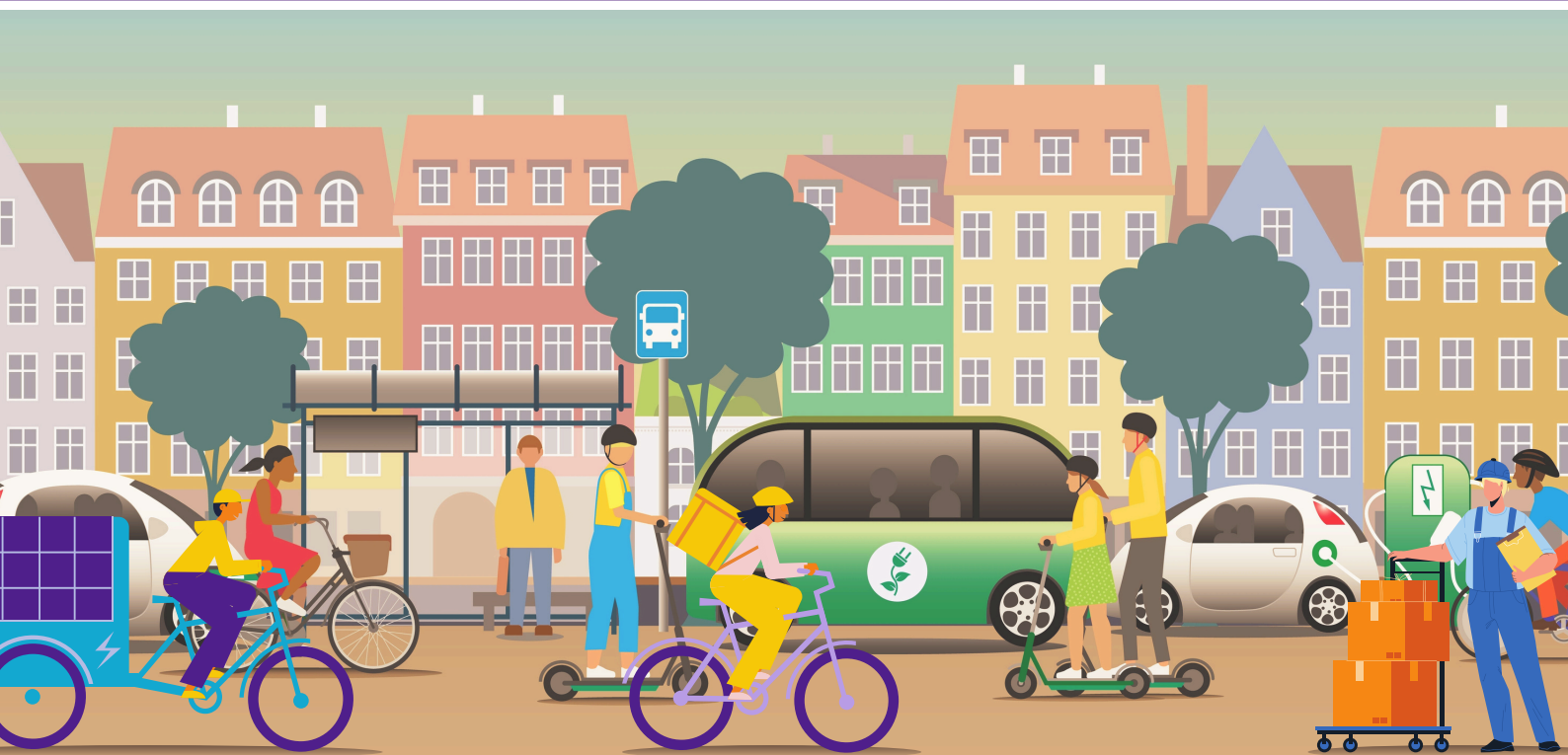




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INNOVATION CAPACITY

PUBLIC INNOVATION UNLOCKED:
TOOLS & TACTICS FOR CHANGE



Legal disclaimer



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Authors



Marjolein Heezen

Consultant Urban
Innovation and Mobility
TNO



Tess Tjokrodikromo

Scientist Environmental
Planning
TNO



Geiske Bouma

Senior Advisor Urban
Innovation
TNO

This publication provides an overview of the concept of 'Innovation Capacity', the approaches for working with this concept, and specifically the common challenges and inspiration for strategies to overcome these challenges.

