



**Cork
Chamber**
Advancing business together

Regional Actions to Innovate Operational Programmes



Project Action Plan

RATIO
Interreg Europe



 European Union
European Regional
Development Fund

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Glossary of Terms

EI = Enterprise Ireland

ERDF = European Regional Development Fund

LEO = Local Enterprise Office

REDF = Regional Economic Development Fund

ROP = Regional Operational Plan

S&E = Southern and Eastern

SEROP = Southern and Eastern Regional Operational Plan

1. Scope and Framework

The Southern and Eastern Regional Operational Programme (ROP) 2014 – 2020 is the third ROP for the region, accompanied with a funding package of around €500million from the European Regional Development Fund (ERDF) and the Irish exchequer for investment in the region. The focus being to promote smart, sustainable and inclusive growth to address regional imbalances. Across this timeframe, ROP investment is to be concentrated on research and innovation, information and communication technologies (ICT) infrastructure, entrepreneurship in small and medium-sized enterprises (SMEs) and the promotion of a low-carbon economy.

The Southern and Eastern (S&E) Region accounts for 53% of the land area of Ireland, 73% of the population and 81% of the GVA, with Cork City and County being the largest county in Ireland and home to Ireland's second City, Cork City.

In brief:

- Cork City and County is home to over 500,000 people.
- We have a college population of almost 40,000 staff and students. Exceptional educational and research institutions in UCC; CIT; Tyndall and the Cork Education & Training Board.
- Over 150 FDI companies have chosen Cork for their operations, complementing our thriving indigenous base.
- Cork Airport serves over 50 destinations across the UK, Europe & the US.
- The Port of Cork drives an ambitious expansion programme, is a port of national significance and a priority TEN-T Core Network port playing a key role in the movement of goods to and from European and World markets.
- We have growing and developing clusters in ICT, pharma, life-sciences, cyber security, energy, marine, agri-food, and financial services.
- We have the one of the youngest populations and fastest growing populations in Europe.

The Irish Government recently published a national plan titled, Project Ireland 2040 ¹. This document is the overarching policy and planning framework for the social, economic and cultural development of Ireland for the next 22 years. Within Project Ireland 2040, Cork is recognised as Ireland's second City region, with Cork set to take 20% of the expected national 1million population growth.

¹ <https://www.gov.ie/en/campaigns/09022006-project-ireland-2040/>

To realise this growth potential there are a number of challenges to be addressed across the entire region, and especially across the rural areas which forms the majority of the land area. This region has a varied topography from North to South, and East to West including inland, coast and islands and requires strategies that meet the potential and address the unique challenges of SME's in rural geographies.

The main challenges for rural based SME's were assessed within Phase 1 of the RATIO project. These were highlighted as workforce retention, access to a skilled workforce, physical infrastructure of broadband and transport, access to finance, rural transport, access to markets and difficulty in sourcing innovation partners. As a number of these challenges are outside of the scope and remit of the RATIO project, as well as being addressed through existing national Government policies, Cork Chamber are focused on solutions to those challenges which are within the scope of this project and in which we are convinced can catalyse the growth and sustainability of rural based SME's.

Cork Chamber in cooperation and consultation with our regional project stakeholder group have developed a succinct and concise action plan which outlines policy mechanisms and improvements to be reviewed during the current lifetime of the Southern and Eastern Regional Operational Plan 2014 – 2020 programme timeframe, and the successor programme.

The Managing Authority, the Southern Regional Assembly (SRA), continue to be strongly involved with the RATIO project, and are actively engaged in realising the potential of this project to the benefit of SME's and the regional operating environment for business. The SRA are hugely invested and involved in the outcomes of the RATIO project to the benefit of the Southern and Eastern Regional Operational Plan and to identifying policy instruments or improvements to existing policies that will benefit investment and jobs growth in the Southern and Eastern Region.

Cork Chamber is the largest business membership organisation in the region. In brief, Cork Chamber seeks to champion, promote and drive a strong vision for Cork as the best place for business together with our 1,200 members, who employ in excess of 100,000 across the region and across the full range of sectors. Cork Chamber is a private not-for-profit organisation.

The RATIO project is supported by the Interreg Europe program and is implemented by nine partners across eight countries, including Ireland, Spain, Germany, Czech Republic, Poland, Latvia, Portugal and Italy.

The Cork Region RATIO project stakeholder grouping involves representation from: Cork Chamber, Southern Regional Assembly (Managing Authority), Enterprise Europe Network (EEN), Cork South LEO, Cork North and West LEO, Cork Innovates, Cork County Council, SECAD, Avondhu/ Blackwater Partnership Ltd, Ballyhoura Development Ltd, I.R.D. Duhallow, The Ludgate Digital Hub, Cork Regional Chambers network, Mallow Systems Innovation Centre, MacroomE and Knowledge Transfer Ireland (KTI).

2. Action Plan Objective

The objective of the Action Plan is to detail how the lessons learned from the Partner cooperation and the RATIO project activity in Phase 1 can be exploited to promote future innovation in rural based SME's, and to improve policy instruments to support the development of innovation and innovation practices across rural areas.

As the Cork partner to the RATIO project, we are focussed on improving the South & Eastern Regional Operational Programme (SEROP) which is the regional operational programme for ERDF Investment for Growth and Jobs funds. The project specifically focuses on Priority 3 SME Competitiveness within the SEROP.

