# Summative Assessment of Exporting for Growth (Yorkshire and the Humber) ERDF Project

## A Summative Assessment for Enterprise Growth Solutions Ltd

Final Report September 2021

## Contents

**EXECUTIVE SUMMARY** ..... i
INTRODUCTION AND CONTEXT ..... i
PROJECT OBJECTIVES ..... i
RATIONALE AND MARKET FAILURE ..... i
PROJECT ACTIVITIES ..... i
STRATEGIC CONTEXT ..... ii
GEOGRAPHICAL AND SECTORAL CONTEXT ..... ii
STUDY AIMS AND APPROACH ..... ii
PERFORMANCE: SPEND AND OUTPUTS ..... iii
BUSINESS IMPACTS ..... iii
MOTIVATIONS AND BARRIERS ..... iii
IMPACTS ..... iv
SATISFACTION ..... iv
FUTURE SUPPORT ..... v
ECONOMIC IMPACTS AND VALUE FOR MONEY ..... v
DELIVERY ..... v
IMPORTANCE AS PART OF THE BUSINESS SUPPORT "OFFER" AND STRATEGIC FIT ..... v
PROMOTION AND AWARENESS ..... vi
PROJECT MANAGEMENT AND ADMINISTRATION ..... vi
DELIVERY MODEL – STRENGTHS, BARRIERS AND CONSTRAINTS ..... vi
IMPACT AND MOST USEFUL ELEMENTS OF THE SUPPORT ..... vii
THE FUTURE AND ENHANCEMENTS ..... vii
CONCLUSIONS – PERFORMANCE AGAINST OBJECTIVES ..... viii
PROJECT LESSONS ..... viii
(A) EXPORTING FOR GROWTH ..... viii
(B) THOSE DESIGNING SIMILAR INTERVENTIONS MAY WISH TO CONSIDER ..... viii
(C) POLICY MAKERS ..... ix
RECOMMENDATIONS ..... ix
**1. INTRODUCTION AND PROJECT CONTEXT** ..... 1
1.1 PROGRAMME OBJECTIVES ..... 1
1.2 RATIONALE AND MARKET FAILURE ..... 2
1.3 PROJECT ACTIVITIES ..... 2
1.4 STRATEGIC CONTEXT ..... 3
1.5 GEOGRAPHICAL AND SECTORAL CONTEXT ..... 5

1.6 STUDY AIMS AND APPROACH ..... 6
STAKEHOLDERS ..... 7
DELIVERY PARTNERS ..... 7
SME BENEFICIARIES ..... 7
**2. PERFORMANCE ANALYSIS** ..... 10
2.1 SPEND (FINANCIAL PERFORMANCE) ..... 10
2.2 OUTPUTS ..... 10
**3. BUSINESS SURVEY** ..... 14
3.1. KNOWLEDGE OF THE PROJECT ..... 14
3.2. INTERNATIONALISATION BARRIERS AND APPROACH TO EXPORTING ..... 16
3.3 IMPACTS ..... 22
3.4 MARKETS AND TRADE ..... 24
3.5 WIDER BENEFITS ..... 25
3.6 ADDITIONALITY ..... 26
3.7. EXPECTATIONS AND SATISFACTION ..... 27
3.8 FUTURE PROGRAMME IMPROVEMENTS AND SUPPORT REQUIREMENTS ..... 30
4. Impacts, Outcomes and Value for Money ..... 35
4.1. APPROACH ..... 35
4.2. HEADLINE ECONOMIC IMPACTS AND VALUE FOR MONEY ..... 36
4.3. VALUE FOR MONEY ASSESSMENT ..... 36
**5. PROJECT DELIVERY** ..... 39
5.1. SIGNIFICANCE AS PART OF THE EXPORTING BUSINESS SUPPORT "OFFER" ..... 39
5.2. STRATEGIC FIT ..... 39
5.3. IS THE PROJECT MEETING A NEED THAT OTHERWISE COULD NOT BE MET? ..... 40
5.4. PROMOTION AND AWARENESS ..... 41
5.5. DOES IT FAVOUR/DETER ANY PARTICULAR SIZES OR TYPES OF BUSINESS? ..... 42
5.6. PROJECT ADMINISTRATION AND THE APPLICATION PROCESS ..... 42
5.7. MANAGEMENT, GOVERNANCE, AND DELIVERY ..... 43
5.8. DELIVERY MODEL ..... 45
STRENGTHS AND WHAT HAS WORKED WELL? ..... 45
WEAKNESSES, BARRIERS, CONSTRAINTS AND LESSONS ..... 47
5.9. IMPACT ..... 48
WHAT IS THE MOST IMPORTANT ELEMENT OF THE SUPPORT PROVIDED TO SMES? ... 50
**6. CONCLUSIONS AND LESSONS** ..... 53
6.1. THE FUTURE AND ENHANCEMENTS ..... 53

POSSIBLE ENHANCEMENTS ..... 53
IS THERE MORE THAT CAN BE DONE TO HELP SMES IN EXPORTING? ..... 54
THE FUTURE ..... 54
6.2. CONCLUSIONS AND ACHIEVEMENT OF AIMS AND OBJECTIVES ..... 56
6.3. LESSONS ..... 57
(A) EXPORTING FOR GROWTH ..... 57
(B) THOSE DESIGNING SIMILAR INTERVENTIONS MAY WISH TO CONSIDER ..... 57
(C) POLICY MAKERS ..... 58
RECOMMENDATIONS ..... 58
**ANNEX ONE: LOGIC MODEL** ..... a
**ANNEX TWO: CONSULTEES** ..... b

# EXECUTIVE SUMMARY

This is a summative evaluation of the Exporting for Growth (EFG) project for Enterprise Growth Solutions. It summarises the context, performance and impact of this £13.3m project designed to help SMEs internationalise in the Yorkshire and Humber regions.

## INTRODUCTION AND CONTEXT

The 'EFG' project, delivered by Enterprise Growth Solutions commenced on 01/07/2016 and has a practical financial completion date of 30/09/2021 and a financial completion date of 31/12/2021. European Regional Development Funding (ERDF) funding of £7.1m was awarded. Match funding was provided by the Department for International Trade (DIT). ERDF funding was secured from the following Local Enterprise Partnerships: Sheffield City Region, Leeds City Region and Humber[1].

### PROJECT OBJECTIVES

The strategic objectives of the 'Exporting for Growth' project included: increasing the support offered to SMEs, both first time exporters and those already exporting, across Leeds and Sheffield City Regions and Humber LEPs, in order to grow their success within international markets. The project used direct advisor engagement, information sharing, mentoring and export workshops for SMEs. These will be enhanced by an integrated advice and funding package aimed at 1,083 businesses; delivered by teams of International Trade Advisers. By the end of the project, SMEs will benefit from an improvement in their capacity and capability to export to new markets, stimulating economic growth across the LEP areas and increasing growth and demand for new jobs.

### RATIONALE AND MARKET FAILURE

The main barriers identified were as follows: costs, market intelligence, finding clients, language and culture, uncertainty of demand and regulations worries. EFG was designed to help businesses:

- Access key contacts, agents and potential customers.
- Build internationalisation capacities.
- Overcome financial barriers/concerns to investigating/entering overseas markets.
- Receive information/advice to assist with trade overseas.

### PROJECT ACTIVITIES

In short, the project was developed to enable business growth by enabling SMEs across Yorkshire and Humber regions to become more aware of export opportunities, understand how to take advantage of opportunities and provide the necessary support to help them succeed in securing international business.

[1] From the 1st of April 2021, the Humber LEP officially became the Hull and East Yorkshire LEP (HEY LEP) which covers Hull and East Riding of Yorkshire. North East Lincolnshire and North Lincolnshire are full members of the Greater Lincolnshire LEP.

It was tailored to the internationalisation requirements of each participating LEP, articulated through their key sectors, Strategic Economic Plans (SEPs) and European Structural Investment Frameworks (ESIFs) internationalisation priorities.

EFG delivered services that added value to the core DIT offer, such as:

- Support for events, trade fairs and overseas missions.
- Advice through a dedicated team of International Trade Advisors (ITAs) and sector specialists.
- Specialist advice for important growth markets.
- Diverse client engagement activities.
- A grant programme to enable SMEs to 'match fund' internationalisation projects.

## STRATEGIC CONTEXT

The Government's current Export Strategy sets out an ambition to transform the UK's export performance and raise exports as a proportion of the UK's GDP from 30% to 35%. To do this, the Government wants:

*"Businesses to expand their global footprint and take full advantage of our trading relationships in every part of the world". (2018 Export Strategy, p8)*

The project was developed in response to an ERDF call under Investment Priority 3d, *"enhancing/complementing existing international trade support provision and supporting SMEs to grow in regional, national and international markets"*. The Exporting for Growth project directly addresses this objective well as it deployed ERDF funding to directly enhance and complement the existing international trade support provision funded by DIT. In developing EFG, Enterprise Growth Solutions assessed the needs of each Local Enterprise Partnership (LEP) in the target area outlined in respective ESIF strategies and Strategic Economic Plans (see Section 1.4). EFG also held several meetings and discussions with the officers that lead on business support. These have helped to frame the project requirements and activities. The end of the project was affected by the UK's Exit from the EU and the global pandemic. Businesses were demanding different sorts of advice and international travel was not possible or at best severely restricted.

## GEOGRAPHICAL AND SECTORAL CONTEXT

All LEPs wanted to understand how the project would work collaboratively with their respective Growth Hubs and simplify the business support offer. Furthermore, with the cessation of the Business Growth Service, LEPs were interested in understanding what services could promote high growth rates amongst SMEs. Close alignment to local Growth Hubs was a key element of EFG design. EFG needed to be sufficiently flexible to meet diverse business needs from the maritime industries of the Humber to those in the rural and urban hinterlands of Sheffield and Leeds. It did this through the North and South Team with experienced advisors with local knowledge and sector specialisms.

In addition, EFG worked with a variety of partner organisations in each area including banks, the university, local authorities, the International Trade Associations and business representative bodies such as the Chamber of Commerce, IOD, CBI and FSB.

## STUDY AIMS AND APPROACH

The over-arching aims of the evaluation study were to:

- Identify whether the project had achieved its aims, objectives and targets.

- Ascertain how well the project had been delivered and managed as well as how successful it had been in delivering positive impacts, with a focus on identifying "what aspects have worked well?" and "what could be improved?"
- Assess whether there is an ongoing need for the project beyond March 2020 (mid-term) and to reflect on the project legacy (final evaluation stage).

The study involved a business telephone survey with 197 firms (150 beneficiaries and 25 counterfactuals at the mid-term stage in August 2021, and a further 22 beneficiaries at the final stage in August 2021), case studies, stakeholder interviews and workshops, desk research and an economic impact assessment and analysis of business wins data.

## PERFORMANCE: SPEND AND OUTPUTS

The original project total was £12,995,586 (£6,770,000 ERDF) which was reduced (by £1.2m and £0.4m ERDF) to £11,807,246 (£6,351,830 ERDF). £4,971,765 has been spent against a profile of £6,351,830 (78%). The figures include spend up until the end of September 2019. There is an additional eight months of spend still to account for but £1.4m to defray, so a concerted effort will be required. Much of the remaining grant will cover salaries and grants.

In terms of C1 (the number of enterprises receiving support) the project is currently at 80% of target with some five months remaining and a projected final outturn of 95% (986 businesses). There is currently a pipeline of 158 businesses who have had an offer letter, but additional companies are still being accepted into the project. On C6 (Private investment matching public support to enterprises (grants)) the target has already been achieved and is projected to be overachieved by 8% by the project closure date. The employment increase in supported enterprises (C8) is more challenging and currently at 70% at 509.5. There are still 218.5 jobs to evidence by the end of the project. Looking at the current pipeline of predicted jobs, this is thought to be achievable.

The number of enterprises supported to introduce new to the market products (C28) is someway short of target at 55% and only predicted to reach 85%. One of the challenges here is the fact that only one output can be claimed per firm despite some firms having five or more. Also recording the evidence that firms have developed a 'new to market' product has been a challenge even though the pipeline suggested there are 308 potential products within the beneficiary companies.

## BUSINESS IMPACTS

### MOTIVATIONS AND BARRIERS

A direct approach to recruit businesses was successful. The main motivations for engaging were around business growth, particularly in increasing profit (55%), learning about internationalisation (49%) and wanting to explore a specific export opportunity (33%). For counterfactuals surveyed, the predominant reason for not progressing the support was a change in circumstance (11 responses, 44%).

The most cited barrier was 'costs' (19% of responses), followed by 'market intelligence' (17%). Other barriers included finding contacts overseas, accessing sufficient finances (through investment or grant support) and understanding around legal and regulatory requirements and general language and culture barriers (between 12% – 8% of total responses). 85% of beneficiaries stated that the barriers they mentioned were 'Definitely'

(58%), 'Very Probably' (12%) or 'Probably' (15%) going to be overcome as a consequence of the support. Two thirds of the counterfactual sample received no alternative support.

## IMPACTS

From a scale of 1 (no improvement) to 10 (significant improvement), the weighted average was 6.4 for those who received EFG support and 4.0 for counterfactuals. Those that received support made better progress. 92% of all businesses have, will or may achieve business wins through exports. Profits for 83% have already, will or may be achieved as a result of the intervention, and new jobs have, will or may be created for 82% of beneficiaries too. 74% have, will or may bring new products or services to the market.

Companies already have, will or may achieve several wider internationalisation benefits including 'access to potential customers' (94%), 'improved reputation, credibility and profile' (92%), 'access to key contacts and networks' (91%), and 'improved capability to internationalise' (90%). Just over half (55%) of beneficiaries have, will or may increase efficiency or reduce costs; just over a quarter (27%) have, will or may reduce waste and 26% have, will or may be involved in the development of low carbon goods and services.

The figures for additionality show a low level of deadweight with just 6% (11 of 172) of respondents claiming that the 'benefits would have occurred in exactly the same way'. 16% (23 of 172) reported pure additionality (i.e., the 'benefits would not have occurred at all') and 73%, reported time and/or scale additionality.

The 22 businesses interviewed for the final evaluation were asked about how they were managing the new UK-EU trading relationship since the UK's Exit from the EU. Four businesses were doing Very Well or Well. Most businesses (nine businesses, 41%) said that they were managing the new trading relationship adequately and six businesses (28%) said they were doing either Poorly or Very Poorly. That said half of businesses interviewed felt that the value of their exports might increase by more than 10% over the next twelve months and no businesses believed that their exports would decrease. The most common new markets businesses wanted to target for exporting goods were China and North America and least common Africa and India. The EU made up 31% (25 responses) of responses for new target markets.

Seven recent business survey respondents (32% of responses) were either already increasing trade with non-EU market partners or considering doing so. Four respondents (18%) said they may consider doing so in the future. Five respondents of the 22 said they would not increase trade or exploit new trade deals with existing non-EU market partners. Five were unsure.

## SATISFACTION

42% of beneficiary respondents (63 of 172) said the programme either significantly or slightly exceeded their expectations, while 50% (86 respondents) found it was in line with expectations and 5% (8 respondents) said it did not meet their expectations (only 3% of the survey found it 'well short' of expectations). For those whose expectations were exceeded, respondents praised the "*quality of advice*", "*professionalism*", "*speed of service*", and the level of *"knowledge and efficiency"* of the business advisors (22 citations), leading to a strong positive experience and good relationships between SMEs and advisors. For many, the project had a significant commercial impact, leading to *"increased sales"*, *"20% increases in profit"*, *"leads to two major deals"* and one business claiming that *"We wouldn't be in business without this support"*.

On the subject of assistance received, 95% of beneficiaries and 84% of counterfactuals rated the professionalism and knowledge of the advisors as 'Excellent' or 'Good'. The action plans that were identified were also rated as 'Excellent' or 'Good' by 83% of beneficiaries and at 60% for counterfactuals (which is not surprising seeing as they did not complete the programme beyond some initial advice). The analysis of business requirements was also seen to be 'Excellent' or 'Good' by 81% of beneficiaries and 72% of counterfactuals, however 8% of counterfactuals did note this to be very poor – which may provide some explanation as to why some did not follow the project through to completion.

The speed of enquiry handling by administrative teams was also deemed to be positive overall, however a higher proportion of the beneficiary respondents did note this to be 'Good', more than other aspects, indicating possible scope for improvement. The suggestions on how to improve the programme could be grouped into a few themes: Administration and procedures, event planning, application processes and advisor knowledge (See Section 3.8).

### FUTURE SUPPORT

21 different potential future internationalisation barriers were identified, with SMEs stating that all but one barrier would require support to overcome. 'Brexit' was the largest future challenge (47 responses), with 84% stating they would need support to address it. 'Costs' was an issue raised by 28 respondents, with 76% needing support again. 'Language and Culture', 'Accessing Finance', 'Finding Contacts' and 'Market Intelligence' were all quoted between 25 to 14 times by beneficiaries, with at least 75% desiring support. For the sample of 25 counterfactuals, again 'Brexit' was the main area where support may be needed in the future (five responses). Other areas were 'Accessing Finance' (three), 'Market Intelligence' (three), 'Language and Culture' (three).

## ECONOMIC IMPACTS AND VALUE FOR MONEY

The project has created 2,081 gross FTE jobs (1,378 direct and 703 indirect) and a total NPV GVA of £99.4 million. The estimated NPV GVA of £99.4m would result in a cost benefit ratio (CBR) of 1:7.5 i.e., each £1.00 of public investment will generate £7.50. This is within the range expected for this kind of initiative. For instance, a review by CRESR of evidence for general business support activity cites a BCR of 1:6.0 to 1:8.7[2].

The total project cost per business assisted is £18,023 and the cost per gross job generated to date is £6,383. The cost per business assisted at £18,023 is above the median expected for this kind of activity but well below the mean which ranges from £4,700 lower quartile to £10,000 (median) and £34,000 (mean)[3]. The cost per gross job generated (£6,383) is at the lower end of what is expected for this kind of activity which varies from £12,000 (lower quartile) to £26,000 (median) and £71,000 (mean)[4]. The project therefore is good value for money especially considering the wide geography and diverse business base it covers.

The infographic at the end of the executive summary highlights the key impacts and survey headlines.

## DELIVERY

### IMPORTANCE AS PART OF THE BUSINESS SUPPORT "OFFER" AND STRATEGIC FIT

EFG is universally recognised as an important part of the business offer; described as useful, flexible and tailored. It meets a real business need, supporting companies in their strategic growth plans and providing an

[2] Valuing the Benefits of Regeneration, 2011, Figure 4.8
[3] England ERDF Programme 2014-20: Output Unit Costs & Definitions, A Final Report by Regeneris Consulting, 2013, 96
[4] Op. Cit.p10.

'incentive to venture overseas'. The support provides an initial hook to help companies take that first step, be well prepared for entering a new market or receive capacity building, where export potential has not been realised. Direct contact with advisers ensures companies receive comprehensive information, maximise their return on investment and gain access to wider support.

EFG fits well with LEP priorities to increase exporting and national objectives, building resilience to ensure firms have exporting capability in advance of Brexit. There is not an explicit focus on sectors, but the research found some evidence of uptake by those in LEP priority sectors. Alignment with other business support and trade activities was strong and EFG was not thought to duplicate complementary activity. The project team work collaboratively with other bodies e.g., facilitating joint events with regular networking between ITAs and LEP business advisors. There is more that could be done to align with inward investment activity.

## PROMOTION AND AWARENESS

Partners have played a key role in promotion through joint workshops and social media. The project has 'helped open the door to the wider DIT offer'. The messaging for the project was well-pitched and has improved from the early phase of the project. Stakeholder publicity has been helpful, and the project team adopted a very flexible approach to promotion. There is always more that could be done collaboratively to promote the programme, though it is the volume of activity rather than the quality that could be increased. ITAs promoted EFG to their own clients and developed operational links with local intermediaries and partners (Chambers, LEPs, banks and the FSB).

Suggested improvements included a plan for identifying new companies and ensuring the DIT message to avoid confusion in the exporting arena. Some ITAs send firms monthly client communications. Smaller companies were thought to be better positioned to absorb the support. The level of support was not as attractive to larger SMEs or those who wanted to make decisions very quickly (despite the relatively swift application process), or to those wishing to attend larger, more expensive trade shows. The process did deter some firms including those who were 'time poor' and ITAs had to do some hand-holding to retain their clients.

## PROJECT MANAGEMENT AND ADMINISTRATION

The process has improved over time, but EFG still has too much paperwork, repetition and duplication, and it can take firms (and their ITAs) a disproportionate amount of time to complete. The need for wet signatures seems outdated. Refinements to the process have improved the experience but there is scope for further simplification. The Undertaking in Difficulty ruling is too strict, excluding too many companies. The project has been well managed with knowledgeable and experienced staff. Audits suggest it is a very well-received and run programme. The project processes took time to set up, which did impact on the early delivery phases. The organisations involved have been good at communicating and co-ordinating with each other. Partners receive high level intelligence about the programme. The core staff team was increased to cope with changing programme demands. The project has agreed its intended activities to a high standard.

## DELIVERY MODEL – STRENGTHS, BARRIERS AND CONSTRAINTS

The project demonstrates many strengths and was very well received. The alignment with the core DIT offer and local services was a 'masterstroke'. The simplicity of EFG and the fact it could be used for a range of activities was appreciated. Businesses commented positively on their experience, the activities and the outcomes achieved. Many firms go on to self-fund their own activity and enter new markets (see impacts section). The project is an invaluable tool to help companies become better prepared for exporting, reducing

risk and exposure. The project is helping to stimulate innovation, new markets and new product and service development in order to grow local economies by encouraging firms to look outside of UK.

EFG is managed by high calibre, dedicated staff. It has a straightforward and flexible application process combined with swift payment once the paperwork has been agreed. The funding support has helped firms implement projects as part of a wider export strategy discussion and process of engagement. The offer of financial support makes ITAs work with companies in a formal and structured way. Strong regional partner relationships have been developed. EFG is a flexible, well-administered programme that shows good results. It is a good SME 'conversation starter', offering a fast process, access to target markets and links to DIT support.

