



Llywodraeth Cymru  
Welsh Government

[www.cymru.gov.uk](http://www.cymru.gov.uk)

# Final evaluation report for the Welsh Government Business Innovation Support project (Executive Summary)

Research Summary

Social research

Number: 32/2015

The Business Innovation Support Project (BI or 'the Project') is a six-year (2009-2014), pan-Wales, revenue and capital project that provides a beneficiary-centric, integrated support package focusing on the discrete stages of the open innovation process. The Project has a total budget of circa £30m, funded by a mix of Welsh Government (WG) and ERDF funds, and private-sector match funding.

On 18 July 2014, WG issued an Invitation to Tender to undertake the Final Programme Evaluation of Business Innovation Support and The Innovation Partnership Ltd (TIP) and CM International UK Limited (CMI), collectively referred to as 'the Consultants', were successful in their bid to undertake this work.

To complete this evaluation, the Consultants employed a work package approach consisting of a contextual and performance review, personal interview programmes with key internal and external stakeholders, a telephone survey of 400 beneficiary companies, a review of impact, and production of a final evaluation report. The key findings from this evaluation have been summarised below.

## Project Context

The BI Project has faced significant challenges resulting from the economic, policy and organisational context, adversely affecting Project performance. The economic downturn and associated decline in business R&D expenditure contributed to lower than expected demand for the Project, compounded by the changes brought about by the implementation of the ERP. These factors have, at times, prevented the BI team from effectively promoting the Project, resulting in confusion with regards to what the Project can deliver.

Whilst confusion levels have subsided with the decision to revert back to grant funding and to relocate the Innovation Specialists back within the Innovation Team, the Project has faced significant challenges in generating sufficient demand to meet its activity targets. Despite this, the Project has performed well, has made significant gains and, indeed, will meet key targets.

In terms of fit with other WG initiatives, the Project is very much consistent with innovation and science policy in Wales. Indeed, the policy agenda for business support is one that highlights the importance of innovation as an enabler, and the importance of creating an environment in which it can flourish.

## **Project Performance**

Full target and actual figures for the Project, with outputs being drawn from monitoring data to the end of October 2014, have been provided in the main report and have been split between the convergence and non-convergence regions.

Figures indicate strong pan-Wales performance with respect to key indicators such as jobs created (336 against a target of 179), investment induced (£22.9m against a target of £11.6m), and the number of new, improved products, processes launched/registered (730 and 564 against respective targets of 504 and 432). Collectively these indicators point towards strong economic benefits emerging from the Project at the final stage. The strong jobs created outputs are complemented by a similar number of jobs safeguarded (circa 300). This is indicative of the economic downturn of 2008/09, where many companies prioritised retention of staff, over job creation/loss.

Other notable outputs include the high level of repeat contacts evident (circa 951). This is a key feature of WG innovation programmes and reflects the complex and multistage nature of the innovation process, as well as the relationships developed by the Innovation Specialists over time. The levels of Innovation Voucher applications and offers further illustrates the role of the BI Project in helping to strengthen links to the knowledge base in Wales.

There are a number of indicators that fall below the final target, including 'activity' indicators such as 'enterprises assisted' (1217 against a target of 1310) and 'enterprises financially supported' (396 against a target of 434). The Consultants would suggest these are a result of the difficulties and challenges faced in delivering the Project, with other shortfalls, ie Profit Benefit within the non-convergence region, likely to reflect the long-term and uncertain nature of the innovation process.

The results of the performance review indicate that the Project has, despite lower than expected demand due to reasons previously stated, achieved generally strong results. This strong performance is evident in both innovation outputs (new products registered and launched) and economic outputs (jobs created and investment induced).

As with project performance figures, projections are made within the full report regarding economic impacts. The stipulated projections are achievable provided there are no great market fluctuations in the next 3-5 years.

## **Key Stakeholder Interview Programme**

For the purposes of this exercise, the Consultants undertook personal interviews with 30 key internal and external stakeholders, with discussions focusing on key areas such as project offering and management, delivery channels, and future direction.

It was clear from evidence obtained during the interview programme that, as a continuation of what was observed during the mid-term evaluation, the requirement to support and, indeed, accelerate innovation take-up throughout Welsh businesses was universally acknowledged by all stakeholder groups.

BI is perceived as a worthy project that is well managed, which meets the needs of key sectors (particularly those involved in manufacturing) but has the opportunity to widen its scope in terms of innovation content and target sectors. There was little identified by way of private-sector displacement and there was an acknowledgement that "market failure" will continually exist. Stakeholders see BI as an excellent way of increasing economic activity and employment within Wales.