If you are interested in learning more about this subject, we would like to refer you to our more elaborate MOVE21 project deliverable *D6.8 Practitioners guide to setting-up self-sustaining innovation co-creation partnerships*.

For any other inquiries, questions or remarks, please do not hesitate to contact TNO.

Contact information:

- Marjolein Heezen, marjolein.heezen@tno.nl
- Tess Tjokrodikromo, tess.tjokrodikromo@tno.nl
- Geiske Bouma, geiske.bouma@tno.nl

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What is Innovation Capacity?

Public organisations are facing increasingly complex societal challenges that are often strongly interconnected and require a transformation in the ways of working, thinking and organising. Therefore, MOVE21 recognizes the importance of increasing the Innovation Capacity of cities. This leaflet is meant as a guide for urban professionals, especially those working in public organisations as they are tasked with addressing these fast paced and complex societal changes while dealing with high interdependency, rigid funding systems and large, bureaucratic, and siloed organisations.

In short, Innovation Capacity refers to the extent to which public organisations are able to innovate and develop new approaches to complex societal challenges. Traditionally, public organisations are organised around efficiency and legitimacy, but now they are also expected to innovate and steer transitions. We refer to the latter as: innovation work or innovation processes which should contribute to the business as usual and should become part of the core task of public organisations to enable them to respond to the increasing complexity they face.

To that end it is argued that cities, playing a key role in urban innovation, need to have the capacity in place to be able to effectively address contemporary complex societal challenges. Therefore, MOVE21 states that developing a cities' Innovation Capacity is a critical precondition to be able to develop, stimulate and embed new ways of working in the Living Lab cities. We use a framework that contains five elements of Innovation Capacity, being: leadership, organisation, knowledge management, network and learning. We present this framework on the next page.



Leadership

Transformational, engaging leadership to realise and institutionalise innovations

- Innovation strategy and vision
- Political and leadership support
- Inspiration and motivation



Organisation

Innovative organisational climate and culture for developing innovations

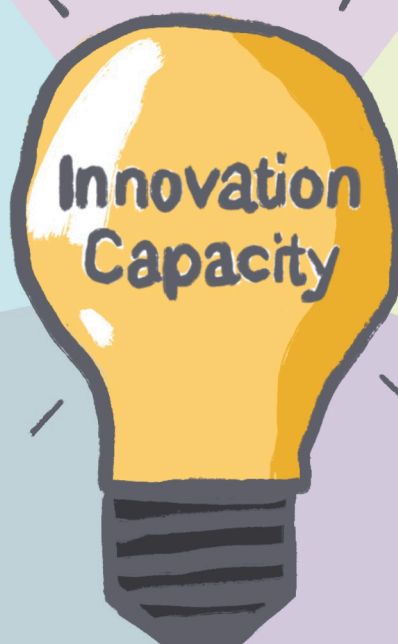
- Encouraging experimentation
- Dedicated resource allocation
- Proper internal communication



Network

Presence of strong internal and external networks

- Collaboration with various actors
- Participatory approach
- Presence of social capital



Knowledge Management

Free flow of knowledge and data and the ability to share and embed knowledge

- Ideas and knowledge are shared
- System for structural dissemination
- Across organisational boundaries



Learning

Embedding new ideas in an ongoing process of action and reflection

- Environment for experimentation
- Embedding new practices
- Reflective attitude

Why Innovation Capacity matters

Some testimonials from urban professionals who have worked with or learned about the concept

"Even with years of experience in urban mobility innovation, working on innovation capacity in this way offered surprising value. The real benefit wasn't just in the tools or frameworks but in the exchange of ideas and shared experiences with participating colleagues from the city. Discussing common frustrations, understanding resistance, and learning from each other's successes and failures created a sense of camaraderie and safety that has carried over into our daily work. This strengthened innovation capacity will play a key role as we continue working towards a climate-neutral city."

Suzanne Green, Project Manager EU Projects, City of Gothenburg

"As an e-course participant, I found the sessions on innovation capacity to be incredibly insightful and transformative. The emphasis on collaboration and the importance of a user-centric approach opened my eyes to new ways of thinking about urban planning. The course provided practical tools that I can immediately apply in my work, fostering a culture of creativity and adaptability within my team. I highly recommend this course to anyone looking to enhance their innovation skills and drive meaningful change in their organisation."

