



# smath

**Smart atmospheres of social and financial innovation  
for innovative clustering of creative industries in MED area**

**Deliverable no 4.4.2 / a, b, c**

**Follow-up actions to support social innovation in the MED area;  
Methods for achieving the agreements – 3 cases**

**Project partner: Agency for Territorial Marketing Ltd.,**



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## Introduction:

Within the follow-up activities, as the essential part of the transferring process, the agreement among the targeted actors represents the issue of great importance. It can be reached in different ways, depending on and closely related to the methods for which we decide to implement for this purpose.

The actors who may be involved in the performing activities of the CCI sector in wider sense can be positioned within the following main groups:

- Cultural engines
- Creative industries operators
- Investors
- Other stakeholders including policy makers and authorities of different levels
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The methods on basis of which the appropriate agreement can be reached are described in the continuation of the text and are the following: »The Design Thinking method«, »Network of Enterprises experience«, »Framework Agreement and Declaration of Intent«

## 4.4.2 / a

### Achieving an agreement by implementing the Design Thinking method

One of the possibilities to achieve the agreement between the targeted actors is by implementing the »Design Thinkig« method.

The Design Thinking is a designing methodology which provides a solution-based approach with solving different challenges. It is useful in finding innovative solutions for different problematic issues by understanding the human needs. In the process a variety of ideas are created within brainstorming sessions, where the hands-on approach in prototyping and testing is being used. Understanding the five stages of the Design Thinking represents a solid platform for solving complex issues who are occurring in different environments around us

#### 1. Empathising

The first stage of the Design Thinking process consist of empathic understanding of the problem we are trying to solve. This involves consulting experts, engaging and empathizing with people to understand their experiences and motivations. This way we gain a deeper understanding of the involved issues and a substantial amount of information which is than used during the next stage. Thus the best possible understanding of the users, their needs, and barriers is developped.

#### 2. Defining

During this step the information gained and created through the Empathising phase is evaluated. Our observations are analysed and synthesised in order to define the core problems identified so far. The actions taken at this stage help the involved actors to collect the innovative ideas for establishing the features, functions and other elements necessary for solving the problems or to enable the involved users to resolve issues themselves. In this stage we are slowly progressing in the direction of the third stage –Ideating - by asking questions that are helpful with developing of new ideas and solutions.

### 3. Ideating

The third stage means generating ideas. After being able to understand the needs of the involved actors and their needs and after analysing the observations in the second stage the team starts to identify new solutions and search for alternative ways of viewing the tackled issue. In this process a different techniques are implemented whereas the Brainstorming and Worst Possible Idea sessions are typical for stimulating the free-thinking and expanding the space of the issue. It is very important to produce as many ideas of solutions as possible already at the beginning of this phase.

### 4. Prototyping

Several versions of the final product are produced at this stage in order to find the specific features within the product as well as to investigate the solutions generated in the previous stage. Prototypes may be shared and tested within the team itself or on a small group of people outside the team. This is an experimental phase with the aim to identify the best possible solution for each of the specific issue identified during the first three stages. The solutions are implemented within the prototypes, investigated and either accepted, improved, or rejected on basis of experience of the team members.

### 5. Testing

Evaluators test the final product using the best solutions identified during the prototyping phase. This is the final stage of the Design Thinking process although, additionally, the results generated during the testing phase are often used to redefine one or more features and understanding of the users. This means that even during this phase, alterations and adjustments can be made.

## 4.4.2 / b

### Network of enterprises experience as a base for an agreement

On basis of the experience from relations and functioning of the networks of enterprises there can also be transferred a useful knowledge for the composition of an corresponding agreement among the involved actors

The network of enterprises – temporary (time limited common projects) or permanent are mainly defined as a collaborative strategic networks of companies, juridically autonomous but linked by fiduciary relations or contracts. Such companies voluntarily share knowledge and experience and may commit themselves to realising joint investments and jointly caring about the research and product or market development. Generally, such networks originate with one or more leading companies that have the resources and leadership ability to organize and manage the network. They select partners based on specific competencies in the production and marketing process. The complementarity of the companies is exploited without losing their juridical, economic, or decision-making autonomy.