Several interviewees recognised that there is a growing need to encompass 'process innovation' and to broaden and redefine 'innovation' to make the Project more far-reaching. It was also believed, however, that BI should focus resources on those sectors that it can clearly support and that align with the BI offering.

There was acknowledgement that programmes such as BI need to capitalise on and exploit recent investment in infrastructure, such as the SA1 campus in Swansea, and potentially undertake more-focused interventions, ie look at interventions that have greatest impact on businesses and involve the business-support community as often as possible.

A number of stakeholders believe the Project should be integrated with other programmes going forward,

although it was acknowledged that the issue of 'ownership' of clients needs to be clearly set out and established throughout the relationship. The intention of WEFO to align EU-funded programmes more closely under the next funding period, to avoid duplication and to streamline support provision, was seen as the correct way forward.

Overall, BI was seen as a critical and crucial project that warrants further support.

### **Beneficiary Survey Results**

The beneficiary survey explored the views of businesses that have received assistance from the Project. The aim was to discover whether BI has made a difference to the beneficiary organisation and examine how the service can be improved for future clients. The telephone survey was undertaken with 400 firms in late November/early December 2014 and comprised of:

- 245 firms from the Convergence Programme (61%)
- 155 firms from the Competitiveness Programme (39%)

The key findings of the beneficiary survey were:

- Awareness of the BI Project came mainly from word of mouth and by direct approaches made to business by WG and by personnel in the BI Team;
- BI appears to deliver more assistance on general innovation and guidance on access to finance than it does on specific targeted solutions. Businesses appeared to prefer this type of support to more targeted assistance;
- The expertise and knowledge of Innovation Specialists/advisors was rated as very high by businesses with over 80% scoring them as excellent or near to excellent;
- Nearly 70% of businesses received two days support or less from the BI Project;
- After assistance, beneficiary businesses moved much closer to the market and the launch of their product or service;
- Of the three main technology groups surveyed, design appeared to be the easiest to affect improvement. Manufacturing is slower to achieve improvement because of the capital investment required but displays more improvement to innovation/productivity;
- IP assistance scored lower in terms of satisfaction of advice, with lower levels of

improvement and progress towards the market. The Consultants confirm that this is not a reflection on the quality of delivery, which is still very high, but the fact that the IP Specialists can no longer provide advice, being, as they are, restricted to guidance and signposting. It is therefore less likely that the issue for the beneficiary company will be resolved instantly, resulting in lower scores for satisfaction;

- 85% of businesses were either satisfied or very satisfied with the quality of assistance provided. There was no difference in the level of satisfaction between convergence and competitiveness projects;
- Levels of expectation were largely met by the Project and exceeded in at least a third of the cases supported;
- Companies would welcome further innovation support and assistance with the design and production of new products;
- In terms of suggested enhancements, the combination of a simplified application process and a higher number/level of adviser support could lead to further improvements in the overall service.

### **Recommendations**

Following analysis of the evidence obtained during this evaluation, the Consultants propose the following recommendations for the continuation of the BI Project in future funding rounds.

**Recommendation 1: Branding** – Research has identified that there is confusion amongst some beneficiaries with regards to WG programmes that provide RD&I support. To avoid such confusion in the future, we recommend that WG's RD&I business support services should be generically branded SMART and promoted as **SMARTCymru** (no change), with **BI** following its lead and becoming **SMART Innovation** and the new **A4B** programme, we believe, being entitled **SMART Expertise**.

**Recommendation 2: Intellectual Property Support** – IP focus has had to change to comply with State Aid Regulations and IP support is now based on guidance and signposting, as opposed to advice. IP advice is adequately covered by the private sector and, taking into account the resources available, we believe PATLIB support should now be delivered online. The online PATLIB can be generally promoted by Business Wales, the

Innovation Specialists and other programmes, and where online resources do not meet the requirements of businesses, enquiries could be scaled-up.

**Recommendation 3: BI Extension to Integrate Quality** – The BI Project clearly provides opportunities for businesses to engage with professionals to improve manufacturing and design. However any business now looking to design for manufacture/expand their product portfolio automatically includes ‘quality’ aspects. Evidence of quality procedures and standards are becoming an ever-increasing requirement for customers and we recommend that ‘quality’ is part of the BI offering going forward, sitting alongside manufacturing and design.