Dr. Ahmed Aljizani, Chief Supply Chain Officer, Participant in MOVE21 e-course on Innovation Capacity (January - March, 2025)

"I have been involved in the technical processes of the projects I have coordinated throughout my 12 years of experience. When I started this training, innovation capacity was a new perspective for me. It was an incredible experience to learn all the frameworks of innovation and determine the strategies I will follow in my organisation. I recommend all experts in project management processes to attend this training and gain experience in the field of innovation capacity."

Anonymous, Participant in MOVE21 e-course on Innovation Capacity (January - March, 2025)

A four step approach for increasing Innovation Capacity

1. CONDUCT A BASELINE ASSESSMENT

Objective: Establish a clear understanding of your city's current Innovation Capacity by collecting data on its strengths and weaknesses.

- Distribute self-assessment surveys and conduct interviews with key personnel across various departments to gather data on perceptions of Innovation Capacity.
- Assess the five key elements of Innovation Capacity: Leadership, Organisation, Knowledge Management, Network, and Learning.
- This baseline assessment provides insights into the city's context, strengths, and challenges.

2. IDENTIFY KEY CHALLENGES

Objective: Identify the key challenges of your organisation in terms of Innovation Capacity.

- Look for patterns in the survey and interview responses. Are there common concerns? Do you recognize the common challenges or do new ones emerge?
- Categorize the identified challenges by their impact on your city's Innovation Capacity and by the extent to which you can address them. Focus on the challenges that are most pressing and which you can influence personally.

3. IDENTIFY STRATEGIES TOWARDS ACTION

Objective: Identify strategies to address the key challenges identified using workshop tools to facilitate the discussion and planning of actions.

- Bring together a group of colleagues to discuss the identified challenges and collaboratively develop strategies to overcome them. Use the Innovation Capacity Canvas as a framework to structure these discussions.
- Start by using the canvas to focus on a specific challenge. Have participants identify the root causes of the challenge.
- Move to the strategy side of the Innovation Capacity Canvas to brainstorm possible solutions. Use MOVE21's list of 36 strategies as a starting point to inspire the discussion.

4. CREATE A DETAILED ACTION PLAN

Objective: Create a detailed action plan to address the key challenges, start with small steps and find out what mandate and other involvement or resources are needed.

- Break down the broader strategies into smaller, actionable steps with clear timelines and distribution of responsibilities. Ensure that every representative understands their role in achieving these milestones.
- Ensure that each action has a clear owner within the organisation. Allocate necessary resources to support the implementation of the action plan.

Challenges for Innovation Capacity

Based on research across several different projects over the years, we gathered and distilled 15 common challenges with regards to Innovation Capacity in public organisations. This oversight can help to identify the challenges in your organisation. On the one hand, you can discuss the challenges with colleagues and see how they manifest in your organisation and on the other hand they help you to articulate the challenges that you face in specific wording.



Translating vision to operation

Translating high-level, overarching visions or goals into operational measures remains difficult due to limited alignment of strategic, tactical, and operational levels within organisations. Due to this lack of alignment and integration on vision-level, this can lead to conflicting interests between domains and tasks in the organisation and execution phase.



Lacking vision on innovation

There is a lack of an overarching vision on innovation. The role innovation should play in achieving goals is mostly not specified. Innovation is not seen as a core task of public organisations, and thus there are few resources allocated to innovation. This gives the impression that innovation is merely a 'side-job', without support and back-up from leadership.



Lacking backing from leadership

People working on innovation in public organisations often feel a lack of understanding, commitment, resources and backing from their administrative leadership. This role is often not explicitly mentioned as part of the job description, leaving it to the individual to decide on their 'innovative' work, without getting valued for their skills and effort.



Changing political climate and scope

Working on implementing long-term strategies and/or measures in a public organisation is challenging due to the temporal aspect of the political climate (with elections and potential course and vision changes) and scoping towards issues and measures that fit in the timeline of the elected leadership (until the following elections).



Siloed organisations, lacking integration

Municipalities are still organised in strong silos. As a result, it is often perceived as challenging to work in an integrated way. Civil servants are reliant and dependent on their personal networks in the organisation to find likeminded people and are dependent on management levels in steering on working beyond silos and stressing the importance of integrated work.