Currently, all of the ERDF funding under Priority 3 is allocated for delivery by the network of Local Enterprise Offices (€69M for 2014-2020, 50:50 ERDF: National). There is an internal review process by the Managing Authority, i.e. the Southern Regional Assembly, to assess the milestones which were to be achieved in terms of investment and employment outcomes by 2018. The findings of the RATIO project are being taken account of by all stakeholders in the ongoing interpretation of this Regional Operation Plan 2014-2021 and for drafting of the successor plan. The RATIO findings will also influence the consultation on the Regional Economic Spatial Strategy² in Q3&Q4 2019.

² <http://www.southernassembly.ie/regional-planning/regional-spatial-and-economic-strategy>

3. Action Plan Rationale

Throughout the research undertaken as part of Phase 1 of the RATIO project, the Local Enterprise Offices³ (LEO's) in Cork have emerged as the most important point of contact for rural based SMEs. Since their initiation in 2014, the LEO's in the region have provided advice, information and support for start-up businesses, and for growing businesses. The initiation of the LEO structures represented a fundamental reform of local government at that time, and with the aim to ensure that services are delivered, and decisions made closer to the people. The offices are embedded within the Government Local Authority structures and provide vital support for local business across a range of actions. The network structure within the LEO's provides a service which amalgamates national enterprise policy and local business supports strengthening the local business culture and environment.

Cork Chamber has worked in strong partnership with our regional stakeholders, including the local LEO network across Cork to refine the main actions which as a stakeholder group we have assessed as having future and long-term benefit to SME competitiveness, and the cultivation of innovation potential across the region.

³ <https://www.localenterprise.ie/>

4. Actions

Action 1 – Clusters and Collaboration

i. Rationale

The exchange, research and insights gained from Phase 1 have led the stakeholder group to focus on policy actions to improve collaboration between firms and across the ecosystem as a means to increasing innovation in rural SMEs.

ii. Regional analysis

The analysis undertaken in 2016 identified innovation barriers at firm level related to awareness of available supports (including training), access to research and capacity within SMEs to engage with both research and innovation supports. At regional and agency level there are challenges with diffuse communications and SME engagement. This is even more difficult when communicating supports related to longer term strategic objectives.

The report recommends greater collaboration and alignment between agencies and a client centred approach that focuses on longer term goals.

iii. Survey of SMEs

In the SME survey, a shortage of available skilled staff was highlighted as the greatest challenge, followed by physical infrastructure (broadband), access to markets and access to finance. Other challenges noted were product/material development and business networking. When asked for recommended actions to increase the capacity for innovation, firms included collaborative approaches such as the promotion of regional supply chains, support for programmes to attract a labour force and the need for stronger cooperation between business and science.

iv. Study Visits & Partner Good Practices

The exchanges with partners highlighted the degree of commonality in challenges for rural innovation policy across all regions. Clusters are a feature of economic development policy in most of the partner regions and good practices were presented from project partners in Aragon, Saxony and Vidzeme. The practices demonstrated the degree of specialisation and innovation being achieved through a collaborative triple helix approach.

The Latvian Added Value Food Cluster has been of particular interest in offering insight into a cluster that has successfully transitioned from public initiation to being industry-led.

Transferability from this Good Practice is helped in that the cluster followed a recognised formation process with outside expert help. Furthermore, it operates in the food industry which is well suited to rural areas and Cork, in particular. The Cork region has a strong food sector, a deep knowledge base and well developed supports.

The Usti Innovation Centre was a Good Practice presented during the Czech study visit that demonstrated significant impact in its first 15 months of operation across a wide range of activities and events delivered to stimulate interaction and innovation.

The experience of stakeholders, exchange with partners and participation in the Policy Learning Platform event has emphasised the importance of interaction between actors within the rural innovation ecosystem. Relationships are the basis of all collaboration, from partnerships through to clusters. Rural hubs are a valuable asset in providing opportunities for interaction between firms and can also facilitate reach into networks and agencies beyond the local rural area. In Cork, the Enterprise Centres initiative is working towards this outcome - two of the most successful rural examples are MacroomE⁴, and the Ludgate Hub ⁵which is an independently operated enterprise centre located in West Cork.

v. Current Policy & Regional Operational Programme

The LEO network has been widely admired within the RATIO partnership as a means of developing local knowledge of and relationships with SMEs in rural areas that creates the potential for a client centred approach and a first-stop shop for support and advice.

However, in relation to the development of collaboration, there are no direct supports for this activity available to the LEO network through Priority 3 of the SEROP. Likewise, although the Priority 3 objective mentions business incubators in the title, there are no delivery measures, and there is no defined source of ongoing core funding for regional hubs or incubators.

Priority 1 of the SEROP does support collaboration through the research centres programme and between research centres and industry partners. As such it is oriented around research and the development of innovation through partnerships applying or commercialising the research.

⁴ <http://macroom-e.com/>

⁵ <https://www.ludgate.ie/>

Collaboration is not centred on commercial growth and development of the innovation ecosystem as in the cluster-driven Good Practice examples. The lack of a national cluster strategy in Ireland has been highlighted by a number of local informants.

There are policies to support clusters and collaboration, particularly the Regional Enterprise Development Fund 2017-2020. First round projects in this fund are underway since December 2017. It is too early to assess the impact at this point however due to the amount of funding available, most likely it will not be of relevance to the majority of rural SMEs, even those with strong innovation potential.

vi. Stakeholder analysis

Having examined the barriers to innovation highlighted by the regional analysis and survey of SMEs the stakeholders in Cork have been interested to explore the potential for clusters and the broadening of collaboration supports.

vii. Actions

Business networks play a key role in supporting growth and innovation. The LEOs currently operate a number of ongoing networks targeted at different groupings - start-ups, women in business and owner/managers. At a general level, entrepreneurs need to participate in business networks that can offer peer support, learning and opportunity to explore and tackle common business issues. Networks are also potentially important for developing a collective business voice on issues specific to the local and rural business environment. In addition to networking events, training also offers the opportunity for interaction between firms and the development of relationships that may be valuable for future collaboration. LEOs endeavour to bring their training, services and events to all towns within their areas of operation. However, geographical distances can present challenges for SMEs in engaging in centralised networks, as is the lack of national policy focus on collaboration and clustering.