The level of paperwork and management information in proportion to the grant size is too onerous for some. The administration and clarification of eligible costs can take some time and be off-putting. The diminishing grant size has affected the quality of applicants. Limited resources have affected demand levels and the potential for larger scale, strategic activity. There could be a greater focus on new markets. The 'Undertakings in Difficulty' ruling means some potential exporters are rejected. The huge variation of companies means their requirements are quite diverse. Outputs can take some time to materialise (see next section). The current political landscape is acting as a brake on some activity. There has been a lack of consistency in terms of the grant value and changing policies and procedures. There is only one application allowed, meaning some useful follow-up activity is excluded. There should be greater clarity on eligible expenditure.

## IMPACT AND MOST USEFUL ELEMENTS OF THE SUPPORT

ITAs were able to cite many impacts achieved, from increased sales to new clients (see Section 5.9). Companies met new contacts at trade shows, industry events and meetings, and, in turn, gained a better awareness of markets and made new connections. Many companies wouldn't have been able to commit to events without the support. Firms have invested in digital enhancements, generating new leads as a result. ITAs demystified exporting and laid out practical steps with the added incentive of a grant offer. For some, this resulted in substantial investments overseas. Some impacts can take a while to materialise, whereas others can happen very quickly. Access to financial support combined with advisor support was a key trigger point for action for many. The project was used by some firms to meet potential clients and secure partner contacts. The planning stage was invaluable for companies that didn't really know what they wanted. SMEs valued the strategic discussion offered, with many receiving on-going mentoring, advice and support with their paperwork. The accessibility of the ITA is an important feature.

## THE FUTURE AND ENHANCEMENTS

Suggested project enhancements included a differentiated offer for smaller companies, with intensive handholding at the earlier stages (a human interface rather than a digital solution). Allowing companies to access support on multiple occasions would be beneficial for higher potential companies. ITAs would like to see minor refinements, including an online application and claim system and perhaps a differentiated offer for larger and smaller firms. Additional project elements such as a modest programme of workshops and support for trade delegations. It would be possible to broadcast the project more widely with the DIT or LEP ecosystem and link into more specialist support. The feel and design of many of the forms could be more user friendly, concise, streamlined and professional. ITAs would like to see a higher scale of financial support for existing exporters and some follow-on support. Clients would like more clarity about the implications of trading with Europe and what will happen after the programme ends.

If ITAs could change anything to about the process to make it easier they would automate, reduce and simplify the paperwork and adopt a more flexible interpretation of the Undertakings in Difficulty ruling. They would like greater consistency of rules, information and criteria with greater certainty. The limited clarity on the scope of the Shared Prosperity Fund and the proposed focus on larger firms and private sector networks received was a concern. The proposed shift to the Northern Powerhouse delivery should not be at the expense of local delivery and understanding of business needs. ITAs were overwhelming positive about this kind of support continuing post Brexit when internationalisation support needs are likely to increase. ITAs feel uncertain about future demands for their services and would like further clarity on whether their expertise will be required.

## CONCLUSIONS – PERFORMANCE AGAINST OBJECTIVES

In terms of the Objective 1 to 'identify and engage SMEs to create jobs and growth through export sales', there is clear evidence of firms being reached and of continuous engagement with the DIT. Objective 2 ('providing SMEs with a programme of business support with specialist advice') has also been achieved. In terms of Objective 3 ('to significantly increase the number of SMEs across Yorkshire and Humberside that are exporting and increase the volume of export related sales generated by the area'), there has also been substantial progress. Many ITAs were able to cite examples of job creation (see also the impacts section), though it was noted that it can take some time for jobs to come to fruition, up to five years, and some companies found it easier than others to do so. There are wider benefits too, including new business relationships. The support alone does not always lead to direct sales but can be part of wider plan of internationalisation activity. This project would have been hard to deliver outside the LEP and DIT network. These close links bring access to data, national communications infrastructure and ecosystems. The project is meeting its aims, companies are now exploring exporting and putting in the right processes to achieve this. EFG is *"a useful, practical application that is helping to get more companies exporting"*. (Stakeholder)

## PROJECT LESSONS

### (A) EXPORTING FOR GROWTH

EGS Ltd may wish to consider:

- Giving absolute clarity to applicants about the administrative requirements, eligibility and spend regulations for new export support measures.
- The use of technology and electronic signatures in future programmes to reduce the paperwork.
- Refinements to the client journey to simplify the procedure where feasible.
- Agreeing the scope of the fund and eligibility from the outset e.g., UK activities with an international focus.
- Allowing multiple applications, a tiered system of grants with larger amounts available for larger companies or for those with more substantial projected impacts and follow-on support measures. It might be possible to alter the intervention rate too in favour of smaller SMEs.

### (B) THOSE DESIGNING SIMILAR INTERVENTIONS MAY WISH TO CONSIDER

- Allowing sufficient time for economic impacts and results to come to fruition.
- When you design a programme and set criteria, keep it the same throughout the delivery period where possible to avoid confusion.
- Maximising recruitment and uptake by sourcing ITAs with strong SME networks, combined with a portfolio of central marketing activities including lead generation and promotion.

- Keep the application and monitoring process as simple as possible, avoiding duplication and prioritise on-line solutions.
- Be flexible on the indicative activities in scope (this feature was welcome by ITAs delivering EFG).
- The blended approach of strategic advice and financial support, with additional specialist expertise where required, is likely to maximise the return on investment.
- Ensuring swift payment turnaround times.
- The importance of links to mainstream activities and the local business support landscape – strong DIT and LEP connections were a key feature if the EFG project. EFG has shown that effective alignment and joint promotion pays dividends.
- A face-to-face or video approach over a web advice. *"The experience of the experts is difficult to put on a website. The personal interaction between client and adviser, and the nuances of reacting to what is said, cannot be recreated on a website".* (Stakeholder)

## (C) POLICY MAKERS

- Ensure that post-EU funds there is sufficient provision for regional programmes to support internationalisation activities. A proactive stance on SME international trade would be well received and stakeholders would welcome greater clarity on future trade support.
- Recognise the importance of joining up programmes and ensure they are consistent in terms of their policies for targeting and segmenting the market.
- There was a plea to not make the paperwork so onerous, companies dislike the box ticking forms generally.
- Join up DIT programmes more e.g., linking trade with inward investment.
- Consider how the evidence for new product to market and firm indicators could be simplified and perhaps more than one per beneficiary allowed (to be counted towards output targets).

## RECOMMENDATIONS

I. Developing an on-line application and claim system.
II. Consider developing a differentiated offer for larger and smaller firms and the potential for follow-on applications offering deeper support.
III. Disseminate the lessons and evaluation findings widely amongst interested parties (chambers, via complementary activities etc) and stakeholders.
IV. Lobby and secure funding for:
    a. Continued face to face/video support for Yorkshire and the Humber SMEs wishing to trade.
    b. Enhancements to export support measures such as workshops, specialist support including 'Language and Culture', 'Accessing Finance', good quality affordable research, a focus on sectors/joint company propositions and discrete work around the expansion of existing markets and buyer and seller events/platforms. Support on contacts and networking.
    c. Advice for new exporters and support for 'easy first steps' for exporters, given that working with the EU is a not as straightforward as it was.
    d. To signpost tailored and specialist export support over the next 12 to 18 months to help businesses to adjust to, and compete in, the post-EU Exit trading environment.
    e. Sessions on overcoming barriers and exploiting opportunities from the UK-EU Trade and Co-operation Agreement. These could be aimed at helping those that have learned to cope with EU barriers to apply themselves to more distant markets.
    f. Consider a mission programme to explore potential new markets and promote potential opportunities in markets where FTAs are in place or look promising.
    g. Helping firms to recover from the effects of the pandemic by developing new programmes to help firms (i) use digital technologies to export for the first time or to grow exports and

exploit new technology applications (AI, IoT, 5G and robotics) (ii) build supply chain resilience and (iii) ensure firms are able to offer Covid-19-related technologies and solutions.

Exporting for Growth (EFG)

# in Numbers

## Impact

**2,081**
Gross jobs
(1,378 direct, 703 indirect)

**£99.4m**
NPV GVA

**£1.00:£7.50**
Return on investment

**£18,023**
Unit cost per business supported

**83%**
Have, will or may increase(d) profits

**82%**
Have, will or may create(d) jobs in the next 12 months

**89%**
Report some form of additionality
(Time, scale, pure additionality etc)

**45%**
Reported business wins through exports already
(24% expect wins in next 12 months)

**£6,383**
Unit cost per gross job

## Service

**95%**
Rate professionalism as excellent or good

**81%**
Rated analysis of their requirements as excellent or good

**42%**
Reported expectations were exceeded
(50% were in line with expectations)

**85%**
Reported they were overcoming barriers as a result of the support

## Business Reach

**43%**
Recruited by direct approach from advisers or DIT

**94%**
Have, will or may have access(ed) new customers

**91%**
Have, will or may have improve(d) their reputation or profile

**91%**
Have, will or may gain(ed) access to key contact or networks

# 1. INTRODUCTION AND PROJECT CONTEXT

This chapter introduces the EFG project and sets out its key objectives. It highlights the rationale for the project and the market failures being addressed. The project's activities and approach are summarised, and the strategic, geographical and sectoral context assessed. The chapter concludes with a summary of the study aims and objectives.

The project commenced on the 1st of July 2016 and was due to end on the 31st of March 2020. Following a project change request, it was extended to the end of 2021. In total, ERDF funding of £7.1m was awarded towards total project costs of £13.3m. Match funding was provided by the Department for International Trade (DIT). ERDF funding was secured from the following Combined Authorities and Local Enterprise Partnerships:

- Leeds City Region
- Sheffield City Region
- Humber LEP[5]

The project is delivered by Enterprise Growth Solutions Limited, a subsidiary of Exemplas. Exemplas is a private group of companies (that merged from the University of Hertfordshire) that provides a range of business improvement and programme management services.

## 1.1 PROGRAMME OBJECTIVES

The strategic objectives of the Exporting for Growth project are:

- To raise awareness amongst SMEs that are based in the Leeds and Sheffield City regions and Humber LEP of the opportunities presented by trading in overseas markets.
- To increase the number of SMEs that are based in the Leeds, Sheffield and Humber and that are considering trading internationally.
- To address barriers to trading internationally that are faced by SMEs.
- To increase the number of SMEs engaging with the DIT service.
- To enhance the international trade capabilities of SMEs based in the Leeds, Sheffield and Humber.
- To increase the number of SMEs based in the Leeds, Sheffield and Humber that trade internationally.
- To increase the value of goods and services exported from Yorkshire and the Humber.

The specific objectives of the project are to achieve the following by end of 2021:

- To assist 1,083 SMEs.
- To support the creation of 728 additional jobs.
- To leverage £2,871,314 of additional private sector investment.

[5] From the 1st of April 2021, the Humber LEP officially became the Hull and East Yorkshire LEP (HEY LEP) which covers Hull and East Riding of Yorkshire. North East Lincolnshire and North Lincolnshire are full members of the Greater Lincolnshire LEP.

- 103 new products/services to market.

## 1.2 RATIONALE AND MARKET FAILURE

The background context to the project was linked to the fact that only a small proportion (approximately 20%) of UK businesses sell products and services overseas, comprising of only 9.8% of SMEs and 41.7% of large businesses (2018). With the Government's Industrial Strategy setting clear aspirations to double exports to £1 trillion per year and get 100,000 more companies exporting by 2020, this programme was part of the practical response to reach these goals. Similar aspirations were reflected in the ESIF strategies of the Leeds, Sheffield and Humber LEPs, which all set targets for increasing exports by encouraging new exporters and increasing the propensity of existing or intermittent exporters to grow.

In these regions, demand for Trade Investment services had increased, with 2,300 SMEs receiving Trade Advisory Services per year. Following the success of previous programmes and the high demand and potential returns from public investment, the targets set for EFG were at the time seen to be achievable with the supply of grant finance being a bigger issue than the demand for it.

In terms of the design of the programme's support, several market failures and consequently barriers to internationalisation were targeted:

- Costs of entering new overseas markets.
- Lack of relevant knowledge.
- Uncertainty of demand, regulations and benefits of entering new overseas markets.

Several studies demonstrated the link between successful international trade and innovation/high growth, including Economics Paper 5 *"Internationalisation of Innovative and High Growth SMEs"* (BIS, 2010), which explained the need for public intervention to overcome market failures/barriers to export:

*"Expansion into new export markets will be a key route to growth for many British enterprises, highlighting the importance of exporting as one of the factors which will contribute to returning the UK economy to stronger growth". (2010 BIS Economics Paper 5, p ix).*

Within this context, EFG addressed key market failures including a lack of awareness of the potential benefits and access to a trusted intermediary. In Leeds, Sheffield and the Humber, many firms needed easier access to information and market research to overcome the barriers and challenges (perceived and real) to exporting. Inexperienced exporters often underestimate the benefits and overestimate the risks. Even experienced exporters were reluctant to venture into new markets where they couldn't adequately assess risk(s).

EFG was designed to help businesses:

- Access key contacts, agents and potential customers.
- Build internationalisation capacities.
- Overcome financial barriers/concerns to investigating/entering overseas markets.
- Receive information/advice to assist with trade overseas.

## 1.3 PROJECT ACTIVITIES

The Exporting for Growth project aimed to provide a programme of advice and guidance, events and financial support encouraging SMEs to investigate, research, explore and engage with new overseas markets.

In short, the project was developed to enable business growth by enabling SMEs across the Leeds and Sheffield City Regions and the Humber to become more aware of export opportunities, understand how to take advantage of opportunities and provide the necessary support to help them succeed in securing international business.

It was tailored to the internationalisation requirements of each participating LEP, articulated through their key sectors, SEPs and ESIF internationalisation priorities. The LEPs all had economic growth and job creation at the heart of their strategies, recognising that overseas markets offered an opportunity for SMEs that was not universally considered.

It delivered services that added value to the core DIT offer, such as:

- Support for events, trade fairs and overseas missions.
- A dedicated team of ITAs (north and south teams) and sector specialists.
- Specialist advice for important growth markets
- Diverse client engagement activities.
- A grant programme to enable SMEs to 'match fund' internationalisation projects.

The core DIT service provides customer engagement and administration activity, advice service from ITAs and events such as language workshops etc. The project offers co-investment funding for internationalisation activity, recognising that co-investment is particularly important to early-stage exporters to help convince them that exporting is both viable and profitable. This offer remained consistent throughout the whole project though as noted later, delivery had to be adapted in response to economic shocks as a consequence of the UK's Exit from the EU and the Coronavirus pandemic.

## 1.4 STRATEGIC CONTEXT

The UK Government has provided support to the business community, through the Department of International Trade (and its network of embassies across the globe), over several years through a variety of programmes and initiatives. Other support is and has been available from Chambers of Commerce and other business support agencies and private advisors. The DIT has been promoting a high profile "Exporting Is Great" campaign for some time, but there has been, and still is, a sense that British businesses could do much more to maximise the global trade opportunities and there has been renewed emphasis on global trade opportunities following the UK/EU Trade and Co-Operation Agreement.

Prime Minister Teresa May launched the Government's Export Strategy at the time of the mid-term evaluation which set out an ambition to transform the UK's export performance and raise exports as a proportion of the UK's GDP from 30% to 35%. To do this the Government wants:

*"Businesses to expand their global footprint and take full advantage of our trading relationships in every part of the world". (2018 Export Strategy, p. 8).*

Within this context, EFG addresses key market failures including a lack of awareness of the potential benefits, lack of access to a trusted intermediary and insufficient finances to take advantage of overseas opportunities.

EFG was designed to deliver Investment Priority 3d, *"enhancing/complementing existing international trade support provision and supporting SMEs to grow in regional, national and international markets"*. The call aims to support the capacity of SMEs to grow in regional, national and international markets and to engage in innovation processes by providing expert advice, events and financial support that will encourage and assist SMEs to investigate and move into new markets. The project will contribute to the Specific Objective to

increase the growth capability of SMEs by enhancing the capability and capacity of SMEs and their leaders to exploit opportunities in overseas markets, leading to an increase in turnover, productivity and jobs created in SMEs (see Project Logic Model in Annex One).

The Enhancing International Trade Performance call requires projects to enhance and/or complement existing international trade support provision. The Exporting for Growth project directly addresses this objective well, as it deployed ERDF funding to directly enhance and complement the existing international trade support provision funded by DIT.

In developing EFG, Enterprise Growth Solutions assessed the needs of each Local Enterprise Partnership (LEP) in the target area outlined, in respective ESIF strategies and Strategic Economic Plans (see next section). EGS also held several meetings and discussions with the officers that lead on business support. These have helped to frame the project requirements and activities.

All LEPS wanted to understand how the project would work collaboratively with their respective Growth Hubs and simplify the business support offer.

The UK voted to leave the EU in 2016 and officially left the trading bloc - its nearest and biggest trading partner - on 31 January 2020. The EU-UK Trade and Cooperation Agreement concluded between the EU and the UK sets out preferential arrangements in areas such as trade in goods and services, digital trade, intellectual property, public procurement, aviation and road transport, energy, fisheries, social security coordination, law enforcement and judicial cooperation in criminal matters, thematic cooperation and participation in Union programmes. It is underpinned by provisions ensuring a level playing field and respect for fundamental rights.

While it will by no means match the level of economic integration that existed while the UK was an EU Member State, the Trade and Cooperation Agreement goes beyond traditional free trade agreements and provides a solid basis for preserving our longstanding friendship and cooperation[6]. The Trade and Cooperation Agreement, signed on 30 December 2020, was applied provisionally as of 1 January 2021 and entered into force on 1 May 2021.

Our own research shows that Yorkshire and the Humber has suffered an economic shock as a result of the UK's EU exit. There is a high degree of variability in the impact of EU Exit across the region depending on the nature and depth of trade integration with the EU and the degree of preparedness of sectors and individual businesses.[7] The impact of EU transition on local companies varies according to company size, sector and export maturity.

The new trade arrangements may make it harder to encourage SMEs to export, as the EU is no longer an easy access 'export training ground'. Those companies that have managed to navigate the changes successfully are perhaps better placed to exploit new non-EU markets.

In parallel, Covid-19 reached the UK in late January 2020. On 23 March 2020, the UK went into lockdown with the government imposing a stay-at-home order banning all non-essential travel and contact with other people, and shut almost all schools, businesses and gathering places. Once this was lifted, tiered restrictions and a third lockdown introduced. In a post Covid world, trade has changed.

[6] https://ec.europa.eu/info/strategy/relations-non-eu-countries/relations-united-kingdom/eu-uk-trade-and-cooperation-agreement_en

[7] See for instance UK/EU Trade and Co-Operation Agreement Implications for West Yorkshire Businesses and Sectors.

COVID-19 has revealed the fragility of global supply chains. Certain sectors, manufacturing and food for instance, have not been severely impacted and have even experienced growth. Conversely, the hospitality, leisure and tourism industries have been particularly adversely affected and will require support to recover.

Businesses are making increasing use of digital technologies. Firms have had to look at new technologies and solutions. This has offered a market growth pathway for some innovative regional firms to diversify quickly into new international markets and create jobs. Covid Security and 'Covid Etiquette' is likely to be important in all global markets. Ensuring regional firms have in place up-to-date protocols, safe and secure working practices and relevant testing certificates has been important. Advisors have been asked advice on demonstrating country/market compliance and contingency plans for employees travelling and working overseas and overseas operations. This is likely to remain an important feature of future international travel and doing business responsibly overseas.

## 1.5 GEOGRAPHICAL AND SECTORAL CONTEXT

EFG needed to be sufficiently flexible to meet diverse business needs across all of Leeds, Sheffield and Humber, with a wide range of SMEs operating in a variety of sectors, at a multitude of scales and experience levels. Close alignment to local Growth Hubs and other local support was a key element of EFG design. With the cessation of the Business Growth Service, LEPs sought to simplify their business support offer and were interested in understanding what services could promote high growth rates amongst SMEs. EFG aligns closely with the Government's ambition to enable more SMEs to consider and seek to take advantage of overseas markets through international trade.

In addition, EFG worked with a variety of partner organisations in each area including banks, universities, local authorities, the International Trade Associations and business representative bodies, to deliver a range of additional events and activities.

In Leeds, the LEP strategy recognises that "some firms and universities in the City Region have significant links with international trading partners", but that the Region's economy "lacks the international connectivity which is commensurate with its assets". Only 8% of the region's firms export out of the UK, and 6% outside of the EU. Part of the remit was the Export Acceleration Programme; focusing on increasing current export sales by enhancing and localising core UKTI offers, which is hoped to help drive productivity gains and new jobs for these firms. Other EFG objectives (including 1 and 2), focus strongly on outreach and support for current non-exporters, helping to establish some of the missing connectivity mentioned as a localised market failure in the regions ESIF strategy.

For Sheffield's Strategy, increasing exports is the 4$^{th}$ priority action area, with the region having the potential to "lead the UK on export performance, given unique capabilities and specialisms in markets with a high propensity to export". Key barriers have been identified, namely SMEs "lack of awareness of their export potential, under-estimating potential benefits of exporting, and overestimating potential costs and risks", on top of initial costs, legal and regulatory issues, customs issues and access to contacts. The EFG project's strong focus on outreach and awareness raising aimed to address these knowledge and awareness-based issues, with supplementary advice and grant packaging addressing issues of cost and contacts, as well as more technical issues of regulation and customs.

Finally, the Humber regional context is focused on an economic basis of being the "largest trading estuary in the UK (by tonnage) and the fourth largest in Europe", offering "excellent access to export markets through shipping routes and playing a key role in meeting the UK's energy needs". Nevertheless, only 12% of local

businesses currently export (sitting below the national average of 20%). The EFG project matches the Humber LEP's strategy to increase exports and its desires to develop an international reputation for low carbon goods and renewable energy. International trade is seen as a way of supporting SMEs to create both high skilled and entry level jobs for residents in the region. Individual SMEs wishing to enter export markets for the first time or build on previous success will also be supported by EFG, with targeted advisory services and events raising awareness of the opportunities that international trade offers.

