UNECE Online Training

Supporting Innovative High-Growth Enterprises in Eastern Europe and South Caucasus

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BETTER POLICIES FOR BETTER LIVES

Structure of talk

High-growth entrepreneurship policies – key lessons from policy practice:

- What should policy target?
- With what policy support?
- What are the success factors?
- What are the pitfalls?
- The Danish approach
- What can be learned for EESC countries?

What should policy target?

Policy can distinguish three types of scale up:

1. Established firms that have achieved fast growth and have reached a critical mass, e.g. they have been launched on a stock exchange
2. Innovative firms that are just below the first category but still above average in their potential for innovation and growth
3. Firms which have an ambition to grow but are facing serious barriers, for example in raising finance or developing management teams

- The second and third categories are those where policy intervention is most needed.

With what policy support? (1/2)

Overall – finance, skills, internationalization, networking

Category 1 “Established Scale-Ups” – support for :

- advanced management and leadership skills
- advanced financing
- publicity to reinforce their international profile

Category 2 “Firms Newly Exhibiting Fast Growth” – support for:

- internationalisation of business activity
- management and leadership skills
- follow on finance
- skills to access university IP
- networking
- accessing stock markets

With what policy support? (2/2)

Category 3 “Potential Scale-Ups with Ambition” – support for:

- accurate analysis of business potential
- understanding of the innovation process
- assessment of strength of their skill set
- skills development
- appropriate early stage funding
- support and guidance in networking
- mentoring
- international activity
- support for communication and knowledge flows

Policy tools

- Ambitious entrepreneurs (team building, training, mentoring, networking)
- High-potential start-ups (incubators, seed capital, peer learning, networking)
- Existing firms with growth potential (accelerators, innovation support, tax incentives, venture capital, management and leadership training)
- Entrepreneurial ecosystems (wide range of measures to improve national and regional framework conditions)

Success factors

- Start early, with the entrepreneur
- Diagnose the constraints faced by the firm
- Refer to the best sources of advice, finance, etc. and do not “crowd out”
- Be selective and offer costly finance and advice based on achievement of milestones
- Be integrated and comprehensive
- Build a portfolio of potential winners

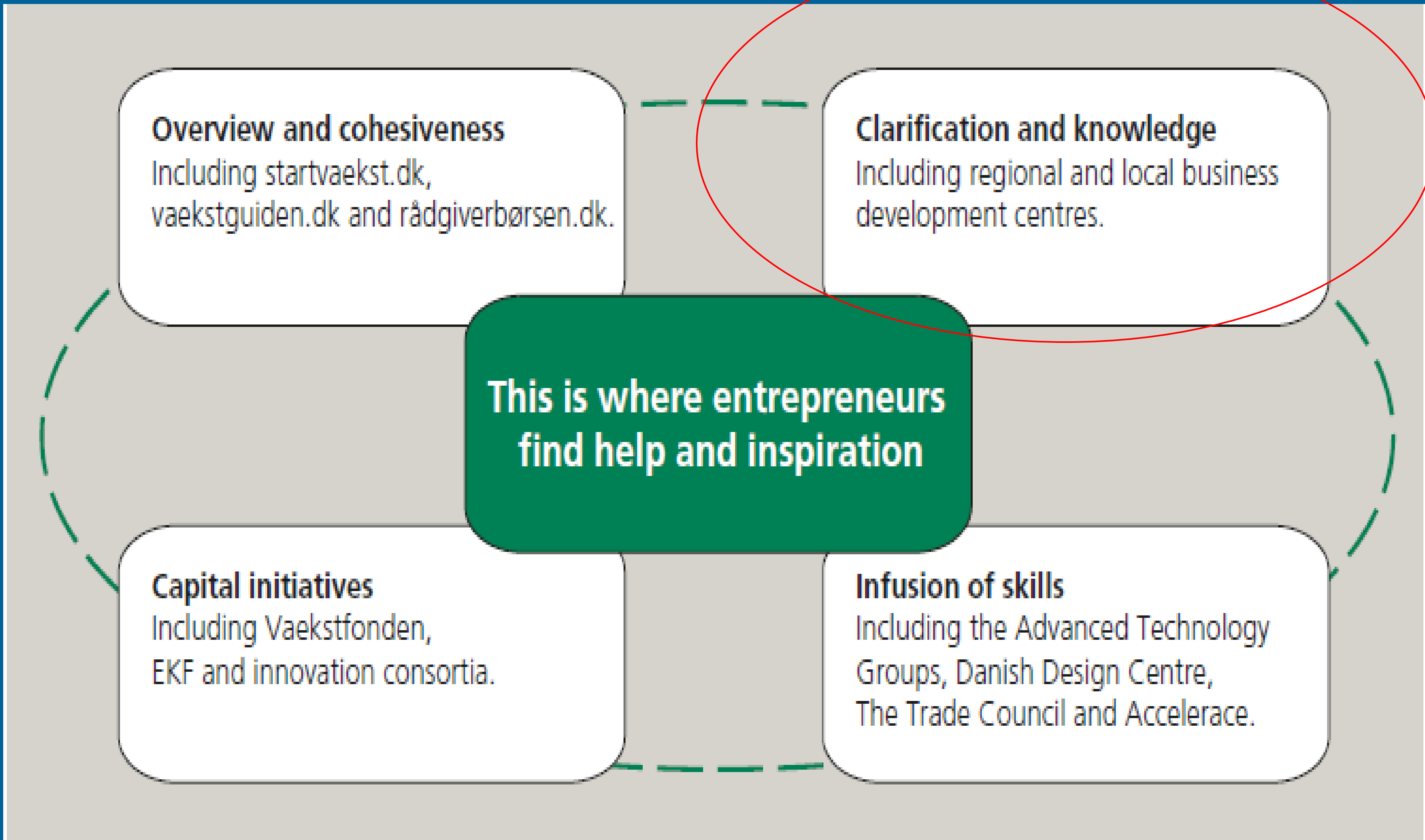
Pitfalls

- There are very few high growth firms and it is hard to identify them in advance
- Resources can be wasted on non-successful firms

The Danish approach (1/4)

- 5 Regional Growth Houses, annual national block grant of 12.5 million EUR.
- Operate mainly as business health check and signposting houses
  - Offer free business diagnosis of client enterprises to identify their growth potential
  - Refer entrepreneurs to relevant private sector business development services

The Danish approach (2/4)



The Danish approach (3/4)

Growth Wheel – Business Diagnostic Tool

The Danish approach (4/4)

Strengths of the Growth House approach:

- Flexible national framework that leaves room to provide support appropriate to each regions' firms
- Builds, rather than replaces, private sector service suppliers and networks
- Support a growth culture
- Highly educated programme advisors
- Based on a comprehensive and clear diagnostic tool (360 degree Growth Wheel)

What can be learned for EESC countries?

- It is important to support people as leaders, and not just firms
- Capabilities and mentoring are as important as finance
- Government is a “co-ordinator”, creating links to existing resources
- Policy should support a portfolio of potential success firms and entrepreneurs