Bureaucratic and inflexible culture

The traditional bureaucratic nature of public organisations often results in limited horizontal and vertical internal communication, limited flexibility (both for content and process/resource allocation) and a risk-averse attitude towards innovation and experimentation.



No learning and knowledge systems

Public organisations often do not have a structured knowledge management and learning approach. Exchange highly depends on peoples' capacity and willingness to share insights, create learning objectives, monitor, reflect and evaluate. Capturing knowledge and lessons learned in projects is often not prioritised, standardised and translated to the wider organisation.



Innovation and 'business as usual' are different worlds

Innovation and business as usual (the city's responsibilities, existing processes and procedures) are often separated within public organisations, creating separate worlds that have limited interaction.



Lacking feedback and feedforward loops

There is a lack of learning loops, including feedback and feedforward loops (uptake of lessons learned from previous projects, programs, processes). Therefore, it is difficult to broadly anchor new processes and lessons learned in newly starting projects, programs and policies within the organisation.



High employee turnover and project-based hires

Because of the high turnover of employees and project-based approaches, it is complicated to build and sustain the necessary knowledge base, creativity, and in-house skills. Also, it is often a challenge to attract and retain qualified personnel who are open to new ways of working.



Risk-averse culture, no room for failure

Public organisations have challenges dealing with risk. Accountability, stability, and transparency are core values, which creates the perception that there is no room for failure (and thus learning) when spending public money. This hampers innovation processes.



Involving citizens and co-creation

Involving citizens in an active way towards co-creation is challenging. The intention is there; however, the engagement of citizens often does not go beyond informing.



Private sector collaboration (especially long-term)

Collaboration with the private sector is challenging. There needs to be a level of trust between the parties to build fruitful cooperations. Also, procurement rules make it very challenging for public organisations to set-up flexible procurements and create long-term collaboration agreements, especially to create sustainable collaborations beyond the project-scope.



Lacking strategy & stimulation for networking

Although networking and (in)formal networks can play an important role in innovation processes, it is not an activity that is actively stimulated by public organisations. On an individual level, some civil servants engage in networks/networking activities, however it is usually not something that is actively stimulated, and there is no formal overview or strategy.

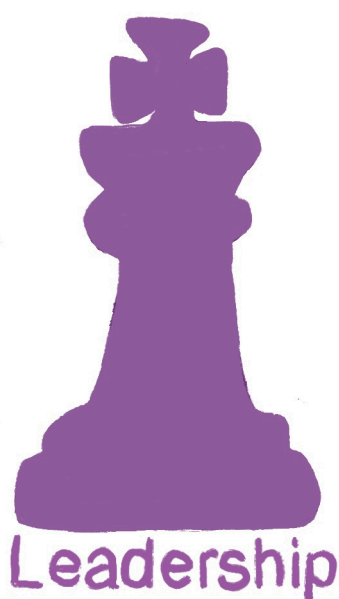


Sustaining innovation beyond the project lifetime

Working on innovation beyond the project lifetime is difficult. The so-called 'pilot-paradox' entails that the conditions that are put into place to make the pilot successful (f.i. political support, financing, personnel), are only temporary, and thus make upscaling or sustaining innovation beyond the lifetime of the project very difficult.

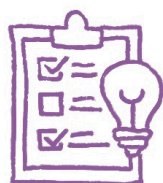
Innovation Capacity strategies

When researching the topic of Innovation Capacity, we have come across multiple successful strategies cities undertake or have undertaken in the past with regards to overcoming Innovation Capacity challenges. After identifying barriers and challenges for Innovation Capacity, these strategies can serve as inspiration and meaningful starting points for taking action.



Innovation champions

Find leaders that understand the need to innovate and have them be champions for innovation practices. This type of leadership focuses on facilitating the preconditions for innovation.



Innovation agenda

Create an organisation-wide innovation agenda with clear milestones, KPI's, a timeline to operationalise strategic goals, and a premise for how innovation can contribute to societal goals.



Framing for innovation

Frame innovation needs by connecting them to urgent issues or politically relevant topics. This way political support is ensured and resistance is reduced.

