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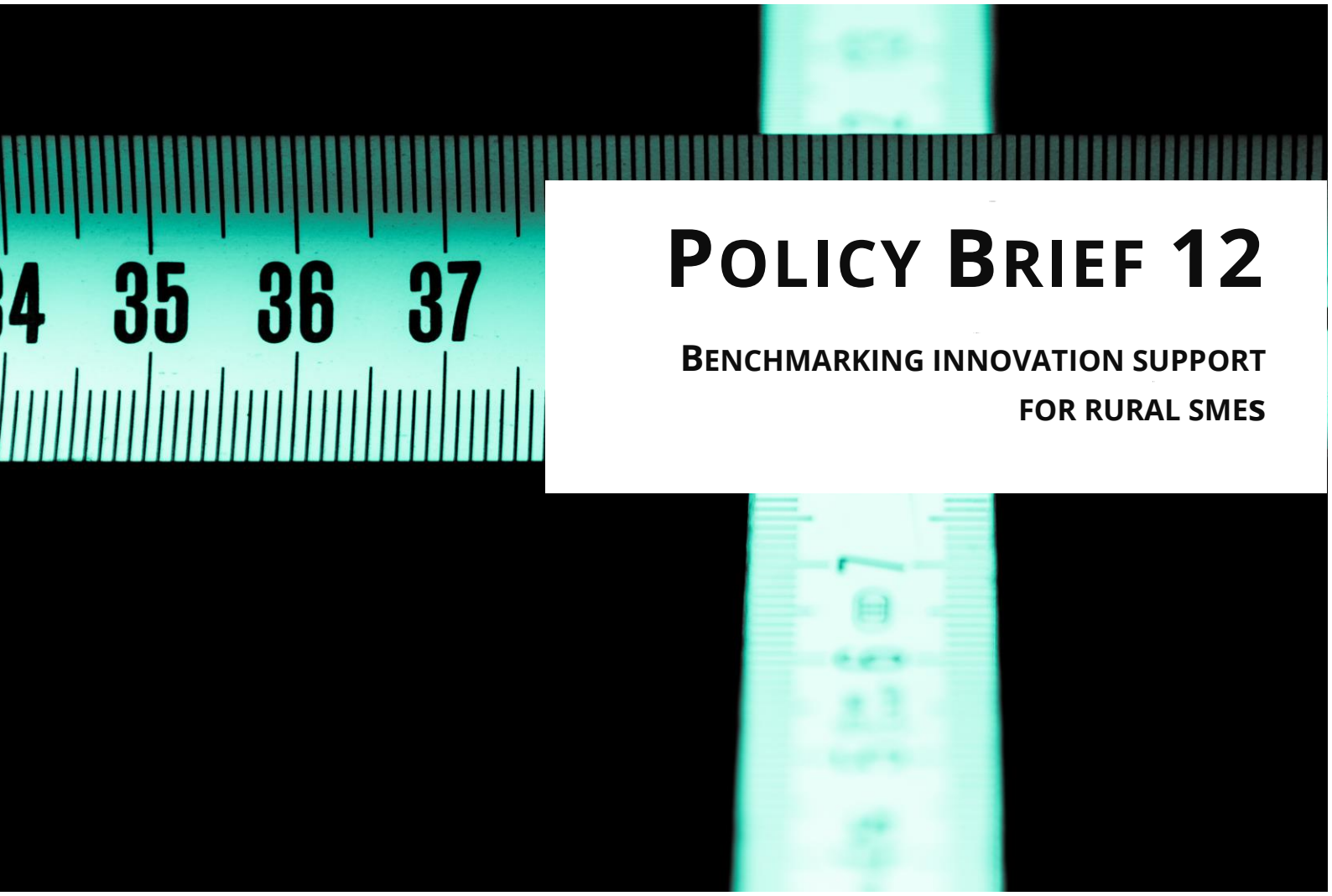