The Humber has several growth zones and corridors, formed to a large extent by the path of the estuary, encompassing the major ports of Grimsby, Goole, Hull and Immingham, as well as the area's extensive wharves. Port and port-related developments constitute the most significant economic development and investment opportunity in the Humber, particularly regarding the development of manufacturing and servicing facilities for the offshore wind industry. The Humber is intensifying its decarbonisation and renewable energy activities. In November 2019, the Humber 'Clean Growth' local white paper confirmed the sub-region's ambition of achieving net-zero carbon emissions by 2040.

## 1.6 STUDY AIMS AND APPROACH

Enterprise Growth Solutions (EGS) Limited commissioned an evaluation of the EFG project with two core elements to the study:

- A summative assessment in accordance with the requirements of the European Regional Development Fund (ERDF).
- A qualitative evaluation to explore the impacts of the project and identify lessons learned.

The over-arching aims of the evaluation study were to:

- Identify whether the project had achieved its aims, objectives and targets.
- Ascertain how well the project had been delivered, managed and how successful it had been in delivering positive impacts, with a focus on identifying "what aspects have worked well?" and "what could be improved?"
- Assess whether there is an ongoing need for the project beyond March 2020 (mid-term evaluation stage) and to reflect on overall all project performance to the end of 2021 (this final evaluation report).

The Kada Research team developed and implemented a methodology that included a review of the quantitative information and data sets that had tracked project progress (expenditure, outputs and other recorded information), combined with an extensive programme of primary research including consultation interviews and survey work. The programme's logic model was reviewed and summarised. This traces the project's planned activities against its outcomes and provides framework for the research.

The primary research encompassed a range of consultations with those involved in managing and delivering the project, those with a strategic interest and a large sample of project SME beneficiaries.

Following on from an Inception Meeting with the Client in May 2019, the Kada Team devised three formats for information gathering tools for the three main consultative "audiences".

- A semi-structured interview template for gathering feedback from "Stakeholders".
- A semi-structured interview template for gathering feedback from "Delivery Partners".

- A questionnaire survey (to be carried out by telephone) for gathering feedback from SME beneficiaries.

The Client guided the team on prioritising contacts to approach. The project evaluation was extended in April 2021 to take account of the project extension and update the findings of the mid-term evaluation.

### STAKEHOLDERS

These included the relevant staff from EGS involved in managing and overseeing the ERDF contract, DIT and each of the three LEPs: Leeds, Sheffield and the Humber. Consultations were carried out by face-to-face and via telephone interview methods.

### DELIVERY PARTNERS

These included the "front line" staff involved in delivering the service, providing direct support and guidance to SMEs and brokering further advice.

The ITAs work on a caseload / account basis with a geographical remit. The issues covered with Stakeholders and Delivery Partners, included:

- Assessing their role in the project, how important the project was within the wider context of their organisation's strategic plans and its additionality.
- Understanding how they promoted and marketed the project and the services available.
- Management, governance and quality issues.
- Engagement and application process (for ITAs only).
- Project impact.
- Obtaining their views on the key features of success, issues for improvement and how supportive they would be to a future phase of the scheme.

Update interviews were undertaken with advisors during the Summer of 2021 to reflect on the latter stages of the project, the effects of the pandemic and the UK's Exit from the EU.

### SME BENEFICIARIES

The client provided a list of project beneficiaries and advised on a prioritisation for the research team to initially approach. A balanced mix of beneficiaries by company size, LEP location, sector and by amount of support were targeted. A telephone survey was completed in August 2019 with 150 companies receiving support and 25 counterfactual businesses (those who for one reason or another did not proceed). A further 22 company interviews were undertaken during the Summer of 2021 to boost the sample and reflect on their project experience during the pandemic. Furthermore, case studies were carried out (these appear throughout the report).

The next Chapter looks at the project's performance.

European Union
European Regional Development Fund

Case Study:

# Taking the bins out to Europe and beyond

wybone
www.wybone.co.uk

Wybone Limited has been successfully designing and manufacturing street furniture, litter, recycling and clinical waste bins for the past 50 years. The company has also been a preferred NHS supplier of clinical and domestic sack holders for 20 years. With a mix of commercial and public sector customers, the Barnsley firm has been primarily focused on the UK market. A conscious attempt to increase their manufacturing capability helped to kick-start the company's exporting efforts. John Smith, Wybone's National Sales and Export Manager, takes up the story:

"We invested in a new laser machine to boost our manufacturing capacity. This more than compensated what we needed for our UK business. So, I contacted the DIT to explore what we might do to export our products."

Wybone were allocated an International Trade Adviser (ITA) who was able to guide John through the options, including the opportunities presented by Yorkshire and the Humber's Exporting for Growth programme. The guidance proved invaluable, not least in bringing a reality check to John's exporting ambitions.

"I wanted to go everywhere and get in front of people wherever I could. I was looking for some expert guidance on how to start and what locations to prioritise. The adviser was an invaluable source of knowledge and information, keeping us grounded and encouraging us to focus on one area at a time."

That process identified pedal bins as the key export product and initial target markets were focused on Ireland and France. With some funding support from Exporting for Growth, John was able to arrange face-to-face initial visits to Malta and France. He also attended the Arab Health conference in Dubai and Medica trade fair in Dusseldorf. Orders quickly followed which has encouraged John to explore even more markets.

"What started out as occasional online enquiries and orders has now been harnessed into growing new accounts for us. The help we received through Exporting for Growth was

"Funding from the programme was crucial in helping Wybone Ltd meet with prospective customers and, using the knowledge gained, they were able to take full advantage of the opportunities that emerged.

Elka Ritchie,
International Trade Adviser

mainly on travelling costs, to attend trade missions, and ramping up our international markets. That has worked really well for us – and we have more to come with some translation work and staff training on export legislation."

The foray into exporting has brought some clear and positive impacts to the company. This meant they were able to create a new position to handle the growth in their exporting business. Their export turnover was only £40,000 a year before the help from Exporting for Growth. Once the programme began, export sales increased to £290,000 in the first year of the new strategic approach. They have consolidated their export sales in year two, and now the company appears to be set to expand into further new markets to grow sales even more.

"We have signed up a new customer in France for around £100,000 of new business. This makes them our third or fourth highest spending client. The face-to-face visit allowed us to see how they were using their bins in their daily routine. We gave them bespoke advice and were able to design the right kind of bin for their requirements."

> Put simply, our ITA made everything so much easier. She was willing to help throughout the process and has been so quick and clear in her responses to any questions I had. She has made some great referral suggestions too. Without that level of support, I might have given up on the process part way through.
>
> John Smith,
> Wybone's National Sales and Export Manager

John acknowledged the support they received which helped them to achieve early export wins and was particularly grateful for the expert service provided by his DIT adviser. "No-one in the business had experience of dedicated export work before and it's so important not to dive straight in without getting advice from professionals." Focused discussions helped to explore the potential of target markets, allowing the company to understand what the priorities should be, and assisted in formulating an action plan.

Far from giving up, the company's export business is thriving. With further opportunities in Greece and Australia, Wybone Ltd is confident that prospects for continued growth are very strong.

# 2. PERFORMANCE ANALYSIS

This section focuses on the performance of EFG over its duration. The information analysed here has been drawn from the project database and ERDF progress reports. It provides details of the headline outputs and spend and looks at current performance and projections to the project end date.

## 2.1 SPEND (FINANCIAL PERFORMANCE)

The original project total of £12,995,586 (£6,770,000 ERDF) was reduced by £1.2m (£0.4m ERDF) to £11,807,246 (£6,351,830 ERDF) and then increased to £13,282,822 (£7,144,780 ERDF). At the time of the evaluation, the project had defrayed 94% of the projected budget. Once the final few months of spend are accounted for it will have spent all the funds (100%).

## 2.2 OUTPUTS

### Output Progress

| Indicators | Original Funding Agreement | Most recent Funding Agreement Variation | Total achieved at time of evaluation | % of target | Projected to be achieved at Project Closure | % of target |
|---|---|---|---|---|---|---|
| (C1) No of enterprises receiving support | 1080 | 1083 | 971 | 90% | 980 | 90% |
| (C6) Private investment match | £3,617,226 | £2,871,314 | £2,971,926 | 104% | £2,971,926 | 104% |
| (C8) Employment increase | 786 | 728 | 562.5 | 77% | 562.50 | 77% |
| (C28) New to the market products | 115 | 103 | 60 | 58% | 60 | 58% |

Source: Enterprise Growth Solutions Ltd

Looking at progress against outputs:

- In terms of C1 (the number of enterprises receiving support) the project is currently at 90% of target (971 businesses) and a projected final outturn remaining at 90% (slightly more businesses at 980). There is good performance given the economic shocks experienced since March 2020.
- The C6 target, private investment matching public support to enterprises (grants), has already been surpassed at 104%.
- The employment increase in supported enterprises target (C8) is currently at 77% (562.5 full time equivalent posts) and is likely to remain so. This is perhaps not surprising given the large number of firms that have furloughed staff since the pandemic broke out.

- The number of enterprises supported to introduce new to the market products (C28) is someway short of target at 58% and not predicted to improve. One of the challenges here is the fact that only one output can be claimed per firm despite some having five or more. Also recording the evidence that firms have developed a new to market product has been a challenge even though the pipeline suggests there are over 300 potential new products to market within the beneficiary companies.

After the following case study (Glencroft) the next section summarises the findings from the business survey.

European Union
European Regional Development Fund

Case Study:

# North Yorkshire Brand not Sheepish About Exporting

Glencroft®

"There is just something about seeing customers face-to-face in country and understanding the landscape which is critically important to nurturing and developing long term relationships....and to put a name and face to each of these has really made a big improvement in our understanding.

Edward Sexton

Glencroft is a British countrywear brand established in the Yorkshire Dales in 1987 as a British brand of high-quality wool, tweed and sheepskin traditional country clothing for all ages. The business is based in Clapham and was founded in 1987 by Richard and Justina Sexton. Since then they have been primarily supplying trade and wholesale shops around the world with high quality 'Glencroft' branded British sheepskin and countrywear.

Richard has worked in the wool and sheepskin industry since the 1960s and Glencroft is his vision of a classic British brand selling quality natural British goods to like-minded retailers worldwide. Their son Edward Sexton joined as a partner in 2013 and is now spearheading the drive to further develop their business overseas.

The company has exported on and off over the years mainly from customers from Europe, Canada and Japan met at the Glasgow Spring Fair. Over the last ten years or so six or seven more regular clients from Japan led the company into thinking there was untapped market potential and it might be worth a visit. The contact with DIT's International Trade Advisor Lydia Moi came via an advisor they were working with on a manufacturing growth project. Lydia has been delighted to support this ambitious local company,

"It has been fantastic to support this thriving Yorkshire-based business to expand internationally. By working with DIT to develop and implement an export strategy and support the firm with grant funding, Glencroft has been able to proactively grow its export business in the Japanese market."

The company prides itself as being a British and Yorkshire manufacturer and a unique heritage business. Traditionally face-to-face chats with international buyers in shops have

been really key to unlocking new customers and being able to demonstrate the unique qualities of the Glencroft brand, something their competitors don't often do. Edward Sexton, who is a partner in the business, understands the challenge especially in the context of exporting.

Critical to helping the company was the financial support they received through the Exporting for Growth programme to go out to the Japanese market and meet existing customers, visit a trade fair in Tokyo and prospect for new customers and contacts. In addition to the funding, DIT was helpful in providing signposting and validation of Edward's approach, in particular using distributors to service the local market.

Edward went on to say of the support "we got more out of it than expected - you don't expect such support and it makes the decision to invest in a market visit that much easier as it can be the best part of £4,000/5,000 to get to market, which is quite significant for a small company like ours."

The risk taken has paid off handsomely. As a result of the contacts the company made on the visit, especially those via British Wool, Edward confirmed

"we were able to communicate in much greater detail about our brand values and the provenance of our products which is critically important for the Japanese market as department stores there also like to invest in smaller, less well known brands as a differentiator...as a result we have already managed to acquire two brand new customers and have received new orders worth £10,000 and with a potential value of £40,000 over time....."

Looking forward, Glencroft plans to continue developing the Japanese market via distributors and potentially developing specific product lines for the market if they can secure buy in, as well as the Canadian market where they have interest from a number of independent shops.

Glencroft®
COUNTRYWEAR

Trustworthy British Clothing
established North Yorkshire 1987

Retail:
www.glencroftcountrywear.co.uk

Trade:
www.glencroftwholesale.co.uk

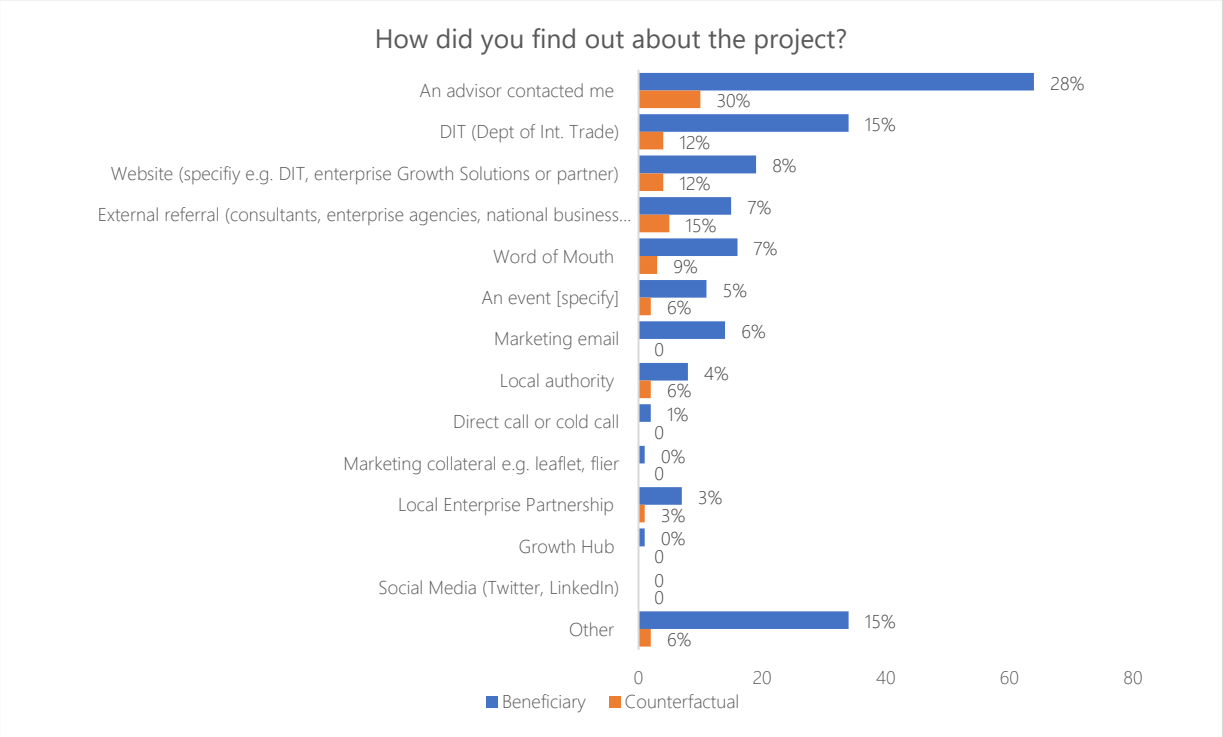
# 3. BUSINESS SURVEY

This chapter presents the findings from 197 company interviews including 172 supported businesses and 25 counterfactuals (those businesses who did not proceed with the support). The majority were undertaken for the mid-term evaluation (150 plus 25 counterfactual) though 22 further interviews were undertaken for the final evaluation during August 2021.

## 3.1. KNOWLEDGE OF THE PROJECT

The project has been successful in engaging businesses through direct contact using advisors (28% of beneficiaries, 30% of counterfactuals) and by the DIT (15% of beneficiaries, 12% of counterfactuals). Together they form just under half of the methods of approach for SMEs to find out about the project, suggesting that a direct approach to recruit businesses was successful. The programme's 'Website' (8% beneficiaries, 12% counterfactuals) and 'External Referrals' (7% beneficiaries, 15% counterfactuals) were the next most popular methods in which people found out about the project. Responses to marketing emails, events and local authority bodies were half as successful in engaging businesses (all between 4% and 8%).

Like the main sample, no counterfactual SMEs responded to say they found the project through 'Social Media'. 'Word of Mouth' was a less common method of approach in comparison to wider analysis (7% beneficiaries and 9% counterfactuals). Counterfactuals were companies that were in touch with the project but for one reason or another did not proceed. These interviews help to assess what happened anyway.

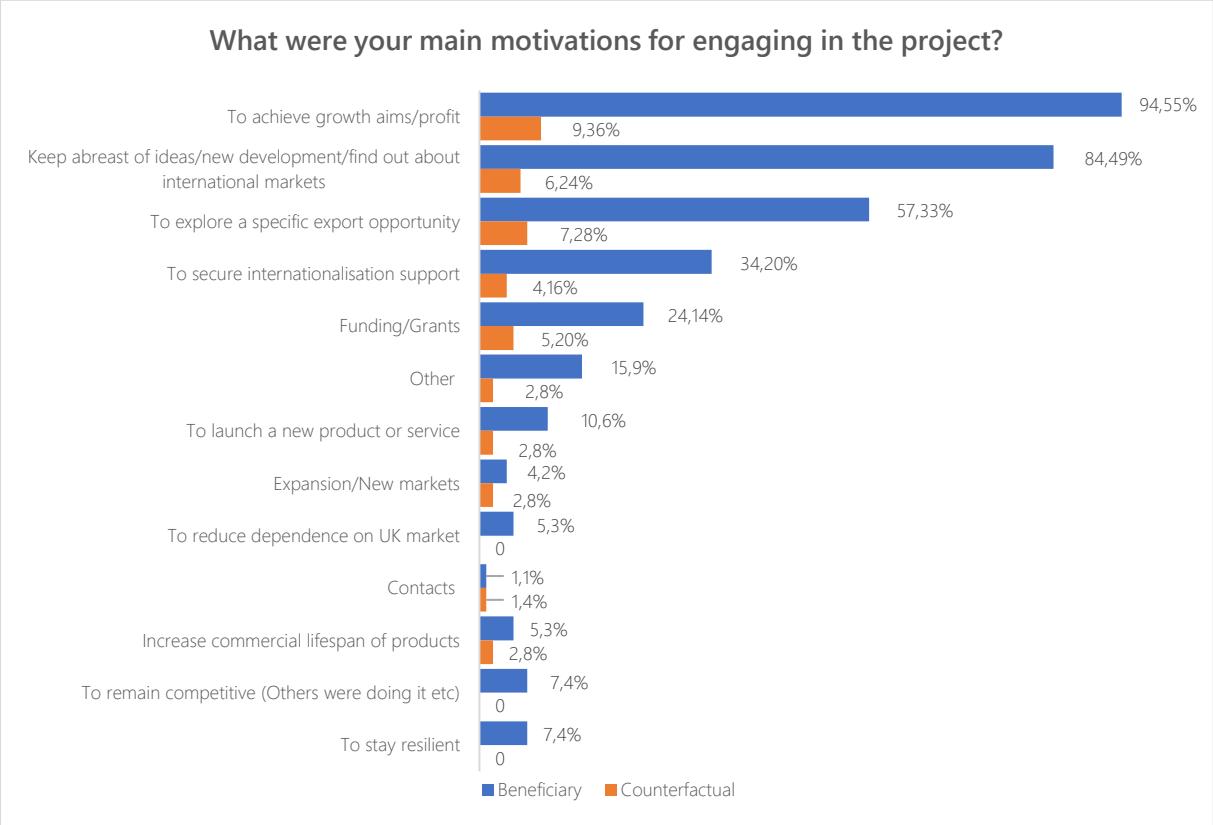



Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172 Counterfactual: 25)

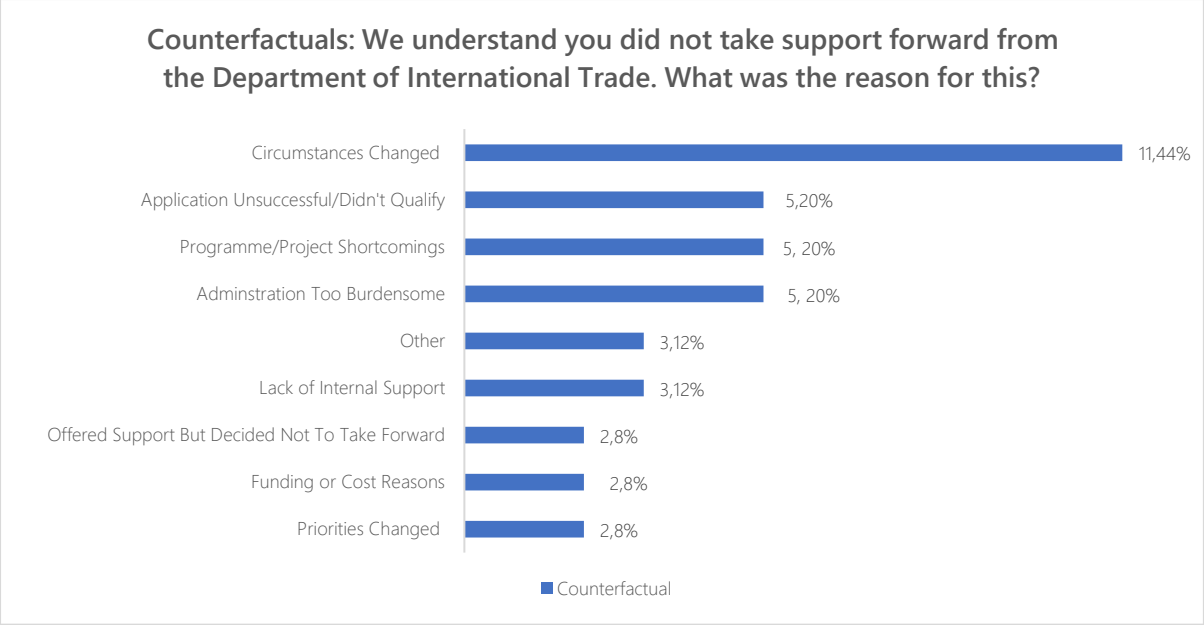
The main motivations for engaging in the project were around business growth, particularly in increasing profit (55% beneficiaries and 36% of counterfactuals). 49% of firms who engaged with the project wanted to stay informed about new developments and gain knowledge about international markets.

