

How Corticeira Amorim is changing the paradigm of Innovation in the Cork Industry

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***Amorim is the largest world
producer of cork products
and one of Portugal most
international companies.
The society developped a brand
new initiative aiming at
encouraging business ventures
creation in the field of cork
production and processing thanks
to the opening of business risk
funds to be used for business
incubators.***

Company Profile – Corticeira Amorim

Corticeira Amorim is the largest world producer of cork products and one of Portugal most international companies. It leads the whole sector, contributing to the economy and innovation of the cork industry, unlike any other. With its origins dating back to 1870, the company soon became aware of the endless potential of this 100% natural raw material, and began transforming it into an array of items for a modern, informed society, aware of the environmental problems resulting from consumption.

More than any other players in the market, Corticeira Amorim drew up an ambitious project to discover new and unexpected applications for cork. It established partnerships with renowned research centres and business leaders. It made unparalleled investments in innovation and design, developing a portfolio of high added value products and solutions, which anticipated market trends and surpassed the expectations of some of the most demanding industries in the world. Its signature is on the most unlikely everyday objects: Olympic sports equipment, oil absorbents and organic solvents, high profile global works, state-of-the-art road and railway projects and spacecraft, among others. Within the panorama of contemporary creation, it challenges designers, scientists and architects to explore the potential of cork.

The assets that represent the Company's share capital currently amount to 133,000,000 euros and are listed on Euronext Lisbon. Pioneering and competitive, Corticeira Amorim is a company with a clear business strategy, which operates in over one hundred countries in all continents – including the great wine-producing countries. It is at the forefront of industry, technology and sustainability. It makes the cork viable in a unique manner, and as a result, the preservation of the cork oak forest, an incomparable example of green economy based on a balance between economic, social and environmental issues. The constant concern to adopt and reinforce sustainable development practices makes Corticeira Amorim a good example of a sustainable company operating in a sustainable business.

With almost 150 years leading the sector, Corticeira Amorim distinguishes itself by its quality profile, innovation and exemplary performance, anywhere in the world.

Innovation at Corticeira Amorim

As stated above, innovation is a key element at Corticeira Amorim: the organisation has a long history of pushing boundaries when it comes to find new solutions, new markets, or new processes. All Corticeira Amorim Business Units (BU) have their own Research & Development and Innovation (R&D+I) competences, which facilitates independent research and product development, and, in addition, the company has a decisive comprehensive structure, Amorim Cork Research, focused on investigating new applications for cork and its components, and increasing processes.

Additionally, the company always fostered a culture of innovation, creative thinking and value creation throughout its employees with the CORK.IN programme. Implemented in 2012, this Idea Management system has generated near 3.000 ideas by hundreds of employees.

A great deal of innovation comes, however, from strategic partnerships with companies representing other sectors. While cork possesses a vast amount of intrinsic characteristics that allow the material to adapt to

numerous situations, very often it needs to be combined with other materials (such as rubber, plastic, glue, etc.). Since Corticeira Amorim is not equipped with the necessary competences to fully master those other materials, the company believes that quality and innovation may be achieved when partners with different competences work together. As a result, over the last 5 years, more than 40 patents have been submitted and several projects have been a success in terms of utility and visibility. Some examples of those joint projects are: Helix - the innovative cork stopper that allows easy opening and reinsertion of the stopper; Mercedes-Benz M-Board, a surf board rode by McNamara in the waves of Nazaré; and the innovative AluCORK cork flooring to the "Inspiro" – the surface metro launched in Poland by Siemens, that is the most modern and sustainable in its class.

In conclusion, as a result of an unparalleled investment in R&D and innovation and of technological advances, Amorim continuously delivers to the market innovative cork solutions that comply with the requirements of contemporary society and allow cork's unmatched technical performance to be enjoyed like never before.

This positioning reflects positively on the more traditional sectors – stoppers, coverings, insulation, among others –, where it strengthens its differentiation and competitiveness, but also enhances the development of new business areas for cork, widening horizons and development prospects for the entire sector.

Amorim Cork Ventures: a brand new approach towards Innovation

June 2014 is a date to remember when thinking about innovation in the cork sector. Corticeira Amorim launched Amorim Cork Ventures (ACV) and with it a whole new approach towards innovation. The first ever venture capital company set to deal with cork exclusively comes as a twist of Amorim's paradigm with regard to finding new solutions and markets in this industry. In order to innovate, sometimes it is not just the process of creating a new solution: it is the process of finding the right solution for

the right people to solve the right problem. And that is exactly what Amorim Cork Ventures is set out to do, supporting entrepreneurs to launch their projects exploring innovative ideas and uses for cork.