Culture for innovation

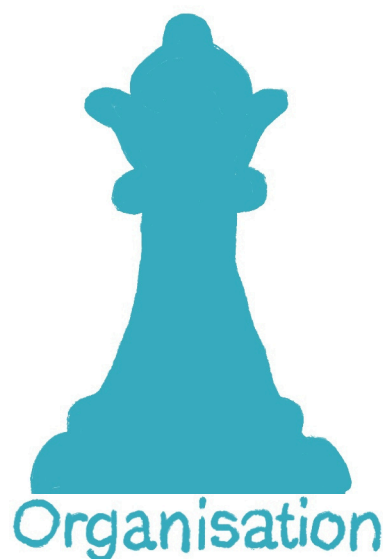
Create an organisation culture for innovation, allowing room for risk, be supportive of failures, embrace innovative initiatives, and facilitate and stimulate communication and interaction between departments.

Innovation as a need-to-have

Organise innovative work within the standing organisation, not as a separate, nice-to-have trajectory. Innovation can be embedded within the boundaries and conditions of the standing organisation.

Teams with innovation skills

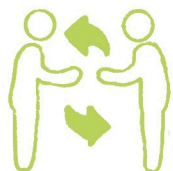
Every team should also have people with innovation skills to ensure renewed ways of working and tackling challenges. This should translate into texts in vacancies explicitly requesting these types of skills.





On-boarding and off-boarding

Create sufficient on-boarding and off-boarding to ensure a collective knowledge base and built-up knowledge is captured and shared by f.i. mentorship programs, on-the-job training and cross-department collaborations.



Organise regular exchange

Exchange amongst departments and organisation parts, or different organisations (f.i. peer-learning visits) to better understand each other's contexts, language, learn about best practices and to improve collaboration.



Training and support

Provide training and support to ensure that employees have the necessary skills and resources to effectively manage, use and share knowledge.

Dialogue with external parties

Actively participate in dialogues with external parties regarding (the need for) innovation. Creating external validation and recognition, urgency, and positive media attention can help with framing and communication.



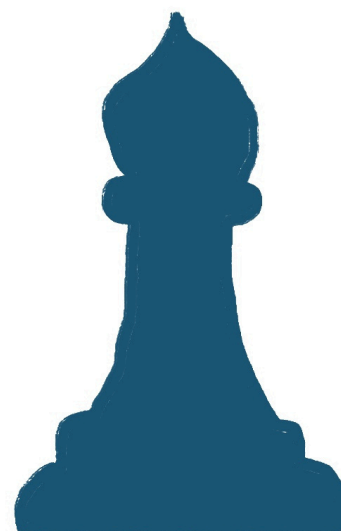
Value informal networks

Recognize the importance, added value of informal networks, both internal and cross-organisational. These are often built on shared interests and trust and can help collaboration, knowledge sharing and coalition-building.



Appoint boundary spanners

This bridge-function, or the ability to operate in such a way, is very valuable and vital for innovation projects and requires a more 'free' role to move between boundaries.



Network



Learning



Learning as part of the organisation culture

Learning is an explicit and prioritised part of culture, structurally allocating resources towards (organisational) learning. Leadership creates room to learn and experiment within the agreed-upon boundaries.



Learning is the goal, not necessarily success

Make learning and collaboration an explicit goal of the innovation process and avoid outcome-goals. Even if a project is not 'successful', there are still relevant learnings and thus the innovation effort is not wasted.



Translate learnings back to organisation

Translate successful learnings, innovations and new approaches back to standard organisation practices and procedures to scale and 'normalise' and standardise innovation insights to the wider organisation.

About MOVE21

MOVE21 helps European cities and functional urban areas to transform into climate-neutral, connected multimodal urban nodes for smart and clean mobility and logistics. MOVE21 does this through an integrated approach in which all urban systems are connected, and which addresses both goods and passenger transport together. The integrated approach in MOVE21 ensures that potential negative effects from applying zero emission solutions in one domain are not transferred to other domains but are instead mitigated. Central to the integrated approach of MOVE21 are three Living Labs in Oslo, Gothenburg, and Hamburg and three replicator cities Munich, Bologna and Rome. In these, different types of mobility hubs and associated innovations are tested and means to overcome barriers for clean and smart mobility are deployed. The Living Labs are based on an open innovation model with quadruple helix partners. The co-creation processes are supported by coherent policy measures and by increasing innovation capacity in city governments and local ecosystems. The project ran from 2021 to 2025 and comprised 24 partners in seven European countries.

The project partners

The consortium consists of 24 partners from seven different European countries, representing local city authorities, regional authorities, technology and service providers, public transport companies, SMEs, research institutions, universities and network organisations.





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