The RATIO project regional stakeholders have been central in developing the actions which are based on the insights gained from their experiences. Firstly, a number of challenges have been identified for the region, namely:

- It can be difficult in rural settings to develop specialist contacts which are fundamental to innovation.
- Stakeholders highlighted the difference between entrepreneurs who are plugged in and those that have very low awareness of what is available. The former typically have

participated in accelerator or business development programmes, research partnerships or similar intense engagement and make good use of supports.

- A lot of time can be wasted looking for help in the wrong places.
- Networking events alone can be hit and miss - it is important that there is also some valuable content in the event.
- Access remains a challenge. Distance from local LEO offices can be a limiting factor in the frequency of engagement or in accessing more specialised events and supports.
- Accessing content online can be difficult without adequate broadband.
- Cluster supports through the REDF are not likely to have a significant impact for the majority of firms with innovation potential due to the scale of the programme. Furthermore, any such clusters will operate in the absence of a National Cluster Policy that could provide for greater integration and continuity of supports, including the link to regional smart specialisation.
- There are difficulties for agencies operating in this space, for example a LEO office, to have complete certainty and knowledge of all relevant networks and supports. It is advised that improved knowledge sharing and communications between agencies is necessary.
- Supports for client networking and collaboration need to be considered over the different phases of business development - a roadmap approach through mentoring or training that can provide continuity and match different development needs.

To address these challenges, the below actions have been developed, aimed at increasing collaboration and clustering in the Cork region:

Action 1

Implement National Cluster Policy. Currently, Ireland does not have a National Cluster Policy. As has been learned from the experiences gathered through the RATIO project, a National Cluster Policy underpins and strengthens a strategic framework for national and regional cluster development. Such a national policy can be the framework for a competitive criterion in cluster funding allocations being supported/ or administered via the SEROP. Cork Chamber with the Department of Business, Enterprise and Innovation will develop and implement the appropriate strategy based on the findings of the RATIO project and the international best practices learned.

Action indicator: Implementation of a National Cluster Policy that complements and reinforces the SEROP.

Action 2

Work with the Regional Director of Enterprise Ireland, the Cork based LEO network, and the Southern Regional Assembly (the Managing Authority) to broaden and implement the supports criteria of the SEROP, and to progress the support for a National Cluster Policy.

The recommended changes to the SEROP are aimed at developing a broadened range and definition of supported collaborative networks. As part of this:

- Investigate the potential of a marketing budget to be made available locally to administer networks. Action indicator: Marketing budget application process initiated and available to support local networks.
- Cork Chamber to drive the use of online networking platform available to start-up businesses as part of a 1 year, no cost, membership initiative aimed at supporting the growth of indigenous businesses across Cork. Action indicator: Increased usage of online platform for networking in rural locations.
- Partner with LEO/ Regional Chamber network to organise information/ networking events for businesses across the region. Action indicator: 3 x events to be organised.
- Review training course content in partnership with LEO's to place greater emphasis on networking and collaboration. Action indicator: LEO training course(s) syllabus to include dedicated section on a how to/ and value of networking and collaboration.
- The inclusion of funding supports for regional growth hubs and business incubators to be included within Priority 3 of the SEROP. Action indicator: Funding available via the SEROP to business incubators and regional growth hubs.

Action 3

Maximise the utility of Enterprise Centres (eCentres). Cork Chamber with the National Association of Community Enterprise Centres (NACEC), and the local government authority Cork County Council (Economic Development section) will increase the utilisation of eCentres in the region, and strengthen the framework for eCentres via inclusion and supports within the

SEROP. NACEC are a key stakeholder in developing eCentres that meet the needs of rural based SME's. Action indicator: Implement increased utility of eCentres by rural based SME's and rural based start-up businesses. Strengthened framework for eCentres via inclusion within the SEROP.

viii. Involved Agents

Southern Regional Assembly (SRA)⁶

The Southern and Eastern Regional Operational Programme 2014-2020 was prepared by the SRA in co-operation with a wide range of partners and stakeholders. The SRA is the Managing Authority, managing and monitoring EU programmes of Assistance, co-ordinating, promoting and supporting strategic planning and the sustainable development of the region. The SRA promote effective local government and public services in the region, in conjunction with the National Oversight and Audit Commission, and are preparing and overseeing the implementation of Regional Spatial & Economic Strategies (RSES).

Department of Business, Enterprise and Innovation ⁷(DBEI)

The DBEI are the central government department focused on policy for enterprise support and development. The DBEI engages with key stakeholders to address issues that arise on a sectoral basis across all areas of enterprise activity. These business and sectoral initiatives are across a wide range of areas covering internationally traded goods and services as well as the domestically traded sector. Specifically, through agencies on the ground, the Department provides a range of tailored supports for enterprise of all sizes in Ireland. Supports include access to finance, management development, mentoring supports, business development programmes, market supports and trade promotion. Enterprise Ireland are an agency of this Department.

