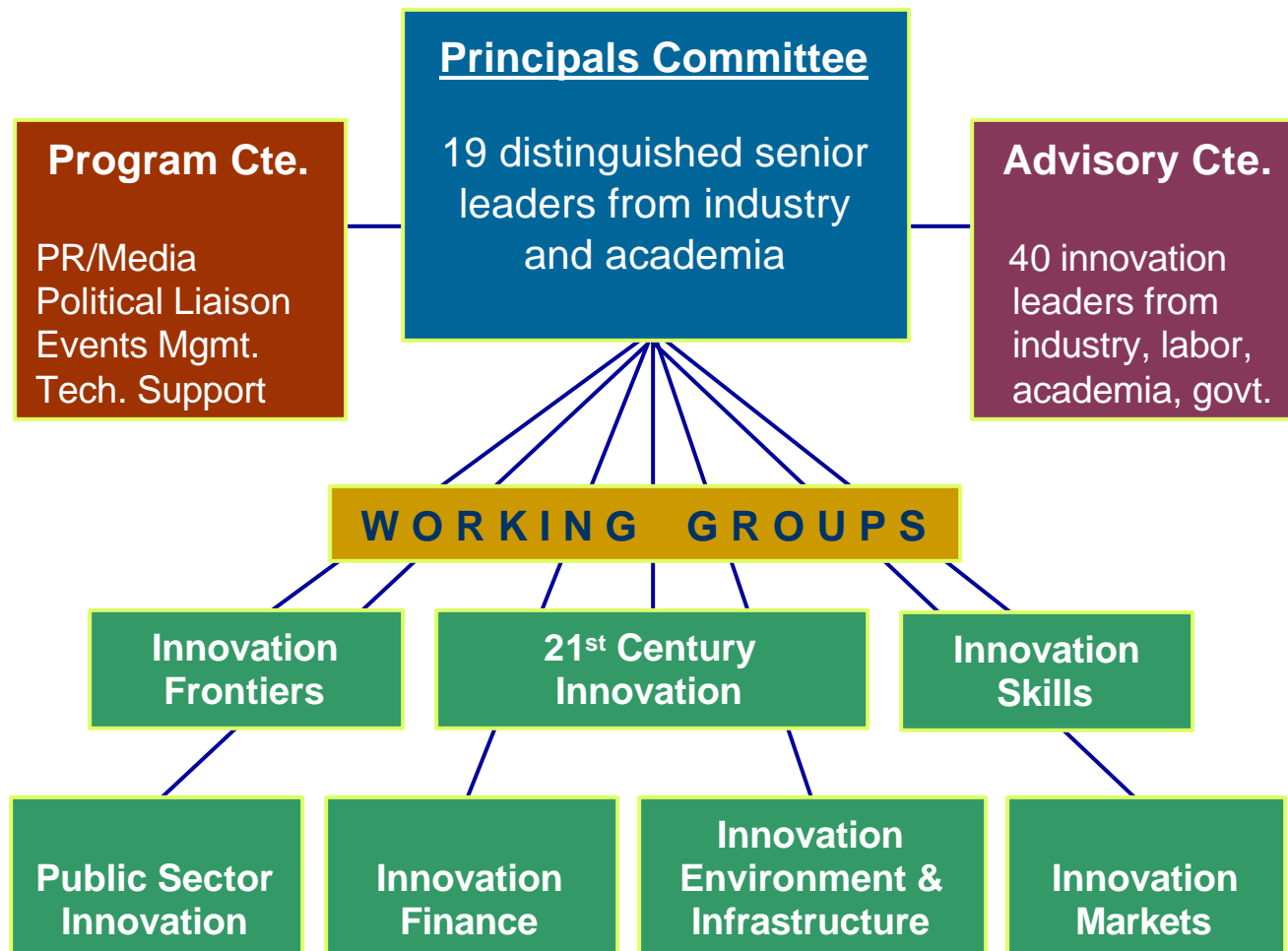
21st Century Innovation

- **Fast**
- **Collaborative/ Open**
- **Multidisciplinary**
- **Demand-driven**
- **Global**

The Pace of Innovation – and Knowledge Diffusion is Quickening



Council on Competitiveness National Innovation Initiative



While America still leads the world in many areas, we found a range of challenges