**Recommendation 4: Business/Process Innovation** – BI occasionally needs to support ‘process’ or ‘service’ innovation, an area in which beneficiaries could benefit from support and that would deliver gross added value. It is likely that a business/process innovation programme could be designed to sit alongside that of design, manufacturing and quality and would widen the appeal of the Project.

**Recommendation 5: Project Sector Focus** – We recommend that the Project focuses on the Grand Challenge areas as identified by Innovation Wales, namely Life Sciences and Health, Low Carbon Energy and Environment, Advanced Engineering and Materials, ICT and the Digital Economy. BI management accepts that these areas provide sufficient scope for future programmes.

**Recommendation 6: Engagement with Universities and RTOs** – Research identified that universities are not as engaged with BI as first indicated, primarily because they are unsure of the BI offering and about how they can participate/prosper. We recommend that future marketing activities reach out and engage specifically with universities and RTOs.

**Recommendation 7: Innovation Specialists** – The Innovation Specialists enjoy a unique role within innovation support across Wales. They are highly regarded individuals because of their knowledge of innovation, their networks and their appreciation of business needs. They are seen as honest brokers

and their role overall enhances the innovation support delivery. We advise that numbers be increased to facilitate more time spent with beneficiaries, particularly during the early stages of engagement and for roadmapping/blueprinting purposes.

**Recommendation 8: Roadmapping** – Research has indicated that businesses are becoming fatigued by diagnostics, which do not necessarily cement further working relationships. We believe that there is an opportunity to develop a ‘roadmap’ methodology, which serves a number of purposes - it secures an intensive business assist, a likely target for follow-on, ERDF-supported programmes, and it provides greater engagement, securing long-term delivery.

**Recommendation 9: Marketing** – The Project has suffered from various internal actions and the inability to directly deliver a professional marketing campaign, resulting in a misunderstanding in the market about BI, its availability, targets and purpose. It is also recognised that programmes that deliver over several years need to continually remind audiences of their purpose. We recommend that WG produces a detailed marketing strategy and action plan for BI, and that this goes out to tender. We believe that an external marketing and PR consultancy would provide significant added value as they will have challenging targets on which they will have to deliver on a monthly or quarterly basis.

**Recommendation 10: Alleviate Grant Dependency** – In terms of BI, the Consultants still believe that there is a role for grant where risk and significant innovative steps are key outputs. However, we do not recommend that WG continually offer grants to businesses that have a history of applying for such assistance. If a company has previously received a grant, it is imperative to ensure that the company is able to demonstrate best endeavours to commercially exploit its outputs. If not, further requests for grant support should be refused.

**Recommendation 11: Level of Innovation** – BI requires a clear definition of innovation, which both meets the WEFO guidelines and is as accommodating as possible. This will facilitate support of all businesses that are taking a high degree of risk. SMART Specialisation and GBER

help to frame those innovative businesses and, equally, innovative businesses with less than 10 employees can be accommodated by association with the Accelerator Growth Programme via SMART Specialisation or by other means.

**Recommendation 12: Innovation Voucher (Capital)** – Evidence suggests that Innovation Vouchers for capital expenditure have proved successful and have significantly contributed to RD&I expenditure and business growth. Evidence also indicates that there is a funding gap and that the ability to introduce external funding has influenced companies to move forward on such investments where there is still a considerable amount of risk. We recommend that the capital element be taken forward in any future programme.

**Recommendation 13: BI Processes** – Businesses, and indeed stakeholders, still believe that the application and assessment processes for BI are long-winded and, in part, unnecessary. When an understanding of BI management's position is obtained, it is clear this is not the case and that, in many instances, WG, WEFO and the auditors govern such processes. Our recommendation is that the processes are reviewed to see if efficiencies can be identified but, equally, increased transparency for beneficiaries, advisors and stakeholders is required, so as to provide realistic timescales and manage expectations.

Author: The Innovation Partnership

For further information please contact:

Dr Gwion Williams,  
Operations Manager  
Business Innovation,  
Department for Economy, Science and Transport  
Welsh Government  
Sarn Mynach  
Llandudno Junction  
Conwy  
LL31 9RZ

Tel: 03000 625419

Email: [gwion.williams@wales.gsi.gov.uk](mailto:gwion.williams@wales.gsi.gov.uk)

Welsh Government Social Research  
19 June 2015

ISBN: 978-1-4734-4025-8  
© Crown Copyright 2015



All content is available under the Open Government Licence v3.0, except where otherwise stated.

<http://www.nationalarchives.gov.uk/doc/open-government-licence/version/3/>