Industry Innovation 3.0

Background and concept
Industry Innovation 3.0 (II 3.0) that focuses on productivity improvement in the manufacturing industry under the current five-year plan (2013–2017) is being implemented in the ROK. Productivity improvement of “root” and small companies is essential for sustainable economic growth. II 3.0 started after Korean companies and industry experts agreed that productivity improvement of SMEs was important for overcoming the current economic crisis (the productivity level of SME manufacturers was 28% of that of large companies in 2011). Figure 1 shows the progression of II projects in the ROK.

About 75% of the fund is allocated to SMEs supplying their products to large, medium-sized, and public companies that participated fully in II 3.0 funding. The remaining 25% of the fund is allocated to SMEs with no linkage to contributing companies.

The central headquarters directing II 3.0 is the Korea Chamber of Commerce and Industry and substructures of multiple industry association headquarters. A steering committee of large, medium-sized, and public companies assists all activities. The KPC emphasizes three factors for the success of II 3.0: CEOs’ willingness to innovate; ability and contributions of participating consultants; and appropriate service infrastructure.

Role of the KPC
As the main organization in II 3.0 central headquarters, the KPC not only developed the KPS consulting tool but is also involved in establishing groups responsible for field analysis and consulting, providing innovation consulting and replacing old facilities in SMEs, and offering know-how on project performance management and management for innovation tasks. KPC Chairman and CEO Hong Jin confirmed that II 3.0 would be the main public project for establishing an advanced industrial ecosystem to sustain business growth.

Results
CEO Kooksoo Kim of Dong-in Engineering stated, “My company got great productivity innovation results by participating in II 3.0. I really appreciate the passion and efforts of central headquarters and consultants.” The first year of II 3.0 ended in June 2014. More SMEs applied for participation in the second year after noting the tangible results of the first and are expected to establish their own productivity management systems.

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