Enterprise Ireland ⁸(EI)

EI is the state agency responsible for supporting the development of manufacturing and internationally traded services companies. EI provides funding and supports for companies - from entrepreneurs with business propositions for a high potential start-up through to large companies expanding their activities, improving efficiency and growing international sales.

⁶ <http://www.southernassembly.ie/>

⁷ <https://dbei.gov.ie/en/>

⁸ <https://www.enterprise-ireland.com/en/>

EI offers a range of supports to businesses. EI works with High Potential Start-Ups (HPSUs), established SMEs to implement company development plans and large employers to grow their business and expand their international sales.

Local Enterprise Office (LEO) network⁹

The LEO network provides advice, information and support to those starting up or growing their business. With 31 dedicated teams across the Local Authority network in Ireland, LEO's offer a wide range of services. LEO's offer business information, advisory services and enterprise support, high quality training and mentoring. The LEO network is the first-stop shop delivering locally. They are central to the local engagement aspect of these actions.

The National Association of Community Enterprise Centres (NACEC)¹⁰

The NACEC is a network of 95 community owned enterprise centres in the Republic of Ireland. These operate to promote economic activity and jobs growth, acting as a local enterprise hub for starting or growing businesses.

Cork County Council¹¹

The Local Authority in Cork with responsibility for the rural areas of Cork County. Cork County Council supports the core pillars of society as Community Development, Business Support, and Tourism. The enterprise centres (eCentres) in Cork County are financially supported by the Local Authority.

ix. Timeframe

Beginning – April 2018

End – October 2019

x. Costs

Administration and travel costs, costs of networking and other cooperation activities for the involved agents and actors.

⁹ <https://www.localenterprise.ie/>

¹⁰ <http://enterprisecentres.ie/>

¹¹ <https://www.corkcoco.ie/>

xi. Financing Source

Budget of Cork Chamber and other involved agents to these actions.

Action 2 – Human Capital

i. Rationale

Regional analysis

The key participants in the regional analysis identified the capacity of the region to attract and retain people with valuable skills as being central to successful regional development and further to regional smart specialisation.

ii. Survey of SMEs

In the SME survey's undertaken in Phase 1 of the RATIO project, SME's highlight a skills shortage as their greatest challenge. Others reported challenges related to human capital such as product/material development capacity and business networking. When asked for recommended actions to increase the capacity for innovation, firms included the support for programmes to attract a labour force.

iii. Study Visits & Partner Good Practices

The exchange with partner's shows access to skills and harnessing the innovative capacity of employees to be common challenges. A number of the visits to successful rural firms, like Hennlich¹² (CZ) and Spearline¹³ (IE) have highlighted good practices in employee engagement, talent development and welfare programmes. In Lazio we were presented with a Good Practice on creativity for innovation in small firms through human resource development. This has been further explored in published Irish research which concludes that knowledge and skills are only one part of innovation capacity and that employee motivation and engagement are also critical elements of what they describe as Innovative Human Capital.

iv. Current Policy & Regional Operational Programme

Under Priority 3 the LEOs give considerable focus under Measure 2 non-financial supports to skills development and management capacity. Innovation in firms is tackled on three fronts to meet the needs of high growth and potential high growth companies - new market development, lean operations and new product/service development. This is complemented by the provision

¹² <https://www.hennlich.cz/>

¹³ <https://www.spearline.com/splash-page>

of information and advisory services and the promotion of entrepreneurship. Although there is no apparent policy constraint, there does not appear to be a focus on the motivation and engagement component of Innovative Human Capital. LEO stakeholders engaged throughout Phase 1 of the RATIO project have expressed an interest in exploring this further.

Measure 1 supports, i.e. direct financial assistance, are also relevant to human capital. Measure 1 includes salaries and consultancy, innovation and marketing as eligible costs. Output indicators across all measures focus on the number of enterprises supported, investment levels, increase in employment and number of participants in training.

v. Stakeholder analysis

Discussions with stakeholders both individually and through the stakeholder group indicate the importance for regional growth, innovation and competitiveness of policies and practices to help firms attract, retain and develop a talented workforce.

Stakeholders report that the challenges are greater for rural firms because of the smaller labour pool, access to training and an ageing population. In small and micro firms attracting and retaining staff can be even more difficult as they offer limited opportunities for career progression and in general do not have in-house human resource expertise focussed on professional development. Stakeholders report that small, rural firms see competition for staff with large firms and urban areas as a real barrier to growth. One response locally was the formation of an engineering cluster¹⁴ in North Cork specifically to facilitate collaboration between local firms and education providers in creating easier access to customised training in the area.

vi. Actions

The LEO network provides considerable support for skills development, particularly in the area of business skills through training and mentoring. Other training supports are available through the Skillnet¹⁵ programme.

Through the course of project meetings, the RATIO project stakeholders highlighted a number of aspects of human resource supports for rural SMEs identified as gaps and that need attention.

¹⁴ <https://www.localenterprise.ie/CorkNorthandWest/News/Press-Releases/Launch-of-North-Cork-Engineering-Cluster.html>

¹⁵ <https://www.skillnetireland.ie/>

- Small rural firms are struggling to both attract and retain staff. These are separate issues and require different supports.
- Attracting staff involves developing and communicating an attractive proposition at the level of the firm but also the local area.
- Whilst the difficulty of competing on wage and career path levels is noted, the firm needs to appeal to potential employees on the basis of their ethos or culture, opportunities to share in growth and in how it looks after its employees.
- At the area level, it was pointed out that employees are being asked to take a big risk in moving to rural areas that offer few alternative employment prospects.
- The loss of key staff can hit small, knowledge intensive firms disproportionately often halting growth and innovation - skills are easier to source/replace than specialist knowledge and experience.
- Small companies lack a professional, dedicated HR function that could deliver value in implementing measures for employee development and retention. Many firms outsource HR functions to professional service providers - this may deliver an operational solution but miss a strategic opportunity for staff engagement.