Strength	Weakness
Talented scientists and engineers	Decreasing relative quantity and quality
Flexible workforce	Health and retirement benefits and Brain Drain
Active entrepreneurial culture	Regional access to early stage capital
Vibrant capital markets	Short-term focus
Strong intellectual property protection	Effectiveness of Patent and Trademark Office
Growing economy	Triple Deficit — Trade, Federal Budget and Personal Savings
Sustained, high productivity	Measuring and capturing contribution of “innovation”
Performance and reputation as global innovation leader	We are not alone

Emerg ***Randall's Regional Rules*** ives

Focus on Incorporating Technology, Not Technology Industries

Focus on Building Talent, Not Attracting New Companies

Attracting Talent is Easy, Developing it is Hard (But Worth It)

Protect Quality of Life, Vigilantly

Cultivate a Dynamic, Tolerant Culture

Get Connected: Partnerships and Networks are Required

The NII recommendations are based on three platforms

TALENT

- Build the Base of **Scientists and Engineers**
- Catalyze the Next Generation of American **Innovators**
- Empower **Workers** to Succeed in the Global Economy

INVESTMENT

- Revitalize **Frontier and Multidisciplinary Research**
- Energize the **Entrepreneurial** Economy
- Reinforce **Risk-Taking** and Long-Term Investment

INFRASTRUCTURE

- Create a 21st Century **Intellectual Property** Regime
- Strengthen America's **Manufacturing** Capacity
- Build 21st Century Innovation Infrastructures – the **health care** test bed