The networks of enterprises can represent an effective strategy in the regard of ability to undertake and manage collaborative strategies and alliances. They bring together companies in order to exchange knowledge, to share industrial, commercial, and technological information, services or facilities. Also they can share investments and related risks.

It is not of the main importance if such co-operation is being described as a partnership, strategic alliance, an inter-organizational relationship or simply as a business network. The involved partner companies are namely this way achieving a synegetic effects and consequently increase their competitive advantages.

Generally such framework allows formalisation of various types of inter-company cooperation. It also emphasizes the strategic nature of the organisational model, encouraging the establishment of new businesses. In particular, it aims to stimulate companies to jointly perform one or more of their respective business activities and to sustain and expand their “innovative capacity and competitiveness” on the domestic and international markets. The framework is intentionally flexible and offers a partner companies a broad autonomy to negotiate, from defining the subject of cooperation to the type of the collaboration itself in sense of the horizontal or vertical networks.

The strategic and economic importance of such networks and this type of interaction among companies has also been recognised at the level of the European Union. Thus the initiatives of the European Commission are promoting the establishing of collaboration and networks of companies, research consortia and institutions inside and outside of the Union.

#### 4.4.2 / c

##### Drafting of Framework Agreement and Declaration of Intent

A **framework agreement** is an agreement between two or several parties which recognises that the parties have not come to a final agreement on all matters relevant to the relationship between them but have come to an agreement on enough matters to move forward with the relationship, with further details to be agreed in the future. In fact it is more detailed than the **declaration of intent** but is less than a framework contract. Its purpose is to establish the fundamental compromises necessary to enable the parties to flesh out and complete a comprehensive agreement that will enable the continuation of the common project.

In the context of procurement a framework agreement is an agreement between one or more businesses or organisations, the purpose of which is to establish the terms governing contracts to be awarded during a given period, in particular with regard to price and, where appropriate, the quality envisaged.

In international law such an agreement between countries or groups can acknowledge that they cannot reach full agreement on all issues but are willing to memorise a structure by which some disagreements can be resolved.

The EU Directive 2004/17/CE (the new «Utilities Directive») in Article 1(4) defines the framework agreements that do not establish all terms and are by definition incomplete as »a type of agreements that either do not contain certain terms or do not establish in a binding way all the terms necessary, so that any subsequent deals under the framework agreement can be concluded without any further agreement between the parties«. Nevertheless this means that subsequently some terms still have to be established.

Despite the definition and similar wider descriptions of this term a framework agreement should be approached as any other contract opportunity. The interested parties should invest time and other desposable resources to fully understand it, including the understanding of the other parties what they want and expect as well as appreciate their strengths and weaknesses in order to advance in the process by seeking a synergic advantage of the drafted document.

A **declaration of intent** is an expression that should bring about a legal transaction. Only a person or entity of legal capacity can enter a binding declaration of intent.

The literature quotes two different types of declaration of intent. The most common type is the »Unilateral declaration of intent«. This is the case when a party makes a statement that expresses intent to enter legal obligations, a second party is usually involved.

The second type is a »Declaration of intent requiring a communication document«. To be valid it is enough that the declaration is submitted to the other parties involved.

Every declaration of intent should respect the two principles - subjective intent and objective intent.

Subjective intent is based on the state of mind of the subject, i.e. the person declaring such intent. Three elements define this form of intent. Firstly a desire to act is required, i.e. a known inner intent must exist to do something or have something done. Secondly, the involved subjects must be aware that they are making the statement. This means that they want to express their desire to act. According to this, they must be aware that their actions will lead to a legal transaction e.g. signing of a contract. The subject must also have an intent to create legal relations. This relates to the conclusion of a concrete legal transaction, including its related consequences. These elements are all directed at the subject and his intentions. To make a declaration of intent valid, it must however also be outwardly expressed and the explanation must be subjectively understandable.

Objective intent is fulfilled when the declaration is explicitly made in a written or verbal form or if this is implied. This means that a person's implied behavior can serve as an explanation for a person's intent. It is important that an objective third person can also observe that the person in question accepts the legal consequences of the act.

The validity of the declaration of intent is basically depending on the two conditions: it must be made in an effective way, and it must be (if required) effectively registered with the recipient.