Based on the conclusions of the stakeholder group, the following actions are proposed:

Action 1

Extension of the criteria in the Measure 1 direct financial assistance and Measure 2 non-financial supports provided for with the SEROP to include a focus on skills, and employee retention. This will support LEO's in their ERDF delivery role in developing HR focused managerial training for SME's focused on topics as employee engagement/ incentivising. The rationale:

- Firms need support to develop their Human Resources function at a strategic level to improve staff recruitment and retention. This could form part of the training, and mentoring supports delivered by LEO's. The addition of HR training could also be considered in LEO grant funding criteria, forming part of the business plan review. Cork Chamber to implement survey of businesses assessing appetite for Human Resources focused training. Action indicator: Addition of Human Resources training as a criteria in grant funding applications through the LEO.
- SMEs need advice and support in the use of appropriate legal structures and tools for incentivising an intrapreneurial culture. This should include offering a share of equity to employees. Action indicator: Human Resources training implemented and delivered by the LEO to include syllabus section on employee share/ equity schemes.

Action 2

Report recommendations delivered to the Hincks Centre for Entrepreneurship Excellence and representatives of the South West Regional Skills Fora presenting the findings from Phase 1 of the RATIO project, specifically supporting the ongoing work for the development of an entrepreneurial and innovation culture within firms. Action indicator: Recommendations incorporated for implementation throughout the applicable work of the Hincks Centre and South West Regional Skills Fora.

Action 3

Re-energised emphasis on the targeting of potential investors and potential skilled employees to rural locations via effective communications and advertising of quality of life attractions of non-urban living. Action Indicator: Working with the Economic Development section of Cork County Council, and through the Cork Chamber Connecting Cork¹⁶ programme to develop and implement marketing of the unique selling points of rural working and living as part of Cork's economic marketing on a national and international stage. Implement the inclusion of economic marketing support in the SEROP.

i. Involved Agents

Local Enterprise Office (LEO) network¹⁷

Local Enterprise Office provides advice, information and support to those starting up or growing their business. With 31 dedicated teams across the Local Authority network in Ireland, Local Enterprise Offices offer a wide range of services. LEO's offer business information, advisory services and enterprise support, high quality training and mentoring.

The LEO network is the first-stop shop delivering locally. They are central to the local engagement aspect of these actions.

The Hincks Centre¹⁸

The Hincks Centre for Entrepreneurship Excellence was established by Cork Institute of Technology in 2013 to support entrepreneurship in all its forms. The Hincks Centre is Ireland's first Centre of Entrepreneurship Excellence. In establishing this centre, CIT is extending its long-

¹⁶ <http://www.connectingcork.ie/>

¹⁷ <https://www.localenterprise.ie/>

¹⁸ <http://hincks.cit.ie/>

standing, strong commitment to supporting the entrepreneurship drive at regional and national level. CIT intends to address a gap in Ireland's current ability to train and provide support to all stakeholder groups who support and nurture entrepreneurship.

Cork County Council¹⁹

The Local Authority in Cork with responsibility for the rural areas of Cork County. Cork County Council supports the core pillars of society as Community Development, Business Support, and Tourism. The enterprise centres (eCentres) in Cork County are financially supported by the Local Authority.

South West Skills Fora²⁰ – The Regional Skills Fora was created as part of the Government's National Skills Strategy and provides an opportunity for employers and the education and training system to work together to meet the emerging skills needs of their regions. The aim of the fora is to identify skills needs and to put in place collaborative action plans between industry/ education that build solutions.

Cork Chamber Connecting Cork - Through the Connecting Cork initiative, Cork Chamber are championing Cork as the best place for business via targeted engagement with international business and diaspora networks. The programme is supported by industry, focused on attracting investment and skills through highlighting the character and the culture that makes Cork an ideal choice for investment, work and lifestyle.

xii. Timeframe

Beginning – April 2018

End – October 2019

xiii. Costs

Administration and travel costs, costs of networking and other cooperation activities for the involved agents and actors.

xiv. Financing Source

¹⁹ <https://www.corkcoco.ie/>

²⁰ <https://www.regionalskills.ie/Regions/southwest/>

Budget of Cork Chamber and other involved agents to these actions.

Action 3 – Access to Finance

i. Rationale

Regional analysis

The view expressed by key participants in the regional analysis is that there are adequate public funding sources available to rural SMEs. The key challenge is to get the message across so that SMEs understand what is available and how to access the appropriate supports for particular stages of their development.

ii. Survey of SMEs

In the survey, which presents the SME perspective, nearly 40% reported access to finance as one of the key barriers to innovation. This is particularly a factor for start-ups - those that could not access grant support were relying on personal funds or bank loans to cover early cash flow requirements until trading profitably. Finance that could reduce the risk in research and innovation was also mentioned.

iii. Study Visits & Partner Good Practices

The exchanges with RATIO project partners shows access to finance as a consistent challenge, although it ranks 4th behind skills/labour, market access and infrastructure (including broadband). Whereas the Cork partners are focused on Priority 3 - SME Competitiveness, the other partners are focussed on Priority 1 in their respective Operational Programmes - i.e. Research and Innovation. For this reason discussions on finance during exchanges and study visits related primarily to funding for SME research or engagement with research centres and so the focus was on innovation vouchers, research funding calls, preparing for H2020 calls, feasibility studies and so on. Apart from SME awareness and engagement issues with support agencies, the administrative burden of accessing public finance was a concern across the partners. The Good Practice presented on the Innovation Centre²¹ of Usti Region showed the value of small, easily accessed funding supports as a means of bringing companies into the loop, a door opener for ongoing engagement.