Just under a quarter of beneficiaries (33%, n=57) wanted to explore a specific export opportunity. Securing international support appealed to 20% of beneficiaries (n=34) and 16% of counterfactuals (n=4). The opportunity to receive funding and grants appealed to 14% of beneficiaries and 20% of counterfactuals.

Opportunities to launch a new product/service, expansion into new markets, to reduce dependence on the UK market and increase the commercial lifespan of products were other motivations for engaging with the project which received lower responses (between 1-6% of beneficiaries and between 0-8% of counterfactuals). 4% of beneficiaries engaged with the project to remain competitive and stay resilient.




Source: Kada Business Survey, August 2019 and August 2021 (Multiple response question - n=Beneficiary Responses: 226 Counterfactual: 33)

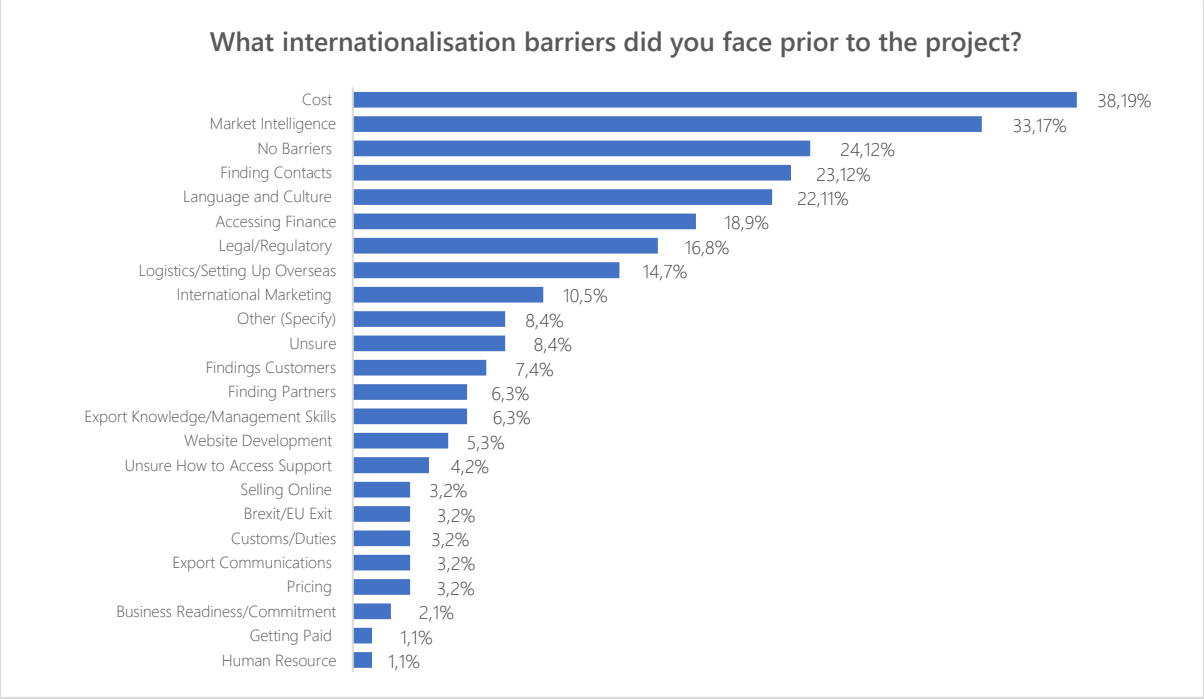



Source: Kada Business Survey, August 2019 (n=25, 38 responses)

For counterfactuals surveyed, the predominant reason for not progressing the support was a change in circumstance (11 responses, 44%), followed by unsuccessful applications, project shortcomings and the project administration being too burdensome (all at 20%, 5 responses). The 'Lack of Internal Support' (12%), 'Offered Support but Decided Not to Take Forward', 'Funding or Cost Reasons' and 'Priorities Changed' (all at 8%) were other reasons counterfactuals did not take forward the support from DIT.

## 3.2. INTERNATIONALISATION BARRIERS AND APPROACH TO EXPORTING

Prior to the programme, both beneficiaries and counterfactual SMEs identified 261 counts of 23 different international trade barriers (24 SMEs stated no barriers were faced whilst others provided more than one).



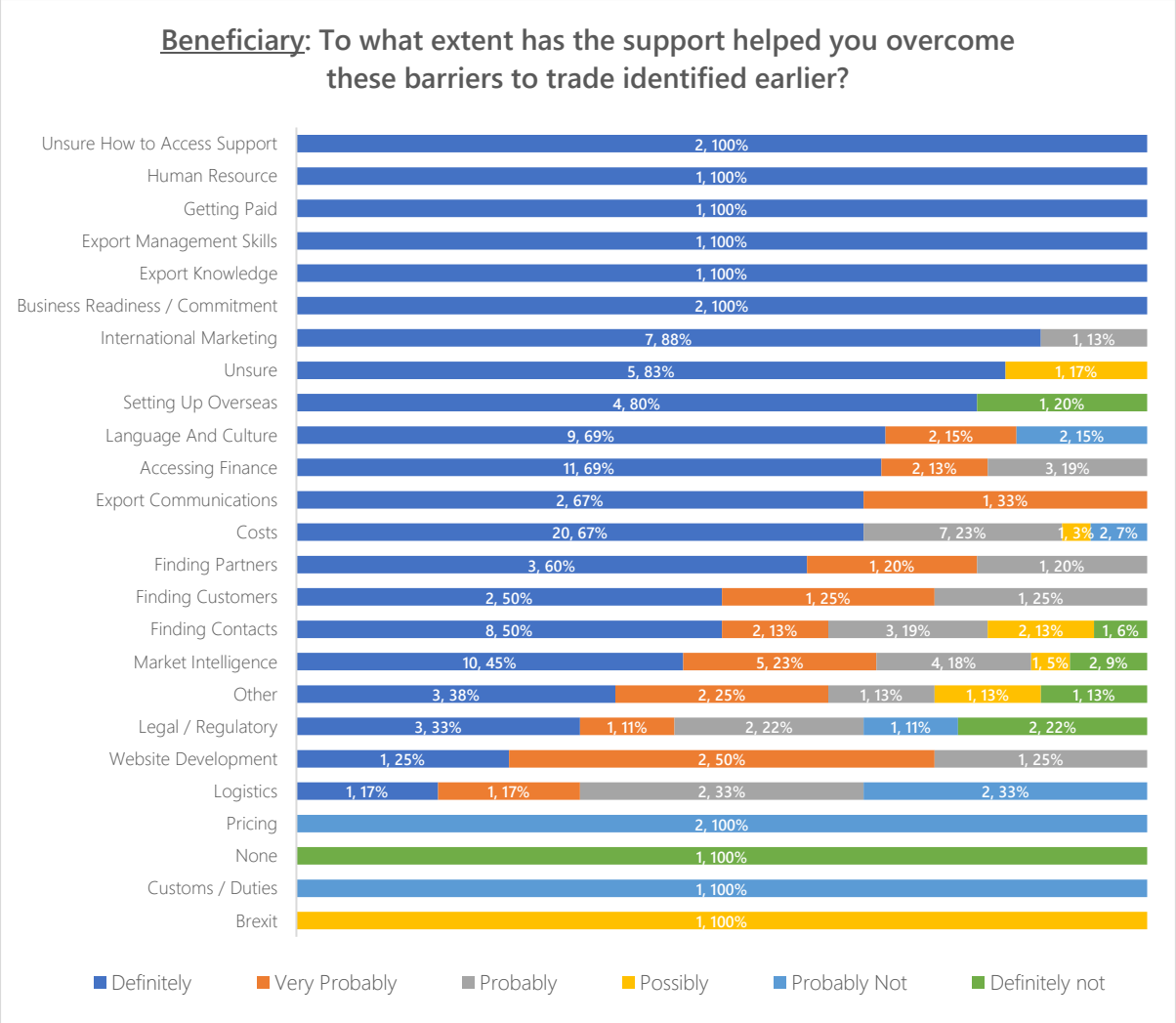

Source: Kada Business Survey, August 2019 and August 2021 (n=197 (Beneficiary: 172 Counterfactual: 25))

The most cited barrier was 'Costs' (19% of responses), which included various comments surrounding limited employee time and expenses for overseas projects, limited finances for travelling overseas to build customer and partner relationships, funding for transportation and shipping of physical goods and products as well as knowledge costs and operational set up costs.

The second most cited barrier was 'Market Intelligence' (17%). Problems included general knowledge of overseas markets, target sales markets, penetration strategies and the identification of successful and profitable opportunities.

Finding contacts overseas, accessing sufficient finances (through investment or grant support), general language and culture barriers and understanding around legal and regulatory requirements were all listed at similar frequencies (between 12% – 8% of total responses).

Barriers that were not mentioned by respondents included competitiveness, exchange rates and production capacity. Interestingly, 24 SMEs (12%) provided no suggestion of any internationalisation barriers. No major changes were identified considering the previous analysis of 150 SME responses for this question.



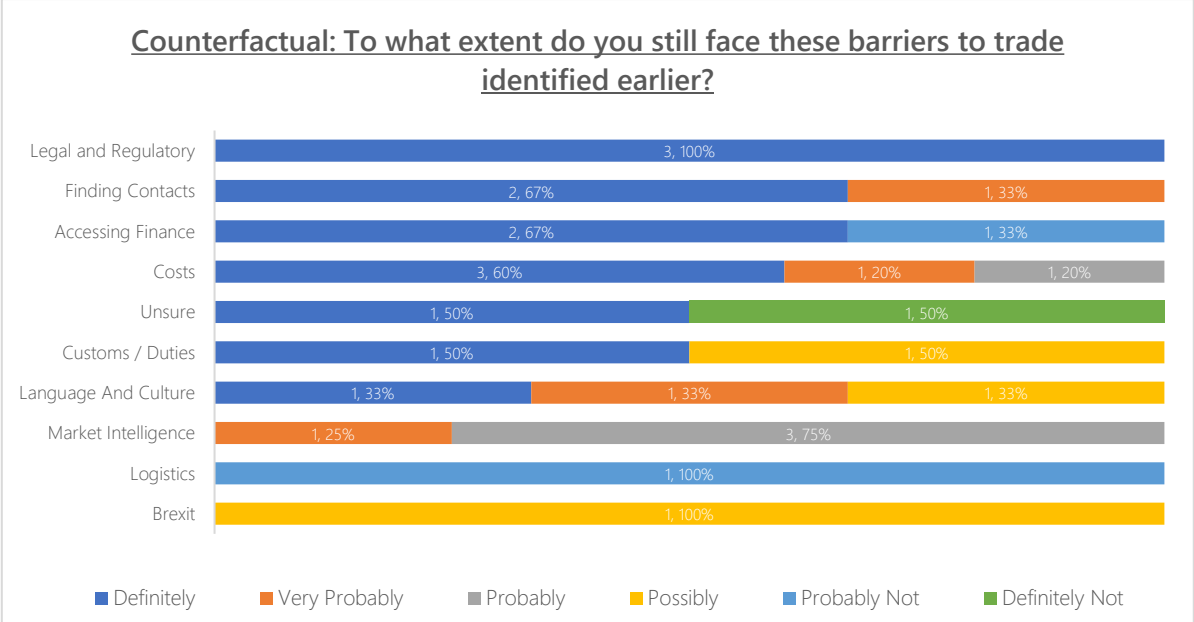

Source: Kada Business Survey, August 2019 (n=150)

For all the barriers faced by beneficiaries, 85% stated that they were 'Definitely' (58%), 'Very Probably' (12%) or 'Probably' (15%) going to be overcome as a consequence of the support.

The most popular barriers identified earlier, 'Costs' and 'Market Intelligence', were 'Definitely' to 'Probably' overcome after support by 90% and 86% respectively of the beneficiaries.

100% of beneficiaries 'Definitely' overcame barriers of 'Unsure How to Access Support', 'Human Resource', 'Getting Paid', 'Export Management Skills', 'Export Knowledge' and 'Business Readiness' though the numbers of citations here are small.

'Logistics' and 'Legal / Regulatory' barriers were less likely to be overcome following the programme, with a third of beneficiaries collectively stating the two barriers would probably or definitely not be overcome. The barrier of Brexit was also left largely unresolved following the programme support.

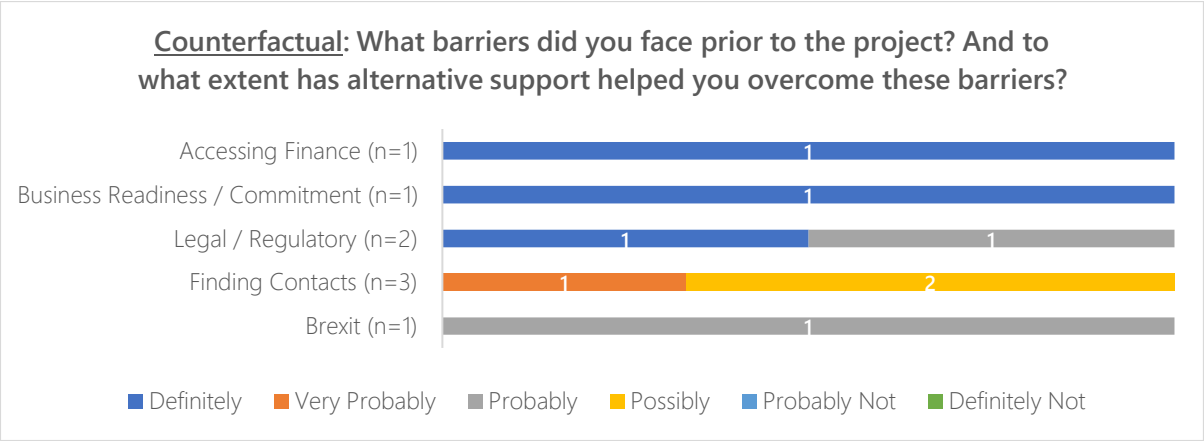



Source: Kada Business Survey, August 2019 (n= Counterfactual: 25)

When considering the barriers to trade the counterfactual sample experienced prior to the programme and where they now stand, 78% of respondents said they 'Definitely', 'Very Probably' or 'Probably' still face the same barriers. 'Legal / Regulatory', 'Finding Contacts' and 'Accessing Finance' were the least likely barriers to have been overcome. 'Costs' was the most commonly cited internationalisation barrier prior to the support and again had a 100% response from counterfactuals of being 'Definitely' to 'Probably' not overcome. 'Market Intelligence', being the second most commonly cited barrier, also received a 100% response from counterfactuals, but graded slightly differently from 'Very Probably' to 'Probably' (i.e., no responses in the 'Definitely' category). 'Customs/Duties' and 'Language and Culture' barriers were overcome by between a third and half of counterfactual respondents, whilst 'Logistics' issues were also 'Probably' no longer faced by the one SME that had noted it as a barrier.

Further to this, we asked counterfactuals whether they had sought any alternative assistance with exporting since their engagement with this project. Eight (32%) said 'Yes', whilst 17 (68%) said 'No', meaning over two thirds of the counterfactual sample received no alternative support.

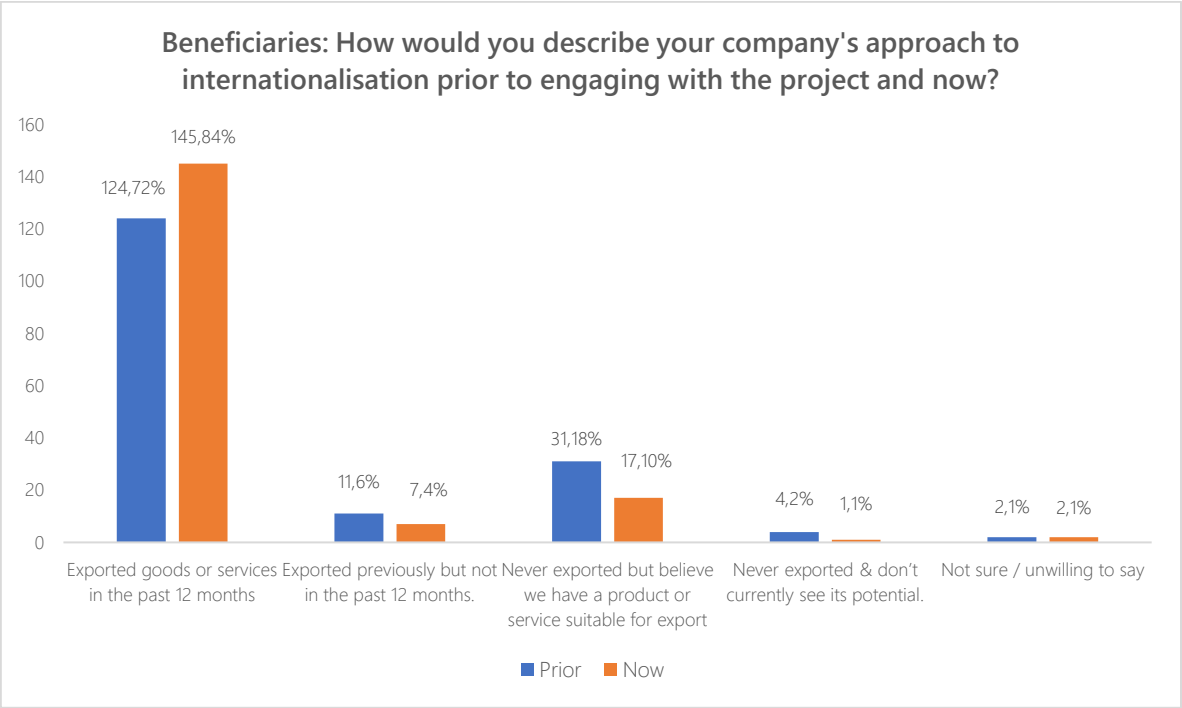
For the seven who did experience alternative support (one company reached the 10 finalists in a showcase but did not win), the extent to which barriers were overcome are seen below.



Source: Kada Business Survey, August 2019 (n= Counterfactual: 25)

The majority of definitive improvements to barriers can be seen in accessing finance and business readiness, whilst other barriers have either 'Probably' or 'Possibly' been overcome too.

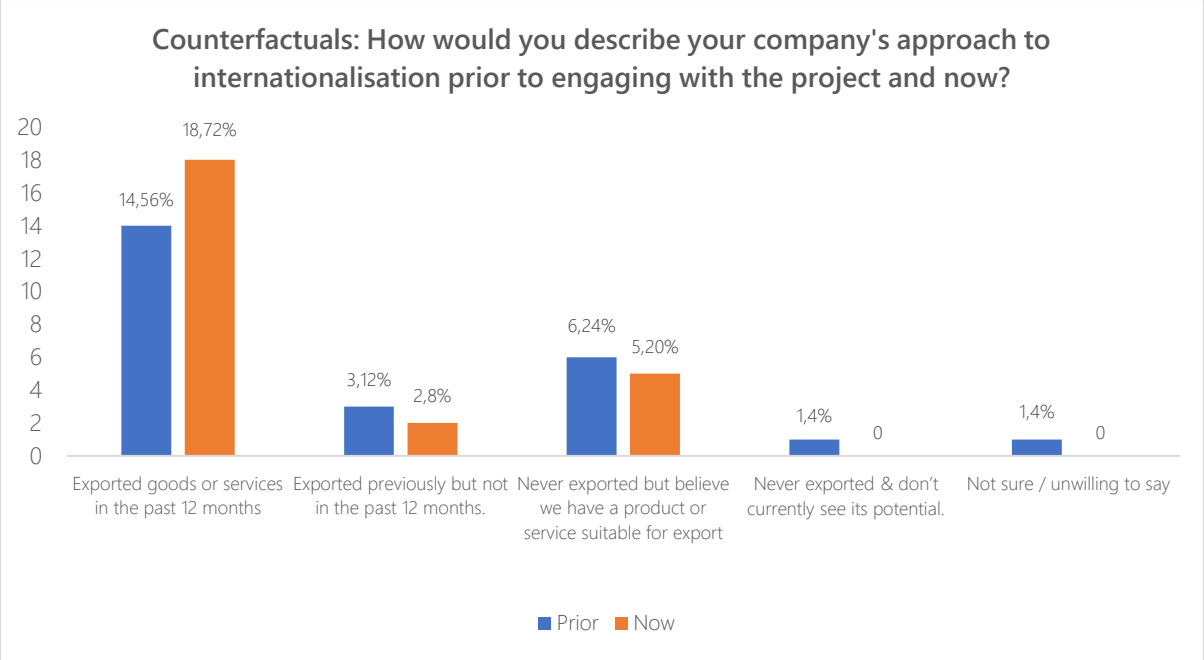
Both beneficiary and counterfactual's approaches to internationalisation before and after interacting with the project were also explored.




Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172)

Looking at analysis prior to and after the programme, SME's exports in the past 12 months have increased. Those who had exported goods or services in the past year grew by 12% (21 SMEs). There has been a fall of four SMEs that had only exported over a year ago and a fall of 14 SMEs who had never exported but believe they had a suitable product for export – which suggests they are likely to have moved into exporting. Only two businesses did not see any potential in internationalisation. This stayed the same after the programme.

There was minimal difference between previous analysis in August 2019 and latest interviews undertaken in August 2021 (22 SMEs).