The Principals Committee leads the NII

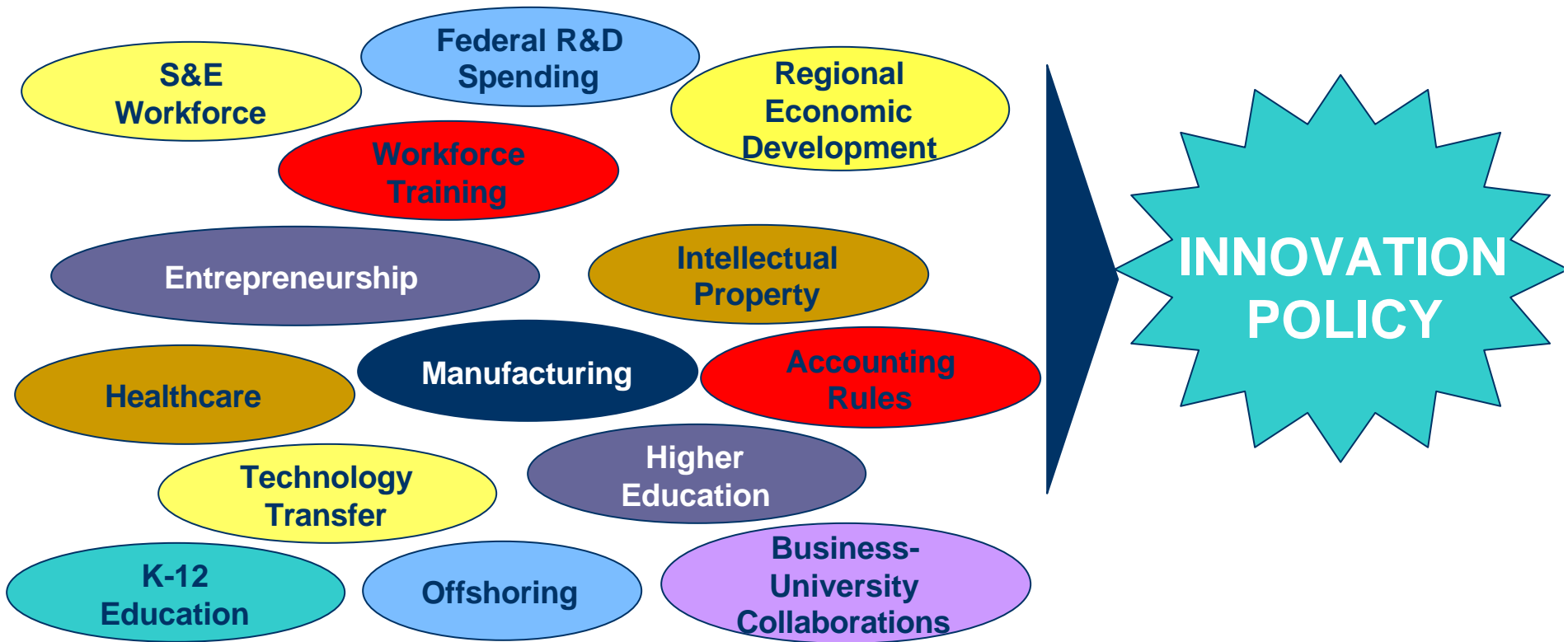


The innovation ecosystem concept shifts the debate



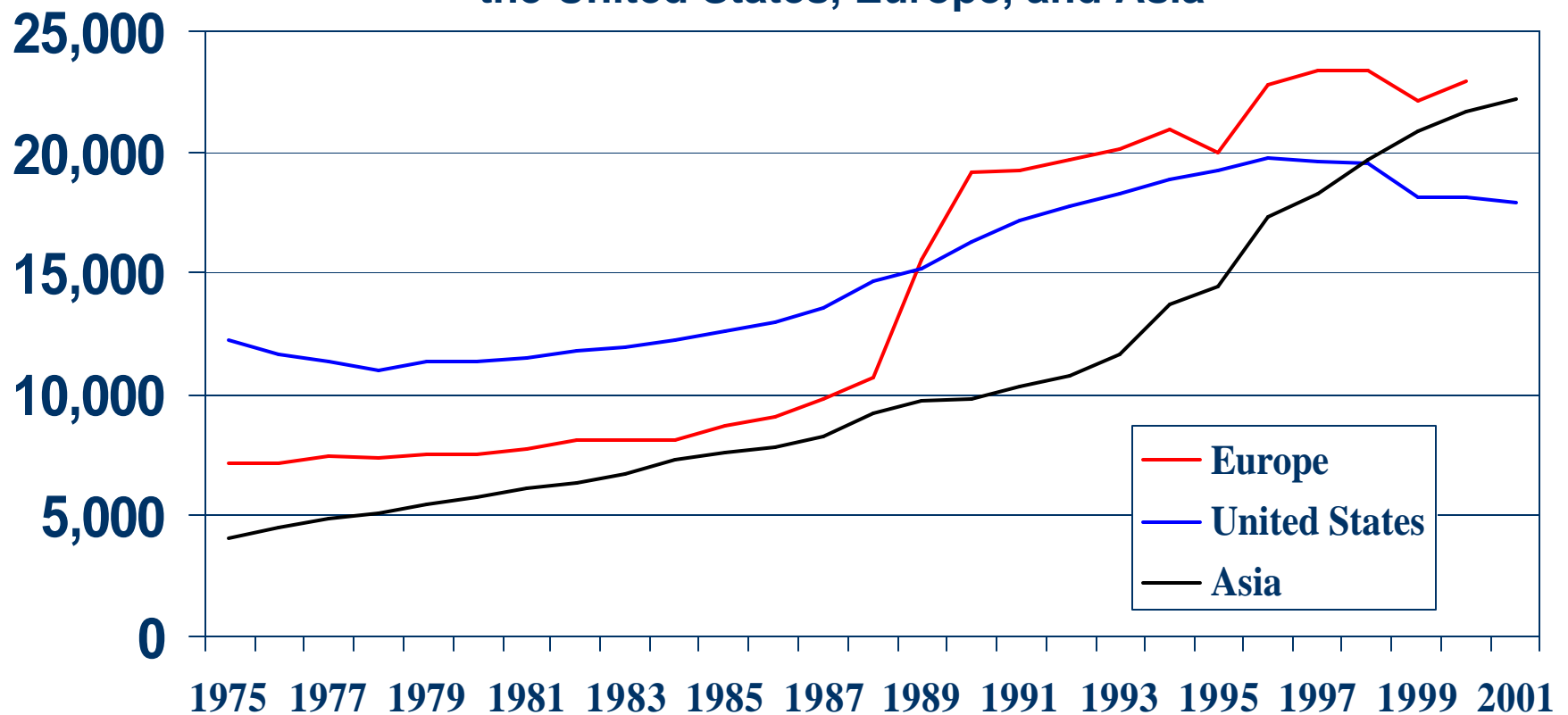
Most Policy Makers See Discrete Issues With Narrow Constituencies

We See a Single Innovation Policy with a Broad Constituency



Europe and Asia now each produce more PhDs in natural science and engineering than the US