²¹ <https://icuk.cz/en>

iv. Current Policy & Regional Operational Programme

Under Priority 3 of the SEROP, the Measure 1 supports offer direct financial assistance to micro-enterprises in the form of feasibility study, priming and business expansion grants. Part of these grants may have a repayable element. The maximum grant payable (priming or business expansion) is 50% of the investment or €150,000 – whichever is less. Only enterprises that clearly demonstrate a potential to graduate to Enterprise Ireland can be awarded grants of €80,000 to €150,000. In addition to market research and demonstrating viability, firms must also have the potential for growth in domestic or export markets and have potential for job creation.

All grant payments are subject to the enterprises reaching agreed business targets as set out in their business plans. Priority 1 covers other research and innovation supports through the SFI Research Centres Programme, the SFI Research Centres Spokes programme and the Marine Research Programme.

Supports under national schemes and other EU schemes are available through Enterprise Ireland and Science Foundation Ireland²². These include:

1. Innovation vouchers - €5,000 for small companies to get innovative solutions to technical and business challenges.
2. Innovation partnerships - up to €250,000 for collaborative projects between companies and research teams in Higher Education
3. EI RD&I Funding - in-house Research & Development or Business Innovation projects or Agile Innovation projects
4. SME Instrument (H2020) - Phase 1 €50,000 proof of concept. Phase 2 grants in the order of €500,000 to 3 million to develop a market-ready product, service or process

v. Stakeholder analysis

Stakeholder analysis to date has not given a strong focus on access to finance. By comparison with our EU project partners, rural SMEs in this region have greater access to support systems through the LEO office network which also acts as a front-line information and referral service for other agencies. Some discussion was given to the need for financial and advisory supports

²² <http://sfi.ie/>

for family businesses during the succession phase. Successful transition to the next generation can be a vital phase for innovation and growth.

Within the broader community of stakeholders there is interest in alternative and emerging sources of finance for entrepreneurship, particularly on getting high potential start-ups investor ready.

vi. Actions

Access to Finance

Financial supports for enterprise development are available at critical points in a company's growth path through the LEO network and Enterprise Ireland from feasibility grants through priming and expansion. The role of Microfinance Ireland ²³ was also noted by the group as being valuable for small scale finance.

However, there is a difference in perception between firms and agencies in terms of the adequacy of available finance.

- A lack of awareness of what is available explains part of this difference in perception. Low awareness of Microfinance Ireland was cited as one example.
- Stakeholders pointed to the speculative nature of finance used both in start-ups and when investing in innovation or rapid growth strategies - returns are not guaranteed and so loan finance is generally neither appropriate nor available. Companies that have exhausted the potential of LEO grants will be reliant on additional investment from their social networks of family or friends.
- Ireland has not yet developed a formalised angel investor network that could provide smaller equity investments. Most angel investment activity is connected either to accelerators or informal referral networks for introductions, both of which are city based.
- For larger equity investment, we also have a very small venture capital base. There are gender and sectoral biases evident in venture capital activity, with very few companies headed by women benefitting from VC investment.
- A key issue reported by the stakeholders is that Irish entrepreneurs tend to be poor at pitching to investors.

²³ <https://www.microfinanceireland.ie/>

As part of the RATIO project we are focused on ERDF funding streams and therefore all of the above is not within the remit of this project but have been valuable insights. Below are a number of actions which have been developed:

Action 1

LEO network training, advice and mentoring supports are supported via the SEROP. In collaboration with the LEO, Cork Chamber will develop this training proposal whereby network training available should be implemented and include management training for SMEs on private equity investment, business pitching, alternative financing and contracts. Action indicator: Elevated emphasis within syllabus of LEO training courses on business pitching, finance structures and contracts.

Action 2

Funding allocated via the SEROP tend not to address the needs of those SME's that fall between the eligibility criteria of EI and the LEO network. Local Enterprise Offices (LEOs) provide a range of financial supports designed to assist with the establishment and/or growth of enterprises employing up to ten people. While EI provide funding and supports for companies, from entrepreneurs with business propositions for a high potential start-up (HPSU) through to large companies expanding their activities, improving efficiency and growing international sales. The definition of a HPSU is a start-up business with the potential to develop an innovative product or service for sale on international markets and the potential to create 10 jobs and €1m in sales within 3 years of starting up. Between these eligibility categorisations we have a break in supports and services that are accessible to SME's that employ greater than 10 employees, and which are not categorised as a high potential start-up or a large company. These SME's are not targeted by either the LEO or EI and are therefore not eligible to avail of current supports and services.

- The Southern Regional Assembly to include a policy instrument in the SEROP specifically targeting SME's that fall outside the eligibility criteria for supports and services of Enterprise Ireland and the LEO network. Action indicator: The implementation by the Southern Regional Assembly in current and future iterations of the Regional Operation Plans.

vii. Agents involved**Southern Regional Assembly (SRA)²⁴**

The Southern and Eastern Regional Operational Programme 2014-2020 was prepared by the SRA in co-operation with a wide range of partners and stakeholders. The SRA is the Managing Authority, managing and monitoring EU programmes of Assistance, co-ordinating, promoting and supporting strategic planning and the sustainable development of the region. The SRA promote effective local government and public services in the region, in conjunction with the National Oversight and Audit Commission, and are preparing and overseeing the implementation of Regional Spatial & Economic Strategies (RSES).