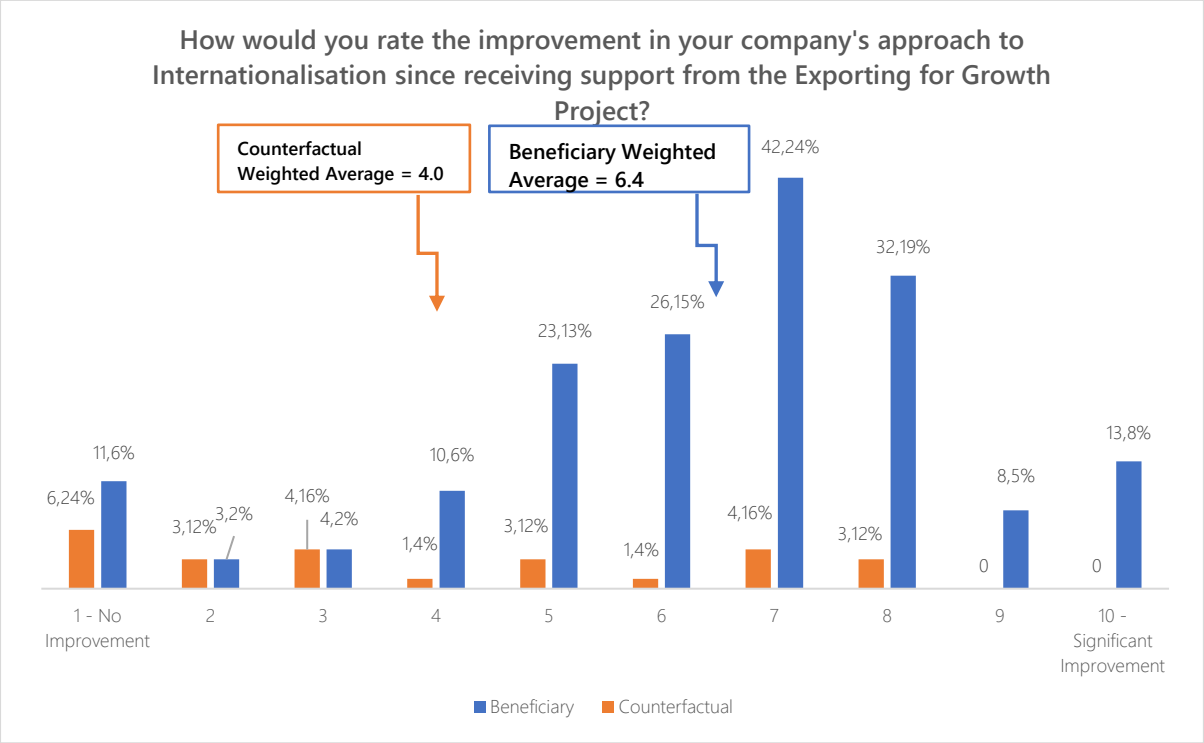



Source: Kada Business Survey, August 2019 (n= Counterfactual: 25)

For the sample of counterfactuals, export propensity was lower than beneficiaries prior to the programme. Following their (limited) engagement with the programme there was an increase (+6%) in counterfactual SMEs exporting in the last 12 months, perhaps some of these sought alternative support or took their own initiative. There was a 4% decrease in counterfactual SMEs who had exported over a year ago whereas for beneficiaries there was a 2% decrease between the time prior to the support and now.

Although, in comparison to the support beneficiaries, there were smaller decreases in numbers of counterfactual SMEs who despite believing they had a suitable product, had never exported (8% decrease and 4% decrease respectively).

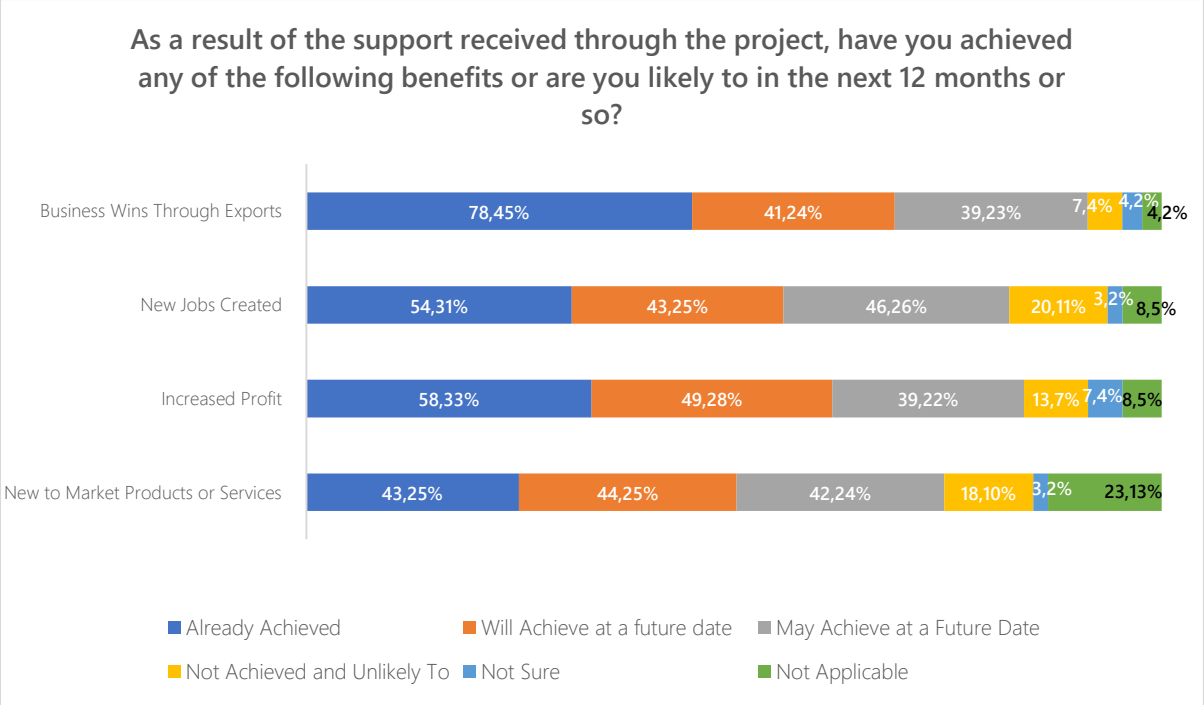
## 3.3 IMPACTS




Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172 Counterfactual: 25)

The above chart provides an indication of the improvement made by those companies who received EGS support on internationalisation (blue bars) compared to those who had not received EGS support (orange bars). From a scale of 1 (No improvement) to 10 (Significant improvement) the weighted average was 6.4 for those who received EGS support. This is a recognisable improvement in performance for this cohort. For those that received no EGS support, the counterfactual sample, there was a smaller improvement score of 4.0. Those that did receive the EGS support made better progress.

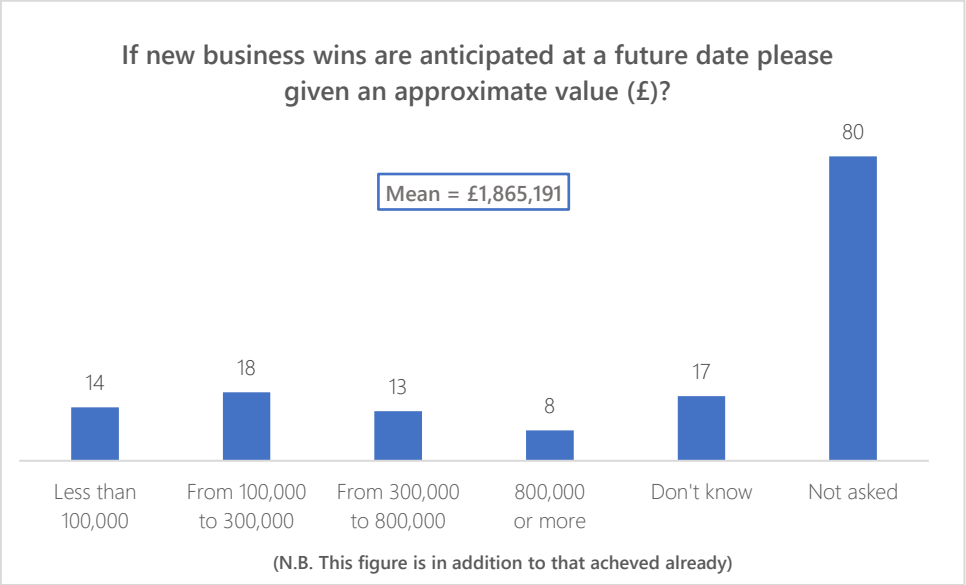
Beneficiaries were then asked about commercial impacts as a consequence of the project. Since receiving support, 'Business-wins through exports' have already been achieved by 45% of beneficiaries and 24% said they will achieve wins in the future. 92% of all businesses have, will or may achieve business wins through exports.




Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172)

Increased profits for 83% have already, will or may be achieved as a result of the intervention, and new jobs have, will or may be created for 82% of beneficiaries too. 74% have, will or may bring new to the market products or services.

For new business wins cited (n=70), the average value resulting from the project's support was an impressive £1.9m although the most frequent category of new business win value was between £100,000 - £300,000 (a few large outliers skewed the average somewhat here). Please note that this figure is in addition to that achieved already.

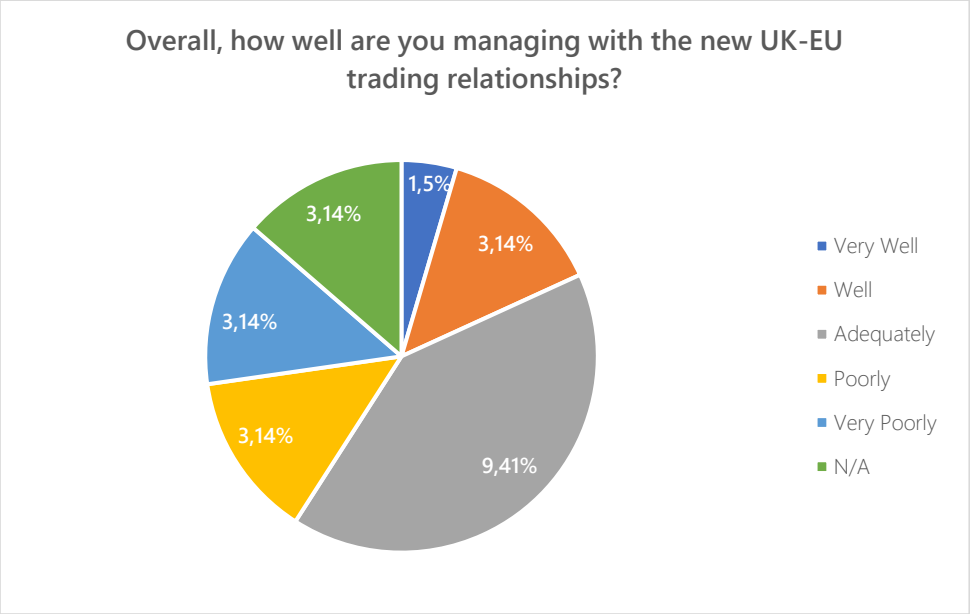



Source: Kada Business Survey, August 2019 (n= Beneficiaries: 70)

For the eight counterfactual businesses who did receive support through alternative programmes, an average of 0.8 jobs had been created to date, and a predicted average of 12.4 jobs will be created in the future. This latter figure should be treated with caution given the low sample sizes.

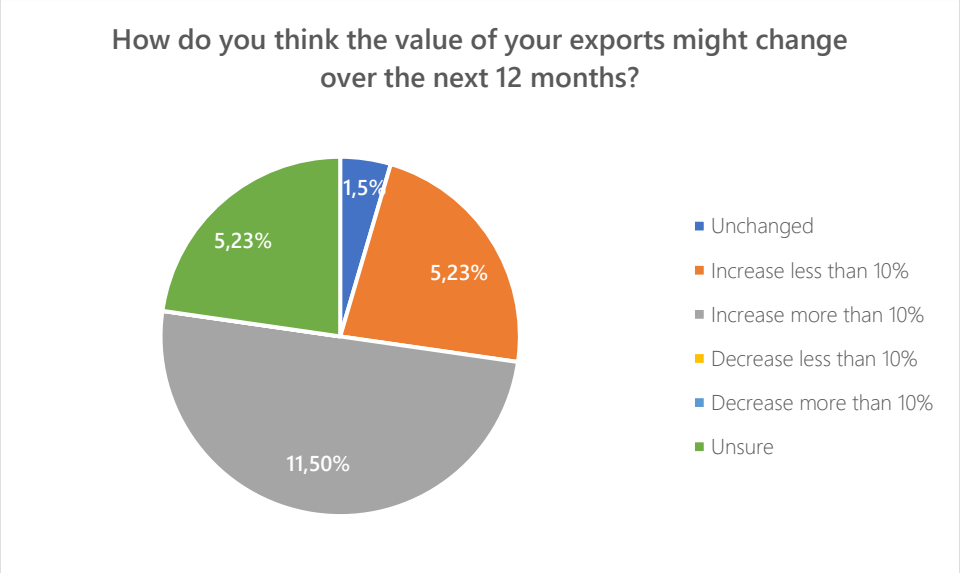
## 3.4 MARKETS AND TRADE

The 22 businesses who were interviewed for the final evaluation were asked about how they were managing the new UK-EU trading relationship since the UK's Exit from the EU:



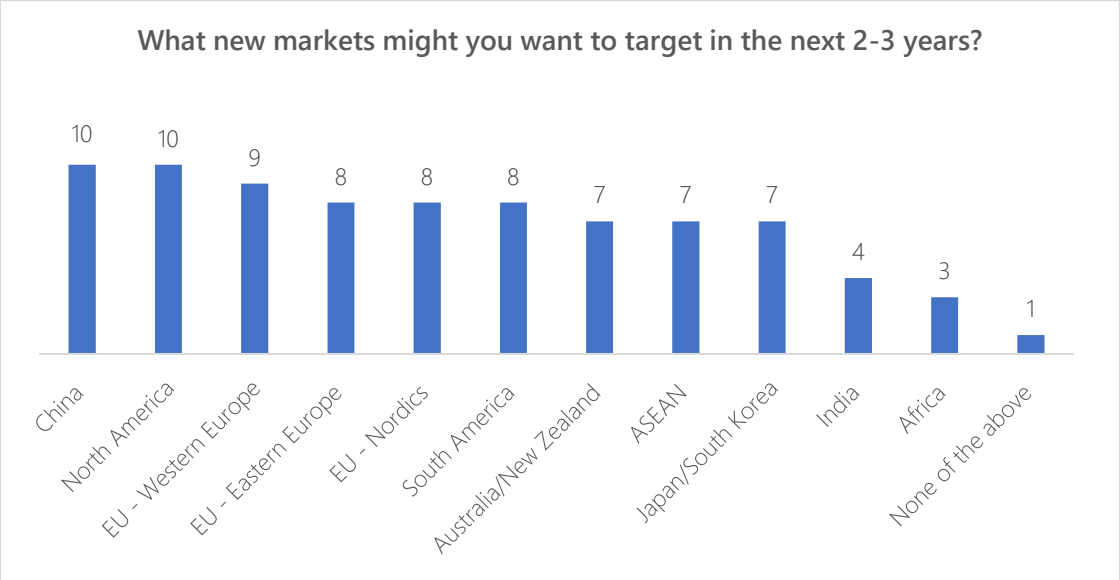

Source: Kada Business Survey, August 2021 (n= Beneficiaries: 22)

Four businesses said that they were doing Very Well or Well. Most businesses (nine businesses, 41%) said that they were managing the new trading relationship adequately and six businesses (28%) said they were doing either Poorly or Very Poorly.




Source: Kada Business Survey, August 2021 (n= Beneficiaries: 22)

Despite how well businesses felt they were managing the new UK-EU relationship, half of businesses interviewed felt that the value of their exports might increase by more than 10% over the next twelve months. No businesses believed that their exports would decrease.




Source: Kada Business Survey, August 2021 (n= Beneficiaries: 22, Multiple Response: n=82)

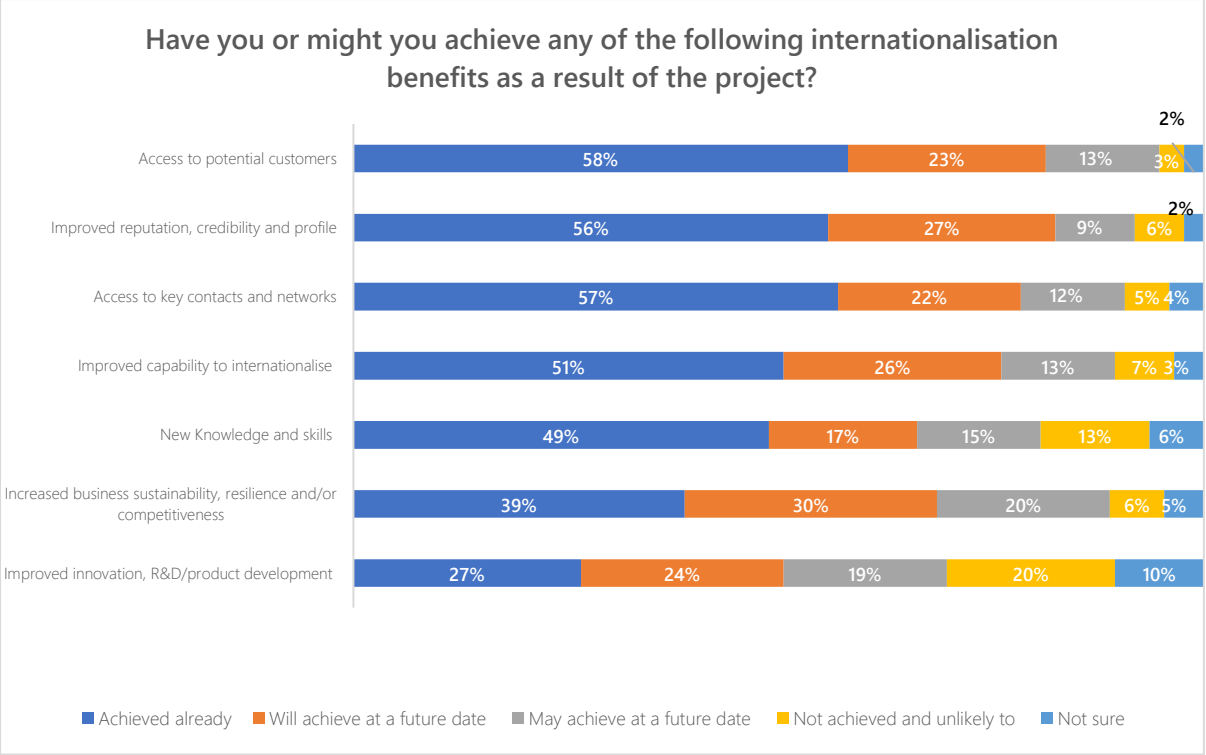
The most common new markets businesses wanted to target for exporting goods were China and North America. The EU made up 31% (25 responses) of responses for new target markets. The least common areas were Africa and India.

Seven business survey respondents (32% of responses) were either already increasing trade with non-EU market partners or considering doing so. Four respondents (18%) said they may consider doing so in the future. Five respondents of the 22 said they would not increase trade or exploit new trade deals with existing non-EU market partners. Five others were unsure.

For the five businesses who said they would not consider increasing trade with non-EU partners, the reasons included legal or regulatory barriers and costs/finance barriers.

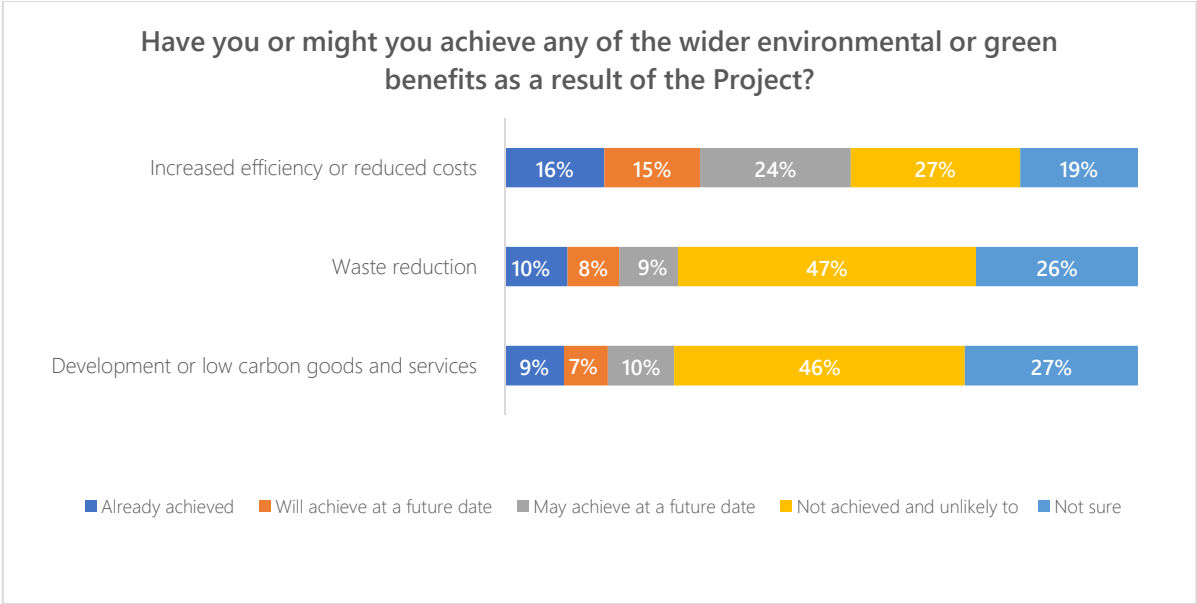
## 3.5 WIDER BENEFITS

Surveyed companies who took part in the project have already, will or may achieve several wider internationalisation benefits including 'Access to potential customers' (94%), 'Improved reputation, credibility and profile' (92%), 'Access to key contacts and networks' (91%), and 'Improved capability to internationalise' (90%). The area where respondents said the programme had or might have the least impact was in 'Improved innovation, R&D and product development' (70%). The scores for these benefits were generally high across all measures.




Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172)

Although not a direct objective of the internationalisation project, just over half (55%) of beneficiaries have, will or may increase efficiency or reduce costs; just over a quarter (27%) have, will or may reduce waste and 26% have, will or may be involved in the development of low carbon goods and services.