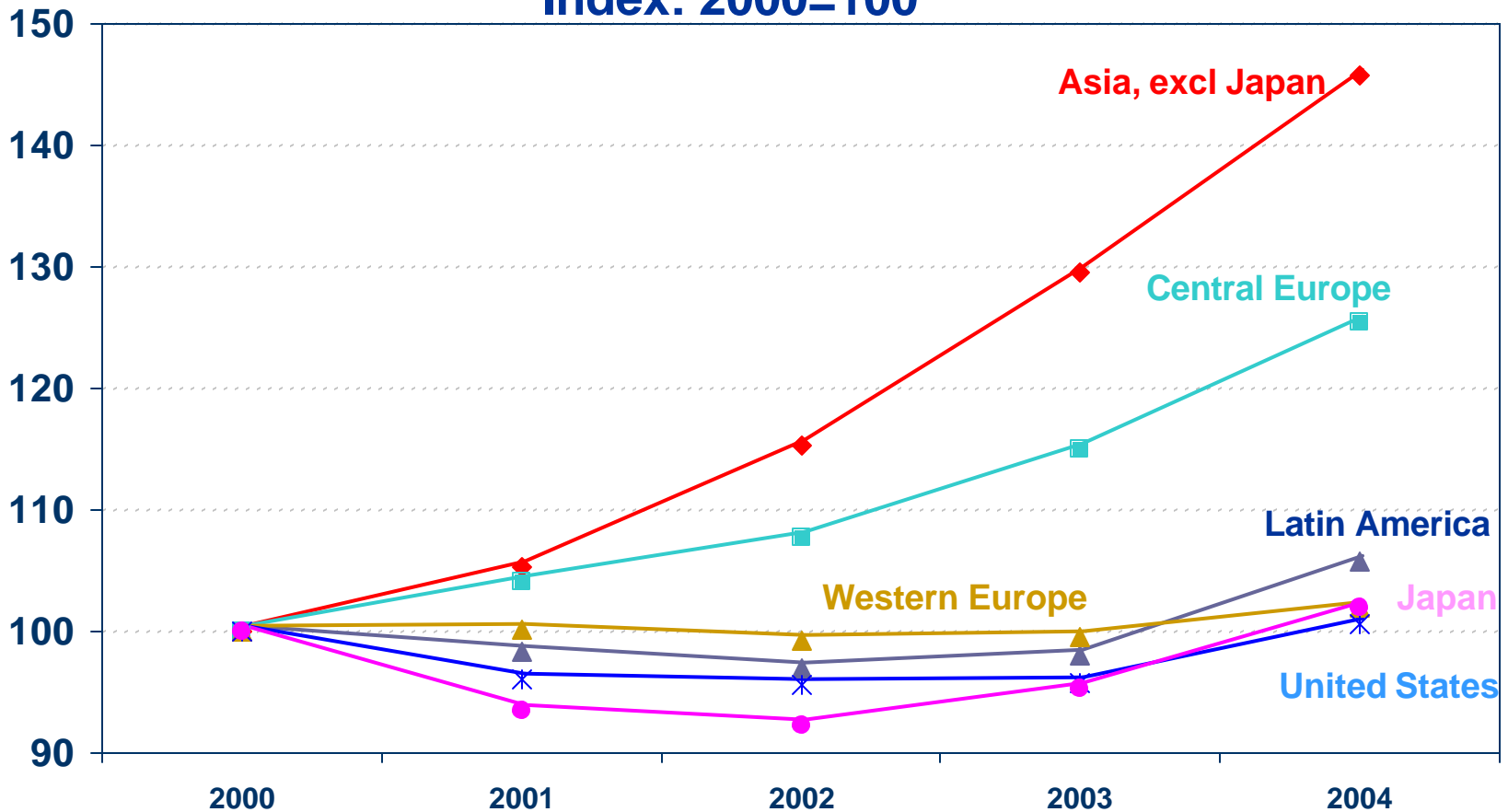
Annual natural science and engineering doctoral degrees in the United States, Europe, and Asia



Source: National Science Foundation, Science and Engineering Indicators 2004

The US, though still leading producer of manufactured products, is losing share, quickly

Manufacturing Production by Region of the World Index: 2000=100



Source: IMF, World Bank, Various Country Statistical Agencies, MAPI

Thank You!



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