Local Enterprise Office network

Local Enterprise Office provides advice, information and support to those starting up or growing their business. With 31 dedicated teams across the Local Authority network in Ireland, Local Enterprise Offices offer a wide range of services. LEO's offer business information, advisory services and enterprise support, high quality training and mentoring.

The LEO network is the first-stop shop delivering locally. They are central to the local engagement aspect of these actions.

viii. Timeframe

Beginning – April 2018

End – October 2019

ix. Costs

Administration and travel costs, costs of networking and other cooperation activities for the involved agents and actors.

x. Financing Source

Budget of Cork Chamber and other involved agents to these actions.

²⁴ <http://www.southernassembly.ie/>

Date: 16.11.2018

CEO Signature:

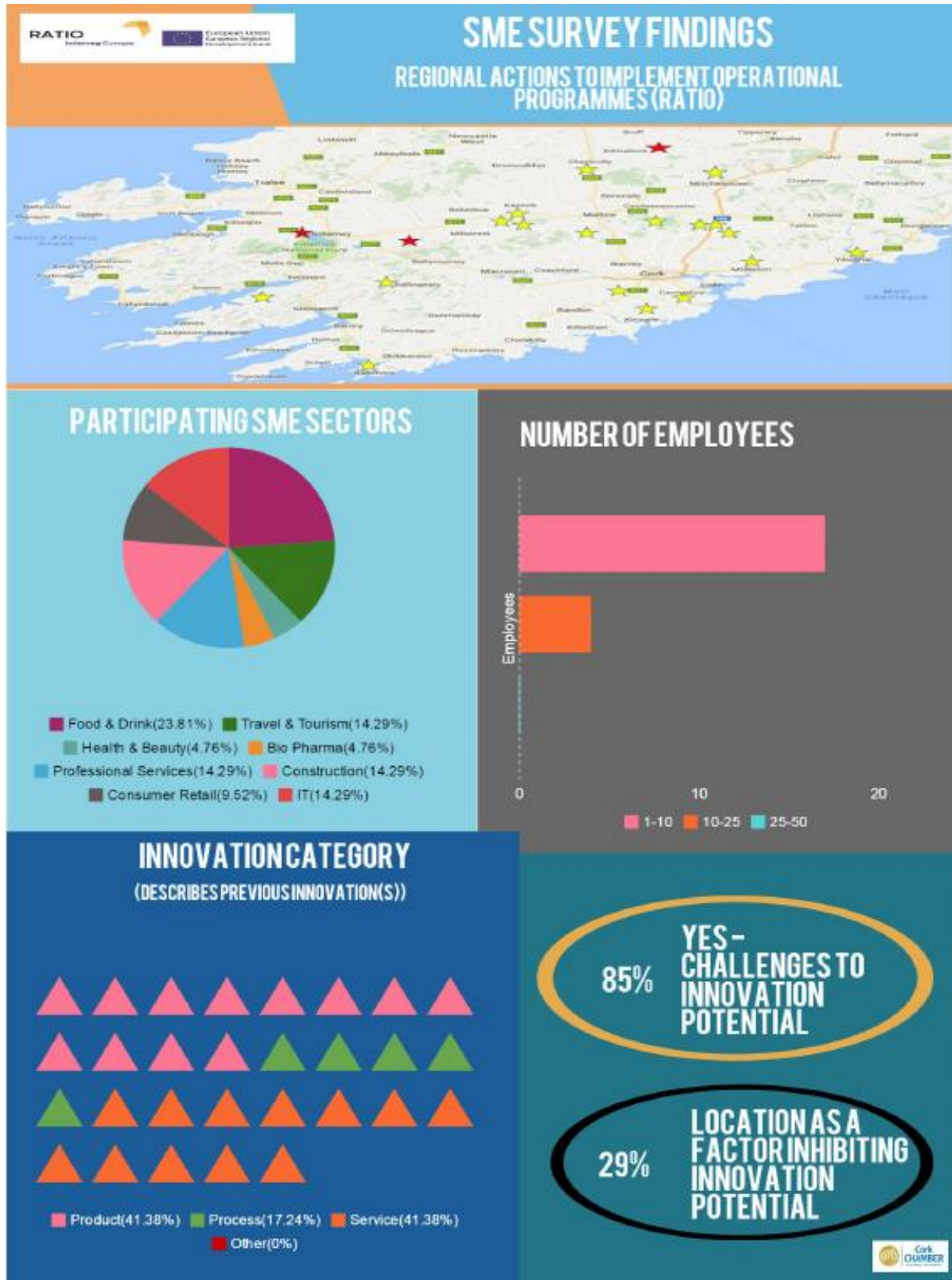


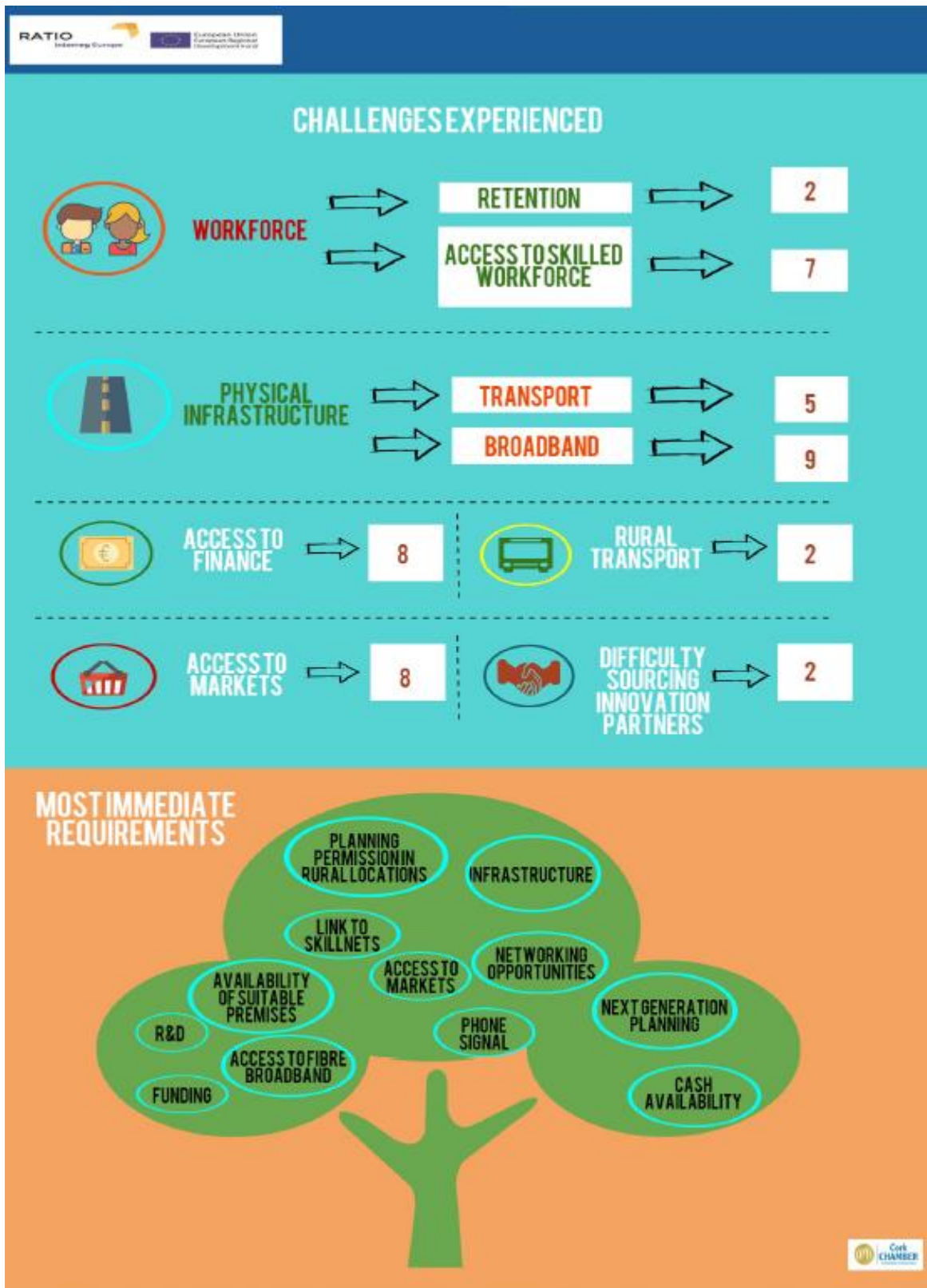
Organisation Stamp:



Appendices

Appendix 1 – SME Survey (Summary Sheet)





Appendix 2 – Letter to the Managing Authority outlining the recommendations from Phase 1



Fitzgerald House,
Summershill North,
Cork,
T23 TD90
Tel. +353 (0)21 450 9044
Email: info@corkchamber.ie
Twitter: [@corkchamber](https://twitter.com/corkchamber)
www.corkchamber.ie

Stephen Blair
Director
Southern Regional Assembly
Assembly House
Waterford
X91 F8PC

Re: Interreg Europe RATIO project Action Plan

9th April 2018

Dear Mr. Blair

I am pleased to enclose for your consideration, the Interreg Europe RATIO project Action Plan developed in close collaboration with the regional project stakeholders and focussed on the identification of key recommendations to assist in the refinement and/ or future development of a successor to the current Southern and Eastern Regional Operational Plan.