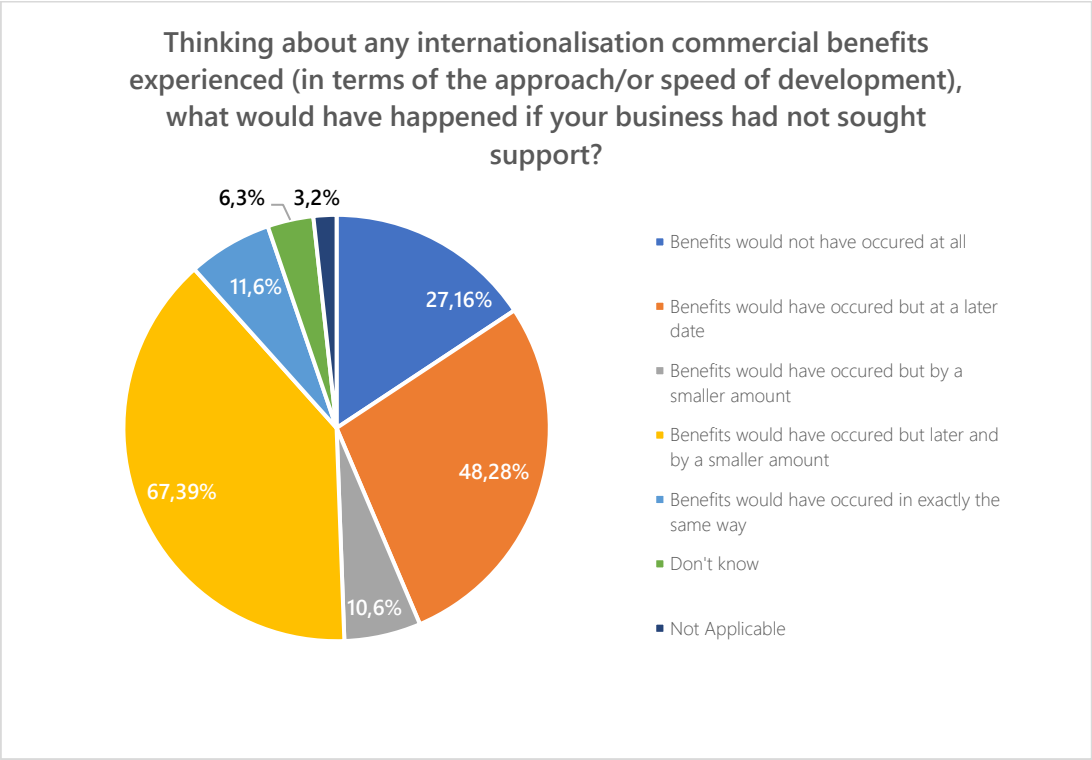



Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172)

## 3.6 ADDITIONALITY

The figures for additionality show a low level of deadweight with just 6% (11 of 172) of respondents claiming that the 'benefits would have occurred in exactly the same way'. Alternatively, 16% (27 of 172) reported pure

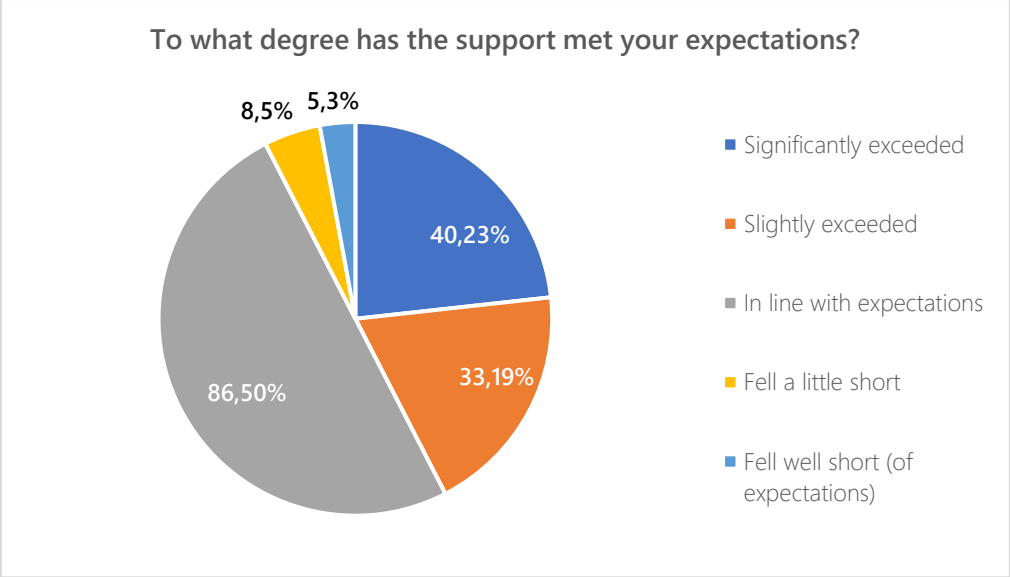
additionality (i.e. the 'benefits would not have occurred at all'). Aside from 5% of respondents who 'Didn't know' or found the question 'Not applicable', the rest of the respondents, 73%, reported time and/or scale additionality.




Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172)

## 3.7. EXPECTATIONS AND SATISFACTION

42% of beneficiary respondents (73 of 172) said the programme either significantly or slightly exceeded their expectations, while 50% (86 respondents) found it was in line with expectations and 5% (8 respondents) said it 'Fell a little short' of their expectations. Only 3% of the respondents found the support to be 'well short' of expectations.




Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172)

For those whose expectations were exceeded, responses were related to the fact that beneficiaries had very limited knowledge of what to expect prior to the programme:

*"We didn't know what we were going to achieve, but the export pipeline is significantly above what we expected"*. (7 citations)

Respondents praised the *"quality of advice"*, *"professionalism"*, *"speed of service"*, and the level of *"knowledge and efficiency"* of the business advisors (22 citations), leading to a strong positive experience and good relationships between SMEs and advisors. On several occasions the relationships outlasted the timeframe of the project with one respondent employing the advisor privately for six months. The connections made surprised several respondents (five citations).

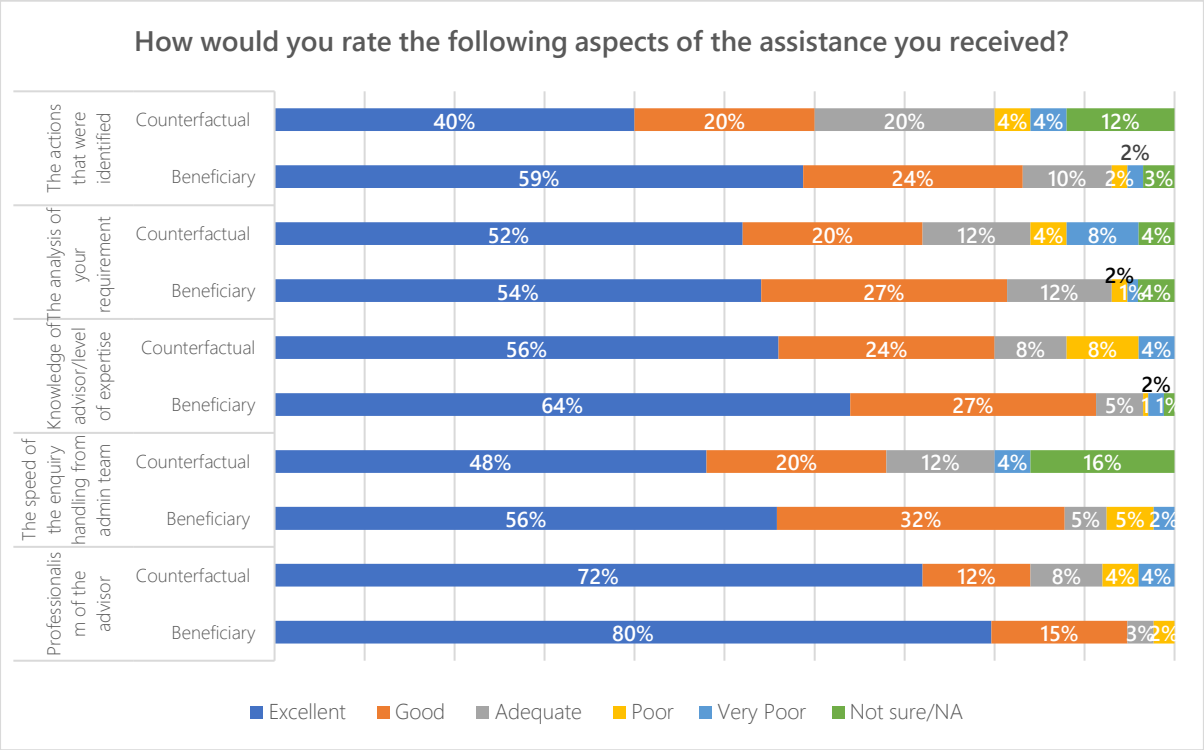
*"I didn't expect to get so many contacts, *advisor name* put us in touch with people and set up meetings – making a big difference"*.

For many, the project had a significant commercial impact, leading to *"increased sales"*, *"20% increases in profit"*, *"leads to two major deals"* and one business claiming that *"We wouldn't be in business without this support"*.

Half of respondents stated that support was in line with expectations, and offered largely positive comments, with explanations stating that achievements were met, and that support was *"good"* and *"useful"*. Only a minority of those who stated the programme was in line with expectations (less than 10) stated criticisms; which predominantly surrounded financing being less than expected, the amount of paperwork being high and taking a long time to complete, and that the project was *"bureaucratic and rigid"*.

Of the 11 respondents that were less than satisfied, the programme was said to have had a very low impact, *"We got a grant… but in terms of leads and sales, there was nothing"*, similarly, administrative delays and poor service were stated to have caused a *"waste of time"* for two businesses. One statement expressed discontent with a delay in funding overseas travel. Externally, two respondents found the overseas markets they operated in to be problematic: *"we couldn't get past the corruption in the country we wished to expand in"* and received

*"very little communication from buyers overseas"*. To some degree these aspects are outside the auspices of the ITAs.



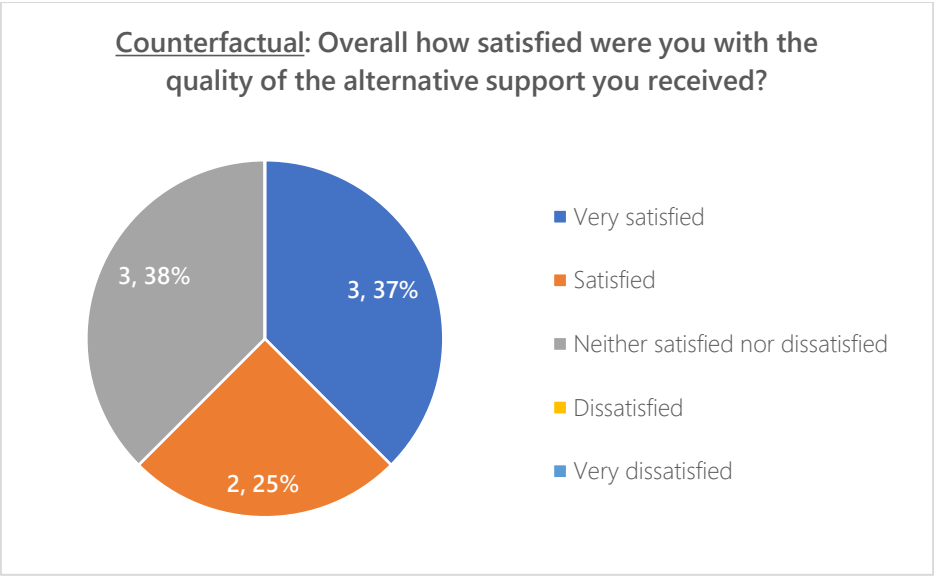

Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172 Counterfactual: 25)

On the subject of assistance received, 80% of beneficiaries and 72% counterfactuals rated the professionalism of the advisors as 'Excellent'. 91% of beneficiaries found the knowledge/expertise level of advisors to be 'Excellent' or 'Good'.

The speed of enquiry handling by the administrative teams was also deemed to be positive overall (56% of beneficiaries noted this to be 'Excellent'). However, a higher proportion of beneficiary respondents did note this to be 'Good' compared to other aspects, indicating possible scope for improvement.

The analysis of business requirements was also seen to be 'Excellent' or 'Good' by 81% of beneficiaries and 72% of counterfactuals, however 8% of counterfactuals did note this to be very poor – which may provide some explanation as to why some did not follow the project through to completion.

The action plans that were identified were also rated as 'Excellent' or 'Good' by 83% of beneficiaries and at 60% for counterfactuals (which is not surprising seeing as they did not complete the programme beyond some initial advice).




Source: Kada Business Survey, August 2019 (n= Counterfactual: 25)

Of the eight counterfactual SMEs that received alternative support, satisfaction levels were predominantly positive (62%), and only 3 respondents reported being neither satisfied nor dissatisfied.

## 3.8 FUTURE PROGRAMME IMPROVEMENTS AND SUPPORT REQUIREMENTS

When asked whether the programme could be improved 71 (47%) of the 150 said it could not be improved, 60 (40%) said it could and provided suggestions on how to improve it and a further 19 (13%) did not know. The suggestions on how to improve the programme could be grouped into a few themes: Administration and procedures, event planning, application processes and advisor knowledge.

Administrative improvements were noted by several respondents, stating issues such as *"quantities of paperwork"*, *"lack of updated contact databases"*, *"earlier notification on projects"*, and *"excessive quantities of information and unclear processes when claiming for costs"*.

Similarly, respondents stated that in relation to the networking and contact-building activities, beneficiaries could have been supported with better *"planning for contact making"* (three citations). Several stated that networking events could have been more productive if supported more efficiently by *"matching up buyer and sellers"*.

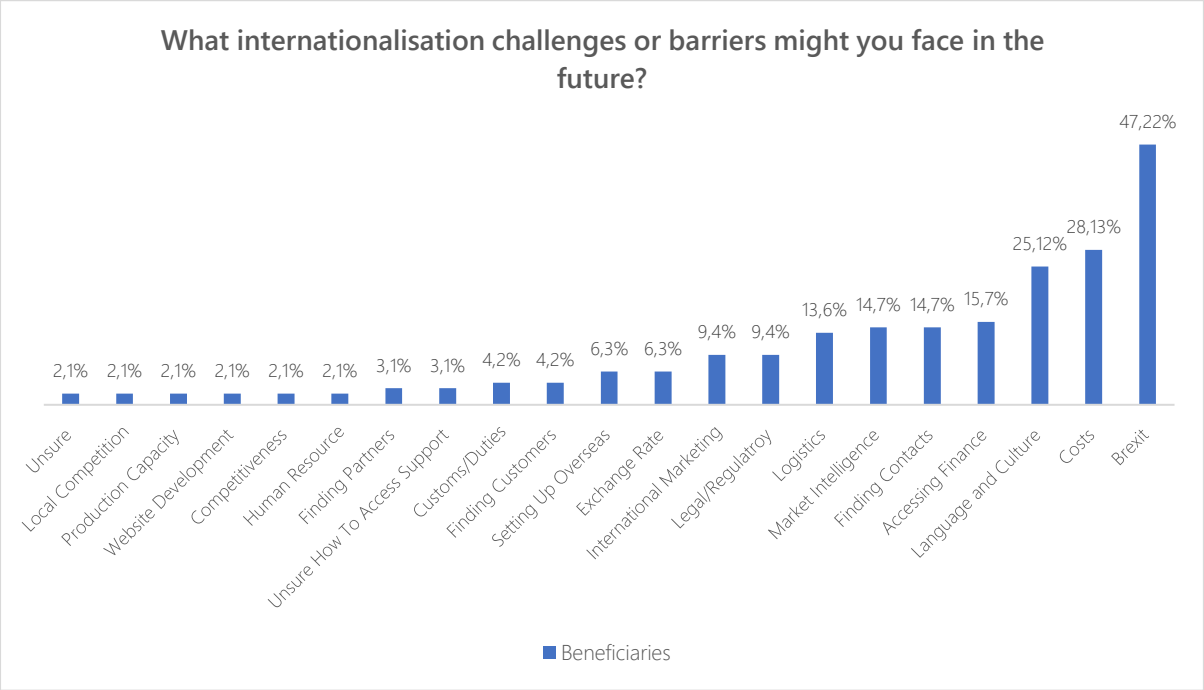
Several respondents noted that the application process was *"overly complex"* (six citations) and that the various stages could be simplified as they were too time intensive for busy SMEs.

Eight respondents stated that they could have received more accessible advice with one explicitly stating that advisor knowledge was not specific enough for recommendations to have an effective impact on their business. *"More accessible advice"* combined with a *"greater quantity of funding"* and more frequent *"updates on grant availability"* were all listed as improvements that the advisors and administrators could have played a role in to improve the experience of certain beneficiaries.

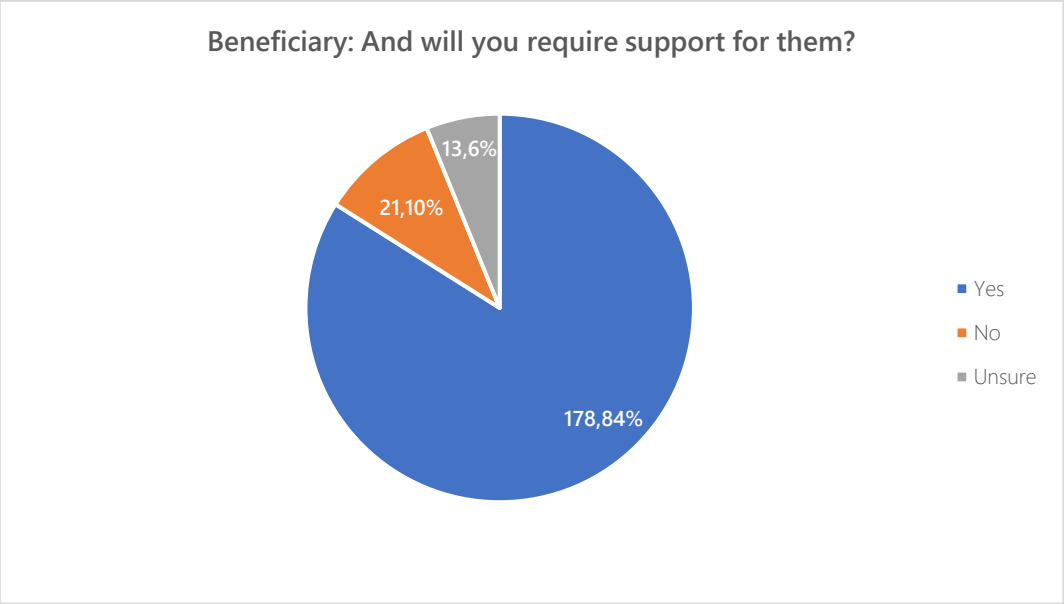
Finally, the survey investigated both beneficiary and counterfactual respondents' potential future internationalisation barriers, and whether or not they would require support to address them.

For the sample of 172 beneficiaries, 21 different barriers were identified, and 212 responses were recorded. 'Brexit' was the largest future challenge (22%). 13% of respondents considered 'Costs' be to an issue. The next most common barrier respondents said they may face to internationalisation in the future is 'Language and Culture' (12%). 6-7% felt that 'Accessing Finance' 'Finding Contacts' 'Market Intelligence' and 'Logistics' were future barriers to internationalisation.

Some of the least common barriers were 'Unsure How to Access Support', 'Finding Partners', 'Human Resources', 'Competitiveness' and 'Website development'. This indicates the relative importance of the more common barriers mentioned earlier to those SMEs that have already benefited from this programme.



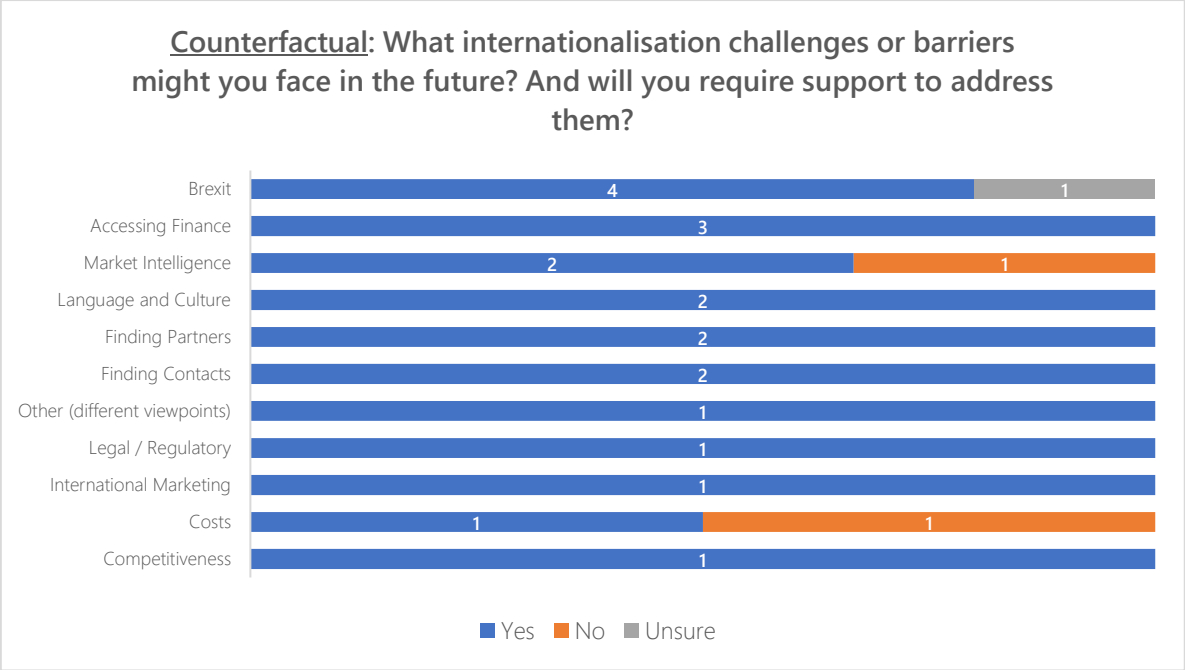

Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172, Multiple Response Question – 212 responses)



Source: Kada Business Survey, August 2019 and August 2021 (n=Beneficiary: 172, Multiple Response Question – 212 responses)

84% of business survey respondents said that they required support in overcoming the barriers mentioned in the previous chart.