For the first time ever, cork industry's world leader is placing the burden of innovation in the hands of external entrepreneurs. While the traditional method still works, as it should, these people – entrepreneurs with a business idea, an innovative product or a small company – are given the opportunity to work side-by-side with the world leader in the cork sector, while being the owners of their businesses. So, how does this work?

Amorim Cork Ventures is simultaneously an idea/project incubator, or accelerator, and a venture capitalist/business angel. This means, it is open to analyse not only business plans and companies with sales, but also ideas and concepts.

It works in basically two stages:

- In a first period, the support from ACV comes in the form of an incubator. Entrepreneurs and ACV work together to complete a series of steps that are required before tackling the market. These steps may be building a prototype and evaluating it, testing the market, developing the business model or a network of strategic partners, among other steps.

- In a second phase, the goal is to create/develop a successful start-up company. Here Amorim Cork Ventures appears as a company looking for business partners with a business proposal. What is required is a project that is completely ready to go on the market, or even a small company open to new investors. There are a few guidelines that ACV follows. First of all, it believes that the promoter/entrepreneur is the one that understands the business. As such, Amorim Cork Ventures does not intend to be the main shareholder, which means the promoter/entrepreneur leads the business. Furthermore, ACV believes it is only worth investing in a project when it can provide more than just financial support. Infrastructures, networking, or technical assistance are all examples of kinds of additional support that may be offered by Amorim Cork Ventures.

Innovation does not come from this new initiative from Corticeira Amorim alone, it needs entrepreneurs, projects and ideas. That is why it is already offering support to



Picture 1:

Helix: the innovative cork stopper that allows easy opening and reinsertion of the stopper.

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seven projects in the most diverse sectors. Footwear, bio-composites, sports and interior decorations are some of the areas in which these projects have a say. Two of them are to become start-ups in April 2015, while the other projects still have to overcome a few steps in order to have gathered all the information necessary to evaluate a new business opportunity for cork. All of these seven projects have, obviously, one thing in common: their goal is to add value to cork, while developing a successful business.

Equally important is the fact that Amorim Cork Ventures is succeeding at changing the mind-set towards cork beyond the above mentioned projects. Since the beginning of its activity, nine months ago, ACV's incuba-

Picture 2:

Mercedes-Benz M-Board, a surf board rode by McNamara in the waves of Nazaré.

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Picture 3:
AluCORK: cork flooring
to the "Inspiro" – the
surface metro launched
in Poland by Siemens.
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tion program has received over 150 applications, contemplating the most diverse activities. In addition, despite the focus on the Portuguese entrepreneurs (in the first months of activity) ACV's team has been contacted from all over the world, by people from Canada, the Netherlands, Italy, Australia, Poland and Germany. Some foreigners state they would even consider moving to Portugal just to work with this raw material.

Gradually, Amorim Cork Ventures is establishing a pull-strategy with respect to how innovation is seen in the cork sector. At this stage, many people, especially entrepreneurs with no connection to and no knowledge of cork whatsoever, are thinking about new ways to satisfy the needs of people with cork solutions, taking full advantage of the variety of characteristics that this natural raw material offers. It is the kind of innovation that comes from needs that may not even be visible yet, but that someone acknowledged and thought cork could be the most adequate solution.

Summary

How Corticeira Amorim is changing the paradigm of Innovation in the Cork Industry

Innovation at Corticeira Amorim is key. Since long ago, the cork industry's world leader has been pushing boundaries when it comes to finding new solutions, markets and processes. Stimulating internal idea generation, investing in research and development and establishing strategic partnerships with other renowned companies have proven to be effective ways towards evolution in the more traditional sectors: stoppers, coverings, insulation, among others. A shift in paradigm allowed Corticeira Amorim to launch Amorim Cork Ventures. The newest company in the group sets out to support entrepreneurs who are committed to find new products with cork, taking innovation in this industry to a whole new level.

Moreover, innovation is also taking place in a different sense. What has been observed by Amorim Cork Ventures during these nine months is that designers, architects, engineers, and many more, are finding new applications for already existing cork references/products. Amorim Cork Composites (one of Corticeira Amorim's business units) alone has more than 400 different references. The majority of those products was created to address one specific application. However, ACV's entrepreneurs have found that some references may be used in completely different situations, which is also a way to innovate.

Conclusion

All in all, Amorim Cork Ventures appears as a natural step in the evolution of a group with a long-lasting history in innovation in the cork industry. The belief at Corticeira Amorim is: the more people are thinking about cork – outside the frame of cork stoppers, flooring and insulation – the more solutions the material is going to offer.

A.S., F.C., P.B.

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