POLICY BRIEF 12

BENCHMARKING INNOVATION SUPPORT FOR RURAL SMES

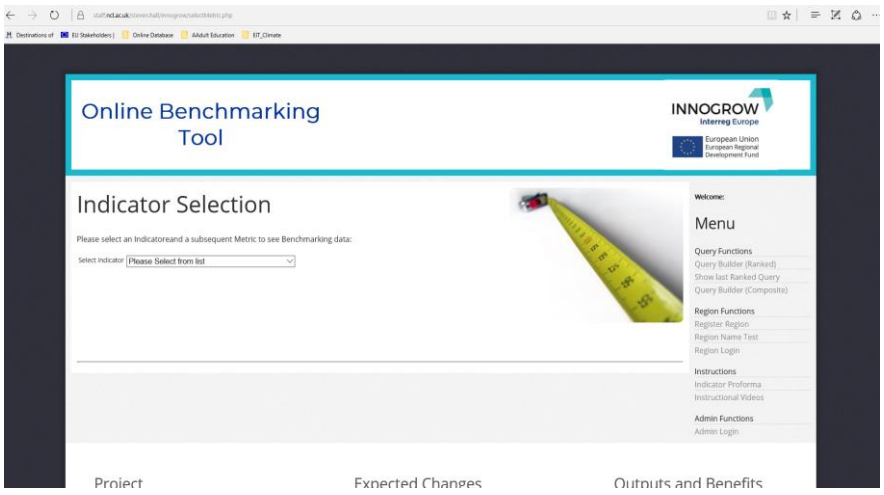
OVERVIEW

This is the latest release of INNOGROW policy briefs! This brief presents the INNOGROW benchmarking tool developed by the University of Newcastle. This is a tool that facilitates and streamlines the assessment of regions' levels of support to rural SMEs. Rural SMEs are in need of increasing their competitiveness and innovate. Using the tool, policy makers & stakeholders will identify what solutions work best in improving rural economy SMEs competitiveness, study how they work and adopt the most suitable best practices to their own regions. This brief includes a summary of the indicators used and an explanation of why they are important. Readers will also find information about secondary features of the tool and how they could use it productively to address recurring problems in identifying regional trends and addressing structural problems inhibiting growth through innovation.

The University of Newcastle as a partner of the INNOGROW project, drawing on the cumulative experience and findings of previous project activities, developed an innovative and simple to use **benchmarking tool**.

Before providing details on the tool, it is important to ask what a benchmarking tool is because it is not self-evident. Some of the conventional uses of benchmarking tools involve the following:

- ✓ **Situating own practice against best practices**
- ✓ **Improving performance**
- ✓ **adaptation**
- ✓ **Harmonizing metrics and measures**



Snapshot from the INNOGROW digital benchmarking tool

The particular tool the INNOGROW project has developed is designed to collect data on the following indicators:

Birth rate

Death rate

Business churn

Net growth

Survival rate of 3 year-old enterprises

High growth enterprise rate employment

Gazelle rates by employment

Average size of 5 year-old enterprise

Productivity contribution by size

Innovation performance by size

Exports by size

Young high growth enterprises (Turnover)

*The assemblage of metrics that figure on the list represent an attempt to gauge the **levels entrepreneurial performance** and the **support for innovation and competitiveness** boost received by rural SMEs. If, for instance, the birth rate of rural SMEs, that is, the rate by which new businesses are founded and registered, is high, it is then possible to ascertain that certain conditions are favorable. Which are these conditions? It could be that there are measures in place that promote the sustainability of rural SMEs and this impacts decision-making outcomes of investors: they know that the investment is going to be sustainable and therefore new businesses are founded. On the other hand, it may mean that for a certain period, there was increased funding available which determined the decisions taken to found businesses, irrespective of sustainability prospects. To be able to observe and then determine which of the two is the case is of outmost importance for economic planning and adjustments. If, for instance, the birth rate is high, but the very same business have a short lifetime, the working hypothesis would be different and a different approach to sustainability would be required.*

The set of indicators concerning 'high growth' enterprises and certain variables thereof (e.g. size, number of employees) captures this dimension of sustainability. A high growth enterprise is one which grows rapidly and a company that grows rapidly is one which is likely innovating in some crucial way: It could be innovation in terms of the products offered, or the supply chain structure, or any other dimension related to the business model.

The online benchmarking tool gives many options for custom benchmarking. In fact, it constitutes an 'open' tool in the sense that users co-shape its scope. They can do so by registering new regions about which they want to gauge the levels of entrepreneurial performance and compare them with other regions or countries. This function is especially relevant to the needs of regional/local authorities and other decision-making bodies who are in need of data-driven interventions but lack the resources necessary for large-scale and time-consuming research.

It is equally a useful and user-friendly tool for those without any particular stake in a region. Researchers will find the tool useful, as it integrates thematic quantitative data on businesses performance and it performs benchmarking with the least of efforts. Naturally, the sources of the built-in data sets are available to the researcher who wants to extend her inquiry or combine the tool's outputs with other data.

Existing or prospective entrepreneurs might also find use in the tool due to the type of information disclosed which may be useful to inform an investment decision. Using the tool, the entrepreneur has a one-click opportunity to compare between neighboring regions and on the basis of metrics to determine where then investment is worth being diverted.

The tool can be found in the following address:

https://www.staff.ncl.ac.uk/steven.hall/innogrow/

Tutorial videos are also available for instructional use on the same webpage.

The Policy Briefs Series on rural economy innovation is part of the EU-funded project INNOGROW developed by the Region of Thessaly, the Lombardy Foundation for the Environment, Zemgale Planning Region, The University of Newcastle upon Tyne, Stara Zagora Regional Economic Development Agency, the Chamber of Commerce of Molise, the Regional Development Agency of Gorenijska and the Pannon Novum West-Transdanubian Regional Innovation Non-Profit Ltd.

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