For the sample of 25 counterfactuals, again 'Brexit' was the main area where support may be needed in the future (five responses). Other areas were 'Accessing Finance' (three), 'Market Intelligence' (three) and 'Language and Culture' (three). The range of frequencies was much lower, with all future barriers scoring similar numbers of responses rather than the wide range observed for beneficiaries' responses.




Source: Kada Business Survey, August 2019 (n= Counterfactual: 25)

After the next case study, the following Chapter Four looks at impacts and value for money.

European Union
European Regional Development Fund

Case Study:

# Clever boxing supports Mariner Packaging in the international expansion ring

> We had always had distributors in parts of Europe, in particular in Spain, but the key challenge was that we now wanted to grow that part of the business in to new markets and the support provided has enabled us to do just that.
>
> Amy Green,
> Purchasing Manager

Mariner Packaging was established in 2002 in Grimsby and have carved out a reputation as worldwide exporters of high-quality food packaging, bespoke packaging, construction materials, odour neutraliser and specialist foils with over 30,000 square foot of storage space. They are able to provide a vast range of flexible product options to suit customer requirements.

The company is fully accredited and approved by the British Retail Consortium (BRC), which guarantees the quality of its product specifications and full traceability. Specialists in providing customised packaging solutions – from pea bags and printed tapes to construction materials. model the birth and death of stars – Mariner has some remarkable references for a small, but ambitious company in Grimsby.

For example, the company provides a range of specialist foils, which are being used by scientists at the European Organisation for Nuclear Research to help model the birth and death of stars. And in 2016, they were contacted by Kusi Colonna-Preti, a heritage conservator and their specialist Lightite packaging was deployed to protect a number of extremely rare ancient temple walls decorated with Polychrome murals, discovered in Pachacamac, Peru.

In recognition of their previous efforts to expand their reach internationally, Mariner were a worthy winner of the HSBC International Trade award in 2016.

Keeping in touch with the local International Trade Advisor has certainly paid dividends for the company, as they were advised on the initial grant and how to make best use of it to match their business growth needs. ITA

Duncan Slater said, "I have been supporting Mariner for several years now, it is a pleasure to work with a company that is always actively looking to develop and grow their sales and we have been able to help them achieve this via both accessing funding and giving specific support along with attending DIT workshops."

The EfG progamme support helped the company attend trade shows in France and Germany and as a direct result Mariner has found new distributors in Germany and also in the Czech Republic. Furthermore, they have been able to invest in new sales and marketing collateral to support these new distributors with leaflets in the local language. Amy went on to say.

"We couldn't fault the support to be honest, it was more than we expected, and it enabled us to get out to market, attend the fairs and meet customers face-to-face, which is a key part of building the business relationship. It has certainly been worth our time doing."

Mariner estimates additional turnover from Europe is worth about £125k and they have hired one new person in their Export department and another employee is now receiving additional training on the export documentation and procedures side.

In terms of impact, Amy has been really satisfied, reporting that

"It has allowed us to gain a new distributor in Germany and just for that reason alone, it has been well worth doing."

Their sales team has also increased recently to support overall business growth and Amy sees them getting out to Europe more to visit potential customers and support the distributors in-market, as well as targeting new territories which is one of Mariner's key objective moving forward.

# 4. IMPACTS, OUTCOMES AND VALUE FOR MONEY

This section looks at the outcomes and economic impacts of the investment in the Exporting for Growth project as well as value for money.

It assesses the gross value added (GVA) of the project and the extent to which it is making a difference (compared to if the improvements had not been implemented). The analysis is based on reported outputs to date and responses to the business survey. A comprehensive assessment of economic impact was undertaken comprising:

- Net Employment and GVA Net Present Value (NPV)) impacts to date taking into account three years of persistence.
- Total public cost impacts and value for money.

## 4.1. APPROACH

Two tiers of effects are considered:

- Direct Employment: Employment impacts and resultant GVA from jobs created.
- Indirect Employment Effect: The effect on suppliers and resultant productivity / GVA.

The Treasury's Green Book offers some suggested guidelines in assessing the true impact of investments. In line with these, several steps have been taken to assess gross and net GVA and employment impacts, and net present value:

- Deadweight was assumed at 35%, displacement was assumed to be 29.3% (the regional mean) and leakage was assumed to be at the medium level at 25%.
- A composite multiplier was used to calculate the indirect employment effects (from the HCA Additionality Guide Fourth Edition) using the regional mean for business development and competitiveness (1.51).
- The persistence of the benefits (i.e., how many years the benefits are expected to persist and the period over which benefits will accrue until they reach their full potential), in this instance, is a modest three-year time frame, based on experience elsewhere.
- A decay of 10% per annum has been used (i.e., the proportion of annual benefits expected to be lost) from one year to the next due to economic changes.
- Calculation of the Net Present Value (NPV)[8] of the GVA benefit stream over the appropriate persistence time period is discounted utilising an appropriate rate. HM Treasury Green Book guidance has been followed which recommends discounting by 3.5% in order to determine NPV.

[8] Net present value is a calculation that compares the amount invested today to the present value of the future cash receipts from the investment. In other words, the amount invested is compared to the future cash amounts after they are discounted by a specified rate of return.

- A benefit cost ratio calculated by Net Present Cost (NPC) against NPV (i.e., the amount each £1 of investment will generate).
- Estimates for GVA per FTE have used BRES (The Business Register and Employment Survey) and ONS (Office of National Statistics), 2015 data for Yorkshire and the Humber (updated using a historic inflation calculator).
- The model was updated in August 2021 for the final Summative Assessment.

## 4.2. HEADLINE ECONOMIC IMPACTS AND VALUE FOR MONEY

The following table shows that the project has created 2,081 gross FTE jobs (1,378 direct and 703 indirect) and a total NPV GVA of £99.4 million.

Economic Impacts

| | Gross Jobs | Net Jobs | Net GVA | NPV over 3 years |
|---|---|---|---|---|
| Employment impacts (FTE) | 2,081 | 717 | £37,865,304 | £99,423,265 |
| Direct Jobs | 1,378 | 475 | £25,076,360 | £65,843,222 |
| Indirect | 703 | 242 | £12,788,944 | £33,580,043 |

Source: Kada Research

## 4.3. VALUE FOR MONEY ASSESSMENT

The estimated NPV GVA of £99.4m would result in a cost benefit ratio (CBR) of 1:7.5 i.e., each £1.00 of public investment will generate £7.50. This is within the range expected for this kind of initiative. For instance, a review by CRESR of evidence for general business support activity cites a BCR of 1:6.0 to 1:8.7[9].

The total project cost per business assisted is £18,023 and the cost per gross job generated to date is £6,383. The cost per business assisted at £18,023 is above the median expected for this kind of activity but well below the mean which ranges from £4,700 lower quartile to £10,000 (median) and £34,000 (mean)[10]. The cost per gross job generated (£6,383) is at the lower end of what is expected for this kind of activity which varies from £12,000 (lower quartile) to £26,000 (median) and £71,000 (mean)[11]. The project therefore is good value for money especially considering the wide geography and diverse business base it covers.

After the next case study (OSL) Chapter Five looks at project delivery.

[9] Valuing the Benefits of Regeneration, 2011, Figure 4.8
[10] England ERDF Programme 2014-20: Output Unit Costs & Definitions, A Final Report by Regeneris Consulting, 2013, 96
[11] Op. Cit.p10.

European Union
European Regional Development Fund

# Case Study:

# OSL Reaps the rewards of taking a risk on exporting

OSL Risk Management

Hull based OSL Risk Management is an award-winning business specialising in quantitative risk management. The company provides practical software tools, bespoke consultancy and training to a wide variety of clients, including Centrica, Humber LEP and the Institute of Risk Management, among others. Their advanced risk management analytical tools and modelling standards are designed to help clients analyse uncertainty, quantify risk, and ultimately aid decision making within complex projects, investments, business strategies, and real options analysis.

On the training front, OSL has created a four-day professional training course in quantitative risk management (CQRM), accredited by the International Institute of Professional Education and Research (IIPER). Course attendees receive advanced, specialist tuition from global experts, including the OSL's Managing Director Dr. Elvis Hernandez-Perdomo, on the practical applications of quantitative risk management. Growing global interest in the benefits of CQRM was the catalyst for OSL getting involved in Yorkshire and Humber's Exporting for Growth Programme.

Chris Page, OSL's Risk Consultant and Account Manager, explains how their export journey took them into some international markets.

"Risk conventions and conferences in the USA have been happening for 18 years or more. There was an appetite to bring the CQRM to Europe with a view to exporting the training and professional expertise in risk management to the European markets. We didn't expect to get so much interest from Africa."

OSL have been supporting and delivering the European Convention in Quantitative Methods and Risk Management (EURiskConvention) for the last two years. These events have been a big success with around 60 delegates attending from the UK, Europe and Africa. Delegates from Nigeria, Ghana and South Africa were especially interested in what CQRM could do for them. The opportunity of having an AFRisk-Convention was real, but OSL needed support to make the most of it.

"As a small company, we had no budget for an international business development strategy for Africa, " said Chris. "Thankfully Exporting for Growth funding helped us to plan the strategy and send three staff on a visit to Accra. This was invaluable and gave us the flexibility to do the essential groundwork we needed to start marketing properly in Ghana, and consequently in Africa."

During the first visit to Ghana, the OSL team met multiple companies' representatives, such as KPMG, PWC and Vodafone. Dr. Hernandez also delivered three risk management seminars to specialists from the world of banking, insurance and higher education. Thereafter, some intensive follow-up and marketing work back home, on more than 250 potential clients, led to OSL launching the 2019 'AFRiskConvention'. Fifty-six high level delegates from across Africa attended the event which focused on the theory and practice of quantitative risk management.

"I was amazed by the interest in the convention," Chris explains. "We had senior representatives from the Bank of Ghana, from universities and the corporate sector. The event was covered by three national TV companies and the national press. It was fantastic exposure for OSL. All the delegates loved the course and intend sending many more delegates next year. We've already got a date in the diary for 2020 and expect to increase the number of attendees. We also plan to run some in-house risk management courses and consulting activities for corporate clients out there. It's really taken off."

New business levels in Africa have grown so rapidly, OSL has created a new job dedicated to looking after the company's Africa accounts. They have also created a network of trusted risk management consultants and potential partners in the region to work with clients on OSL's behalf. Chris is in no doubt of the vital role Exporting for Growth has played in making this happen.

"We would have exported to Ghana and other countries eventually, but it definitely all happened much faster this way. Having that whole week of intensive promotion in Ghana made a huge difference. We would have had to muddle through remotely without that support and the convention would still be waiting to happen."

OSL has ambitious plans for growing their risk management services into more countries, with talks underway to run courses, projects and conventions next year in Cyprus, Spain, Portugal, South Africa, and Abu Dhabi.

"It was a pleasure to work with OSL Risk Management Ltd and see their developments in Ghana. The Exporting for Growth grant assisted the team to get out to the market which was invaluable in terms of market research and contacts. It really accelerated the full project in terms of being able to deliver a convention in Ghana more quickly. The appetite for such an event was huge and evident via the interest shown during the market visit. It's always good to see the direct impact of Exporting for Growth funding. The fact that this assistance has helped the business in Ghana but also encouraged OSL Risk Management to explore other markets and overseas opportunities too is so rewarding to see."
Sharon Stathers, International Trade Adviser

"

Our experience with Exporting for Growth and our success in Ghana has allowed us to be more ambitious. It has opened the door and given us more confidence to ramp up our business at home and overseas. We are really seeing the rewards of that process and are actively making plans to do more.

Chris Page

# 5. PROJECT DELIVERY

This section draws upon the overall feedback obtained from the consultation programme with stakeholders and delivery partners (see Annex One). It discusses project delivery, fit and impact.

## 5.1. SIGNIFICANCE AS PART OF THE EXPORTING BUSINESS SUPPORT "OFFER"

*"It's an important grant programme as there isn't any other specific similar grant funding available".* (Stakeholder)

*"It is actually quite difficult to get proper engagement with companies without a structured project to support conversations and delivery".* (Stakeholder)

*"The fact that there is a defined project is excellent as a door opener for us, it has certainly given us a good reason to start a conversation regarding exporting with something tangible we can offer".* (Stakeholder)

EFG was universally recognised as an important part of the business offer. It was described as useful, flexible, tailored and 'the only game in town'. It met a real business need, and the grant could be 'make or break from some firms'. The support provided an 'incentive to venture overseas' (ITA Advisor). It helped some firms proceed with a project or activity that they haven't previously been able to do, such as attending an event or undertaking market research or *"do something better than if they were doing it on their own". "Without the funding they wouldn't have been able to commit to those activities and face-to-face meetings were essential"*, noted one ITA, who claimed that in the USA clients tend not to commit to a contract unless they met the person face-to-face, which can be very expensive. EFG was described as being able to support a company in their strategic growth plans, rather than pursuing one off, more routine activities. ERDF support provided an initial hook to help companies take a 'first step' and secure support for export planning. They were subsequently more likely to initiate their own follow-on activity and often maintained an informal relationship with their ITA.

*"EFG is crucial, it allows clients to do things they may not have done otherwise".* (ITA Advisor)

*"However, EFG is the perfect place to start; ongoing export planning support means companies can use it as an incentive to then work towards bigger goals".* (ITA Advisor)

Direct contact with advisers ensured that the companies received comprehensive information, maximised their return on investment, and used the relationship with their advisor to gain access to wider support. The support was helpful in defraying costs in activities such as fact finding, market research and trade missions. As part of a strategic approach to exporting, EFG allowed companies to progress to the next stage of exporting more rapidly.

*"The grant is often the tipping point for companies undertaking any activity at all. EFG is helping overcome the barriers of lack of know-how to access markets and understanding routes to market"* (ITA Advisor)

## 5.2. STRATEGIC FIT

EFG met LEP and national policy objectives priorities to increase exporting. For some clients it helped build resilience in advance of Brexit. In Sheffield EFG staff were embedded within the Growth Hub and in the Leeds

City Region there was a clear fit with priority sectors such as healthcare and life sciences**.** EFG supported any eligible companies, so there wasn't always an explicit focus on LEP target sectors. That said, ITAs noted that there were good links with technology and digital companies for instance in the Leeds City Region.

*"We don't have as many companies exporting as we should have, so this programme can only be a good thing. There is also evidence to show that companies that export also tend to be more innovative. This is clearly a win-win for the LEP".* (Stakeholder)

*"The Humber region being a port, is outward facing with a high proportion of manufacturing companies making EGS a very relevant offer".* (Stakeholder)

Alignment with other business support and trade programmes was said to be strong. EFG was not thought to duplicate complementary activity. The project team worked collaboratively with other bodies, facilitating joint events with the FSB for instance and joining up DIT core programmes. It was suggested that there was perhaps more that could have been done to link EFG activities with inward investment priorities.

Regular networking occurred between ITAs and LEP business advisors. Several ITAs referred companies to their local LEP so they could non-export oriented support such as capital investment programmes or digital expertise. ITAs worked with LEPs and Government on joint initiatives, such as Brexit workshops.

For companies exporting to Europe the UK's Exit from the EU had an impact on export activity. ITAs reported that some clients found that their distributors and customers were not committing to orders in the first half of 2021. Other firms with primarily non-EU markets were less heavily impacted.

## 5.3. IS THE PROJECT MEETING A NEED THAT OTHERWISE COULD NOT BE MET?

*"It provides that extra push to get out there. It is difficult to build overseas relations without being on the ground and meeting clients. Long term sustained relations require direct meetings. This support provides the extra support to enable this".* (ITA Advisor)

*"Some companies won't spend money on exhibitions without knowing what they are like or having done one before. They then understand how valuable they will be".* (ITA Advisor)

ITAs noted that one of the key needs being met that otherwise could not be achieved were the costs of entering an overseas market, *"delivered as part of a wider strategy and developed alongside the suite of DIT's other services – it's the perfect solution"*. The support enabled firms to be well prepared for entering a new market or build capacity in firms with latent export potential. This involved developing websites that were compatible with international markets *"to inspire confidence with potential audience and buyers"* and *"generate an increase in the number of enquiries"*. This activity has been popular recently, during the pandemic months.

ITAs reported that their clients tended to understand the benefits of exporting, but often underestimated the effort and cultural understanding required. As noted in the first section in this chapter, there was little else like EFG available. Therefore, it allows firms to undertake activities they wouldn't otherwise have been able to, for instance, helping businesses travel overseas and meet clients or go to exhibitions (of course the government restrictions after the Covid-19 outbreak severely curtailed this kind of activity).

## 5.4. PROMOTION AND AWARENESS

*"We have been fully engaged with the team and there has been active promotion. You can always do more. But we have very good relations and jointly planned campaigns".* (Stakeholder)

*"We use social media, website and promote awareness at every event we do, plus workshops, and we promote informally at the events we attend".* (Stakeholder)

The first key task for this project was to raise awareness amongst the business community and let them prospective exporters know that they were capable of exporting for the firm time or finding new markets. Partners played a key role in promoting the project through joint workshops and social media activity. The project was said to 'have helped open the door to the wider DIT offer'. The project messaging was well-pitched and improved from the early days of the project, when there was perhaps too much emphasis on ineligible activity (i.e., what you couldn't do rather than what you could).

Wider stakeholder publicity of the project was very helpful, and the project team adopted a very flexible approach to promotion. An effective forum for promotion was via the Adviser Gatherings which offered regular update sessions for all advisers working on regional programmes. This was an extremely well networked group. The project was also promoted via mailing lists, events such as the Annual Business Week, and via word-of-mouth. LEPs promoted the programme through Growth Hub websites, social media postings (which were scheduled at regular intervals ahead of time), through the DIT Humber team and at regular Growth Hub adviser meetings. There was perhaps more that could have been done collaboratively to promote the programme. It was perhaps the volume of activity rather than the quality that could have increased.

*"We had a very active network. The lack of a rigid approach was helpful, but there was possibly latent demand out there which would have benefitted from a bit of a marketing push".* (Stakeholder)

*"We could always do more, the LEPs and partners are promoting, and we rely on partners a lot, as there aren't massive budgets for this kind of activity".* (Stakeholder)

Many ITAs promoted the project directly to their own client base face-to-face, or via email if they hadn't seen them for a while. Like the stakeholders above, ITAs developed operational links with local intermediaries, regularly promoting the service through partners such as Chambers, LEPs, banks and the FSB. Some ITAs used Datahub (a DIT tool) to search for companies and contacts or followed up enquiries generated through the marketing team via publicity or the lead generation activity, the LEPs or other partners. One ITA mentioned weekly meetings with their local Growth Hub to discuss cross referrals. Like the stakeholders, ITAs used social media such as LinkedIn, Facebook and Twitter, published articles in trade journals such as inside media. Many ITAs spoke at promotional and networking events and workshops. *"I was the face of an 'ask the expert' marketing campaign that enabled EFG to be promoted"* noted one ITA.

*"At the regional level we had a marketing team that focuses on promotion via social media etc, we also had our own social media and I promoted it at every event I spoke at as part of the support of services that DIT could provide".* (ITA Advisor)

*"I also worked closely with other intermediaries such as Chambers, banks, IP lawyers/consultants and IT consultancies as these latter firms could also benefit from the programme if a company wanted to use their services as part of the delivery of a certain aspect of support".* (ITA Advisor)

Suggested programme improvements included a plan for identifying new companies not listed on existing commercial databases. The number of players in the exporting scene can be confusing for companies looking for support and it was stressed that it was important that the DIT message was 'crystal clear'.

Companies tended to take the communications from ITAs seriously. Some ITAs sent monthly updates containing an amalgamation of useful information, e-shots of relevant events and sometimes a personalised message reminding companies who have previously shown interest in exporting and prompting them to reply. ITAs noted that it was important not to attract firms wholly motivated by the grant alone:

*"It was not heavily promoted for this reason. It was better to target known clients who would really benefit from the project rather than adopt a mass marketing approach".*

One ITA claimed it was best to promote the project more organically, as part of a wider discussion.

*"The marketing team have done various campaigns; I do a lot of events especially in the Tech sector and engage with intermediaries. I've done joint meetings with consultants' clients".* (ITA Advisor)

Another ITA (interviewed in 2019) felt that one of the barriers to uptake from some firms looking to trade in the EU was inertia (see also Strategic Fit), they *"were holding out to see what will happen with Brexit and trade deals"*.

## 5.5. DOES IT FAVOUR/DETER ANY PARTICULAR SIZES OR TYPES OF BUSINESS?

*"It attracts, and is open to, a wide variety of companies, which is good".* (ITA Advisor)

When asked whether the support favoured particular business types, some ITAs felt companies with a turnover of £3m-£6m were more inclined to seek advice and better positioned to absorb the support. They tended not to have their own export divisions or teams. Larger companies had greater capacity and expertise to handle export strategy work, and were typically in a better position to fund overseas trips, though, often benefitted from links to relevant consulate contacts etc. It was thought the level of support was not attractive to larger SMEs or those who wanted decisions made very quickly (despite the relatively swift application process), or to those wishing to attend larger, more expensive trade shows. Some ITAs claimed the process did deter some firms, including those who were 'time poor' (administratively). They had to do some 'hand holding' to retain their clients.

Other respondents felt the size was not a factor, stressing the capabilities and motivations of the individual making the claim were more significant. *"The funding is there and the criteria on who can use the funding are clear"* (ITA advisor). One ITA said that SMEs in the tech sector did not warm to the programme, possibly due to amount of paperwork. The Undertaking in Difficulty ruling (discussed elsewhere) did mean some companies who were invested heavily in R&D for instance (tech companies in particular) were ineligible, despite being a potentially credible export prospect. *"These are exactly the kinds of companies we should be supporting and therefore it has had unintended consequences"* (ITA Advisor). The Undertaking in Difficulty ruling was relaxed following the pandemic. From 23 April 2020 it was possible for ERDF to support SMEs experiencing difficulties as a result of Coronavirus outbreak if project activity is operating in line with De Minimis support.