The RATIO project focuses on Priority 3, SME Competitiveness within the current SEROP, and has a specific focus on the identification of actions to grow the innovative potential of rural based SMEs. Along with our regional stakeholder grouping, it is our intention via the development of the enclosed Action plan to offer a concise evaluation of current structures and supports which promote innovative practices, to identify opportunities, and offer recommendations to capture these opportunities.

In brief, you will see in the enclosed that we have grouped these recommendations into three main opportunity areas 1) Clusters and Collaboration, 2) Human Capital and 3) Access to Finance, and have included those recommendations which we believe are the most practicable and have the highest long term value to the continued development and strengthening of an innovative and competitive SME culture.

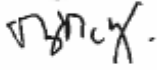
We eagerly anticipate your response and are available to discuss at your earliest convenience. Finally, I ask that you acknowledge receipt of the enclosed Action Plan (as we will also need this for Interreg Europe project reporting).

An up-to-date list of names of every Company Director, in accordance with Section 151 of the Companies Act 2014 is available on application from the Company's Registered Office.

Cork Chamber is a registered brand of Cork Chamber of Commerce, a Company Limited by Guarantee.

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VAT No. 0005247M

Yours Sincerely



Thomas Mc Hugh
Director of Public Affairs

Cc: David Kelly, Assistant Director, EU Programmes Division, Southern Regional Assembly

Appendix 3 – Letter from the Managing Authority confirming receipt of and acknowledging the RATIO actions and recommendations report.