## 5.6. PROJECT ADMINISTRATION AND THE APPLICATION PROCESS

The process administration improved over time, but there it still had too much paperwork, repetition and duplication and could take firms (and their ITAs) a disproportionate amount of time to complete. The need

for wet signatures seemed outdated. *"It cannot be completed online; it is quite laborious and complex"* (ITA Advisor). There were also ITAs who thought the process was satisfactory and stressed the importance of managing client expectations in terms of the administrative requirements. These mixed views are illustrated below.

*"It is not a bad process, as long as the companies explain what they need to do well".* (ITA Advisor)

*"I was working with the MD of a fantastic textiles company recently and he got to form three and was complaining that he was 'losing the will to live'. He ended up just having to book flights and hotels as the costs were going up all the time. Paperwork is a real challenge and is so far removed from what front line support should be all about. Time is money for businesses and too much time has to be spent on the application and claim process".* (ITA Advisor)

*"The application process is through two streams, and they are very similar, but I just have to explain that this is what we have to do and most businesses are alright with that. As long as you explain that this is EU rules".* (ITA Advisor)

Some ITAs were frustrated that several companies withdrew at the claim stage because they didn't follow the rules on providing evidence of spend or it was taking too much time or had issues around personal credit card purchases. Refinements to the process have been made to improve the experience for companies. For instance, the requirement for three quotes for every transaction was relaxed. ITAs guided companies through the process, following up any missing elements. Many companies realised there would be administration required as part of the process (*"they live with it")*.

*"The more applications you do, the easier it becomes". (ITA Advisor)*

*"The quicker we can get through it, the quicker the support is delivered". (ITA Advisor)*

*"If EFG was online, it would be a much slicker process and would create the capacity to support more companies".* (ITA Advisor)

There may be scope to merge some of these many administrative processes[12]; the closure forms for instance, as there was little incentive for firms to complete these when they have already received the funding. ITAs often had to chase these latter forms.

## 5.7. MANAGEMENT, GOVERNANCE, AND DELIVERY

*"The right processes are in place, and I believe ITAs are putting forward the right sort of companies".* (Stakeholder)

*"The team are well experienced and know this project inside out"* claimed one ITA. The right criteria and procedures were thought to be in place (notwithstanding the earlier comments about the volume of paperwork) and there was a quick turn-around time when the administration had been submitted correctly (though the pandemic did delay some projects). One barrier was waiting for client paperwork. ITAs believed the project had been able to select, engage and support the right businesses typically through their own networks.

*"Project engagement worked pretty well, through mainly my networks. I spoke at events to spread the word about funding to meet overseas clients".* (ITA Advisor)

[12] Clients are involved with several forms including the eligibility check, the Action Plan, the application stage which has several stages (quotes, approvals), internal forms in between stages and closure forms (job creation growth, follow-up).

The project was capably run with clear accountability and effectively managed by knowledgeable and experienced staff. Programme audits suggest it was very well-received. The project processes took time to set up which did impact on the early delivery phases.

*"It was a bit onerous to start with and there were some unrealistic expectations such as getting several quotes to go to a certain named exhibition. We are able to advise companies better now and some of these process requirements have been refined somewhat".* (Stakeholder)

*"We have become quite good at it now, there were a few teething problems at the start, but we have become much slicker, especially with regard to filling in the forms and ensuring we get the correct information".* (Stakeholder)

The organisations involved communicated well with each other and there was a high degree of co-ordination of activity. Partners received high level intelligence about the programme.

*"EGSL produce quarterly reports of all their activities in four or five pages which is very useful at putting 'meat on the bones' of the basic outputs".* (Stakeholder)

*"My overriding impression is that the project is effective and valued with short turnaround times and DIT advisers are great at helping with the application process".* (Stakeholder)

At the time of the mid-term evaluation, one LEP reported they lost some DIT staff which had an impact on capacity.

*"It was easier to keep on top of things when there was more resource on the ground. Also, we did not replace some advisers who retired. Higher caseload management had a knock-on effect on programme promotion in particular".* (Stakeholder)

The core staff team was increased to cope with changing programme demands, *"we are constantly streamlining the process"*. Ideally, ITAs would have liked less changes throughout the process but the ERDF core team have been receptive to ITA clarifications and offered a useful point of reference. For instance, they gave advice on the application of the 'Undertaking in Difficultly' ruling prior to its relaxation.

ITAs thought there was generally sufficient capacity to support the project over the targeted geography. A typical comment was *"Yes, this has been fantastic and very good in terms of administrative support"*. It was noted that the project team had grown to meet demand but there was a request from ITAs at the mid-term evaluation point for more hands-on involvement from the administration team at the claim stage to avoid *"ITAs getting sucked into administrative discussions rather than offering strategic export support"*.

The ITAs were unanimous that the project had delivered its intended activities to a high standard.

*"Yes, I have lots of happy clients and export wins".* (ITA Advisor)

*"ITAs are audited on the processes every quarter. Everything has to be done really tightly".* (ITA Advisor)

## 5.8. DELIVERY MODEL

### STRENGTHS AND WHAT HAS WORKED WELL?

The project had many strengths and was very well received. Alignment with the core DIT offer and local services was described as a 'masterstroke'. For instance, it linked well with Export Exchange, a peer-to-peer mentor scheme and more recently has made links with the Export Academy.

*"Because it is match funded from the DIT, it aligned with their core services right from the beginning and [clarified] what it would deliver".* (Stakeholder)

*"The grant is only a very small part of what works. It's the wraparound support from DIT which is important. Finding out about one thing can lead to identifying support for something else".* (Stakeholder)

The simplicity of the programme was appreciated. It was used for a range of activity including travel, attending conferences and creating promotional materials etc. The scope of activity changed following the outbreak of Covid-19, but the support was sufficiently flexible to adapt to changing circumstances.

*"The project is simple to set up and easy for clients to understand. It is flexible, and not prescriptive as long as it is showing benefits to the client".* (Stakeholder)

*"It can be tailored to fit the company and is flexible in how the grant can be used to help".* (Stakeholder)

Businesses reported they were very pleased with EFG and commented positively on their experience, the activities undertaken, and the outcomes achieved. It was a client driven project and offered companies with a 'long-term projection of where they might go'. Many firms went on to self-fund their own activity and enter new markets (see impacts section).

*"It works for people that are using it and I have worked with. I have seen companies meet their targets and ambitions. People who have gone on a visit don't always come back immediately with something but over time a business has generally always benefitted in some way. Everyone I know who has received support has got something from it from a varying degree".* (Stakeholder)

The project was an invaluable tool to help companies become better prepared for exporting. It reduced risk and financial exposure for small firms and provided a broad range of support activities. With only a 40% funding requirement from company it *"could determine whether they went ahead with exporting or not and took away some of the pain"*. The project was able to deploy specialist consultants (for instance in Intellectual Property), which were often prohibitively expensive for smaller companies.

The monthly project progress reports showed that in the period after the support ended there was a significant up-swing in export wins. EFG 'seeded' companies of the future and helped to stimulate innovation, new markets and new product and service development. With larger projects, EFG provided a good springboard for a detailed opening conversation with an ambitious company and had something tangible to offer. Most clients were independently validated (some 10% of clients) were happy with the support and appreciated the help. They found it invaluable 'in terms of asking the right questions regarding which markets to consider etc'.

*"It helps us to knock on the door of the more risk averse companies and therefore help more companies move towards exporting overall".* (Stakeholder)

*"[EFG] sped up the export process for these companies and helped them do something they wouldn't have done previously".* (Stakeholder)

*"Yes, companies are using it to grow exports and grow employment, as well as increase turnover. It's making companies more successful and opening their eyes to the benefits of international trade with overseas markets".* (Stakeholder)

*"Companies can consider different scenarios, think about how to prepare for them and be ready to formalise new processes later".* (Stakeholder)

The project was managed by high calibre, dedicated staff. There was a good interface with local export co-ordinators that were specifically recruited as part of the funding package.

*"There is an incredibly supportive and well organised team in Barnsley".* (Stakeholder)

*"They have worked hard to keep LEPs informed about programme progress".* (Stakeholder)

EFG had a straightforward and flexible application process combined with swift payment once the paperwork has been agreed. This is a key selling point and resulted in considerable uptake.

*"The speedy turnaround of the grant application has been excellent. We have been able to give the companies the go ahead very quickly which is great".* (ITA Advisor)

*"[EFG] meets the business need for the quick timeframes that companies often face to get booked onto trade shows, for example. It allows them to do activities they couldn't do otherwise or enhance what they already do".* (ITA Advisor)

ITAs believe the funding support has helped firms implement projects as part of a wider export strategy discussion and process of engagement. EFG gave ITAs a pretext to build relationships with companies, resulting in close interactions.

*"[EFG offers an] opportunity to work with new clients and, just as importantly, re-engage with previous ones who have not had support for a while".* (ITA Advisor)

The formalisation of action plans was used as evidence to justify an ITA working with firms initially. The offer of financial support allowed ITAs to continue to work with companies in a more formal and structured way.

Strong regional partner relationships were developed via EFG within the business support community. It encouraged the growth of local economies by encouraging companies to look outside of UK allowing them to do things they otherwise would not have done.

When asked if there were any advantages to EFG compared to other business support schemes and activities, ITAs claimed that it was the only current programme of this kind at this scale. A key feature of the programme was the support offered by the ITAs who offered funding support with impartial advice ('money with management'). This is very different private entities who charge for such services, or the various grant or funding schemes offered without advice attached.

*"The cash grant and advisory services together make sense and work well".* (ITA Advisor)

*"The flexibility in terms of what it can be used for is really good. Whilst an export plan has to be completed the finance offers an extra incentive to make it happen".* (ITA Advisor)

ITAs thought EFG was a flexible programme that was well administered, could be used in a variety of ways and showed good results. It was a good 'conversation starter' with SMEs offering firms a fast process, access to target markets and links to wider DIT support.

*"It's a good selling tool to help us get in the door and attract companies to work with us".* (ITA Advisor)

*"It's all accessible via email and done electronically which is helpful in terms of the administration, and the turnaround time from the team has been really quick – within a week, so this has been done with speed and efficiency".* (ITA Advisor)

*"It [EFG] enables companies to do overseas projects in more professional and consistent way".* (ITA Advisor)

*"EFG helps companies get into the target markets and guides them through the process".* (ITA Advisor)

## WEAKNESSES, BARRIERS, CONSTRAINTS AND LESSONS

The level of paperwork and management information in relation to the modest size of grant was prohibitively onerous for some companies. The administration and clarification of eligible costs could take some time and be off putting. *"Paperwork issues, guidance and eligibility clarity could be improved to make for smoother delivery"* noted one ITA. It should be noted that for a minority, the administration did not pose a problem *"once you know what you are doing it is straightforward".*

*"Many companies will have issues around the amount of time taken to complete the paperwork, and many have had to make decisions on travel plans dynamically, and the decision-making process is too slow to do this effectively (you can't book until this agreed, but the approval process is too slow and waiting would have ended up costing the company more)".* (Stakeholder)

The diminishing grant size affected the applicant quality. More could have been achieved with higher value grants.

*"When the grants were larger, we attracted better quality companies that could eventually create more jobs, but as the grant value has diminished it becomes less interesting for companies, apart from very small ones".* (Stakeholder)

Limited resources affected demand levels and the generation of a pipeline of activity. They limited the potential to support larger scale trade and exhibition visits. At the mid-term evaluation stage there were some integration issues with DIT and EGS both chasing companies for feedback on different forms and asking similar questions.

The 'Undertakings in Difficulty' ruling meant some potential exporters were missed with several application rejections.

*"Many of the life science companies could be pre-revenue with long development cycles and haven't sold anything even within three years as they are still in R&D phase".* (Stakeholder)

The huge variation of companies supported means their needs and requirements were quite diverse.

*"You could be supporting a company that has raised £50m and been in development for 10 years or a company started in a shed and now employing a few people".* (Stakeholder)

Outputs took some time to come to fruition (see next section also).

*"There should be a more realistic expectation of the time required to achieve outcomes in the life sciences sector. Typically to get a product registered in Saudi might take 2 or 3 years and hence the payback time could be quite lengthy".* (Stakeholder)

The political landscape at times acted as a brake on some company activity and towards the end of the programme the pandemic affected company export ambitions.

*"The main barrier was Brexit. It was a distraction to everything – once out of the way, firms will concentrate more, and you will see more of an uptake. And firms will take steps they have been holding back on".* (Stakeholder)

There has been a lack of consistency in terms of the value of the grant offered and the changing policies and procedures *("Too many versions of the same form and constant changes (in the name of trying to make things better")).* Changing DIT policy in relation to targeting has been a challenge to adapt to. The fact there was only one application allowed per company meant some useful follow-up activity was excluded.

*"Things have a habit of changing. In terms of process, for example, some things might not be identified early in the project, which meant more processes had to be added in, leading to more paperwork for companies, which is not ideal".* (ITA advisor)

One ITA thought there should be greater clarity on eligible activity. For example, a UK video needed to be adapted and localised for international markets, leaflets need translating etc, but it was not clear if these were eligible items, and this subsequently caused delays. The inability to claim retrospectively for events' deposits or travel was mentioned by one ITA as a challenge at the mid-term evaluation stage. Another challenge was take up:

*"The main barrier is that I go see the company and they don't take up the project or respond, and I have to chase them up but don't get a response. Often the companies have filled in the application form".* (ITA Advisor)

## 5.9. IMPACT

Prior to the pandemic grant was most often used for visiting countries, accommodation, and exhibitions and afterwards it firms were looking for support with market research, internationalisation of their websites and marketing. One ITA thought the grants were best used in countries further afield, as closer countries were cheaper to get to and it may not be that impactful to get a grant for it.

ITAs interviewed for the mid-term evaluation were able to cite many impacts achieved from increased sales to new clients:

- A food and drink company that protected its trademarks in several international markets managed to gain 10 years cover in key markets. They could trade safely in those areas, reducing their risk.
- *"I have had a firm in the leisure industry generate £2m additional sales in Germany via a trade show and new distributors and another company in the automotive sector win £1m of additional sales in conjunction with a trade show in Las Vegas".*
- A funeral trolleys' manufacturer that enhanced their design for the Japanese market, had business cards and brochures translated and hired a well-briefed interpreter. They went to an expo in Japan, gained a major distributor and were forecast to achieve £1m in five years.

- *"My biggest export win is probably £19m in 2 countries in Sub-Saharan Africa".*
- *"Access to new markets that would not have happened otherwise, credibility in the marketplace and an ability to strive for bigger and better exporting opportunities. It raises international presence of companies and stimulates investment in exporting".*

Companies met new contacts at trade shows, industry events, and meetings and gained a better awareness of the markets they were visiting. Prior to the pandemic many companies wouldn't have been able to commit to events without the support:

- A company in fashion and textiles that launched a product range in USA with a distributor was now receiving orders of £275,000 per year. The costs to attend would have been prohibitive.
- *"I had a company who used to be very small. They exhibited at a tech show in London and have now picked up a big order from Ireland because of it. They now have more staff and are growing".* (ITA Advisor)
- A micro company who went to Paris trade show and met a US client.
- One company was supported to attend a trade show in Asia. They publicised the fact that they were going on their website and saw a big rise in enquiries from potential clients in those markets before they attended the show.

Some firms have used the funds to invest in digital enhancements and internationalise their websites following the pandemic:

- *"A revamp of a website in the rail sector and it looks really good".*
- SEO improvements which have helped generate new leads.

ITAs claimed firms have used the funds to make new connections:

- *"One firm needed to meet a Middle Eastern client to try and make a deal happen. ERDF funding supported the visit facilitating the chance to make a personal connection. The deal followed a few months later, and much quicker than would* have *happened without that personal connection. I have had other clients accelerate signing-on-dotted-line with US partners".*
- *"Funding was used to go to the Middle East and India to meet clients".*

Companies sometimes lacked confidence when trading abroad for the first time. ITAs were able to show them that the process was not too complex. They set out practical steps firms could take with the added incentive of a grant offer enabling them to access new markets. For some this resulted in substantial investments overseas or immediate impacts. For others impacts took a while to materialise. The scale of impact sometimes reflected the readiness of each company or the 'being in the right place at the right time with the right people'. One ITA worked with a company actively looking at the Canadian market to identify a relevant trade show. Within 15 months the company had opened a training shop in Canada which generating a good income. The firm was now looking at their next target market in Ohio.

### WHAT IS THE MOST IMPORTANT ELEMENT OF THE SUPPORT PROVIDED TO SMES?

*"Funding is massively needed, especially for SMEs who are indecisive and don't see the returns on their efforts for eighteen months or so".* (ITA Advisor)

*"Money can be quite tight for SMEs, and many have the desire but not the financial resources to make a first step".* (ITA Advisor)

ITAs claimed funding and access to the financial support was a key trigger point for many applicants; especially when combined with advisor support highlighting key gaps in a company's export strategy. The project was used by some firms to fund meetings with potential clients and secure new clients and partner contacts.

*"Walking the floor at exhibitions and being able to meet those in the industry is really important and this [funding] helps significantly with that".* (ITA Advisor)

For some ITAs the planning stage was perceived to be invaluable for those companies that didn't really know what they wanted. Most SMEs really valued an initial strategic discussion which was then combined with an export action plan and funding towards internationalisation activities. Many firms received on-going mentoring and advice from their ITAs and support with their paperwork. *"I sat with them for the entire process and did not expect them to fill out forms on their own. It is the only way to make sure that companies did things in a timely way"* (ITA Advisor). The accessibility of the ITA is an important feature of the support.

*"Trade advisors need to be part of the journey for the businesses, helping them identify different requirements at different times".* (ITA Advisor)

After the next case study (Broadbent Stanley) the final chapter provides some conclusions and lessons.

European Union
European Regional Development Fund

# Case Study:

## Exporting 150 years of engineering excellence to the cutting-edge international oil industry

BROADBENT STANLEY

Broadbent Stanley are a machine tool builder specialising in the manufacture of both CNC and manual horizontal and vertical lathes, grinding machines, milling and boring machines all suitable for many industrial sectors but being particularly renown in the oil, gas and power generation sectors.

> We have not only been given funds for events but have received valuable advice from our ITAs.
>
> Graham Thomas, Managing Director

The company was originally established in the 1870s as Broadbent Machine Tools Ltd in Halifax and was a key employer in the town specialising in the manufacture of lathes for many years. After a series of mergers and takeovers in the 1970s the range of machine tool products widened further. The company design, manufacture and support their own equipment and export 80% of their machines. They not only market new products but provide an after sales service to their many customers, sometime selling spare parts for machines that were originally supplied more than 60 years ago.

Broadbent Stanley work closely with four manufacturing partners in Taiwan and have enjoyed a successful long-term relationship with these partners for approaching 30 years. Together they have created an excellent reputation across the world producing machine tools to a very high standard with an enviable reputation for quality, delivery and after sales support.

Broadbent Stanley's managing director, Graham Thomas, said that one of the most successful machines they produce is the 'Yorky', specifically designed for the oil industry. The Yorky is a horizontal grinding machine that grinds the oil pipe stabilisers that are needed to ensure accurate down hole drilling. These stabilisers are coated with carbide which gradually wears out and have to be regularly reground for recoating. Previously these stabilisers were processed on ordinary machines, but the 'Yorky' has been specifically designed and manufactured to successfully meet the high accuracy toler-

ances and productivity requirements demanded by the oil industry.

The Yorky mechanical chassis is built by one of their Taiwanese partners to Broadbent Stanley's design and is then shipped to Halifax where the company fit the guarding, electrics and specialised electronics prior to commissioning and rigorous testing before despatch to customers around the world. Broadbent Stanley have designed, built and supplied around 50 of these Yorky grinding machines over the past few years.

Broadbent Stanley currently have an annual turnover of over £1.5m in what Mr. Thomas explained can be a most volatile market heavily dependent on the price of oil.

"Five years ago, the company was riding high with a turnover of £4m but the price of oil fell by $60 a barrel and the company had to downsize and use significant reserves to keep it afloat."

Mr Thomas also commented that prior to the support received from the Exporting for Growth (E4G) programme, Broadbent Stanley had upgraded their website which itself had generated many more enquiries and significantly raised the Company's profile.

The company became involved in the E4G programme through a contact at the DIT who is an ITA and through contacts involved with the Manufacturing Technologies and the Engineering Industries Associations. They secured £2,000 towards the cost for a stall at an export show in 2018 and have been granted the same amount towards the British stand booked for January 2020 at the Steel Fabrication event in Sharjah, United Arab Emirates.

"The first event didn't directly generate much business, but it did keep us in the loop and ensure our name was to the forefront supporting our other marketing activities. If we had become involved earlier, we would possibly have also received support for our website upgrade. By continuing to attend shows, we maintain our visibility to customers allowing us to strengthen our reputation in the industry."

> This company has always exported but the support has helped them understand the trade environment better and given them a clearer vision of where they want to go.
>
> Gill Greaves,
> International Trade Adviser

On the impact of the support received from the Export for Growth project, Graham said they were also given advice on systems and forward planning, as well as funding support for specific events. As a direct result of the increased business generated, which Mr Thomas conservatively estimates at over £200,000, Broadbent Stanley have employed an additional two part-time workers. "The other major benefit that cannot be readily quantified is having the 'on-tap' support from the ITAs. This helps keep us up to speed with what is happening in our key markets in addition to what is available from grants and other support." The company owners and directors clearly believe in their products and feel they would have eventually achieved the impacts described above but that it would have taken significantly longer to get there.

As for the future, Mr Thomas is planning to retire over the next few years and will be passing the ownership of the business on to others, including his co-Director, but will remain as an adviser and consultant.

Broadbent Stanley's future business priority is to expand into new overseas markets. A recently appointed distributor is already generating new business in the Middle East whilst new agents are exploring opportunities in several other markets including North America. Order books are healthy and business prospects are believed to be buoyant.

# 6. CONCLUSIONS AND LESSONS

This section identifies possible enhancements, key lessons and looks to the future. It concludes with an assessment of the overall achievement of the projects aims and objectives.

## 6.1. THE FUTURE AND ENHANCEMENTS

### POSSIBLE ENHANCEMENTS

Amongst the suggestions for project enhancements was a differentiated offer for smaller companies, with intensive handholding at the earlier stages (a human interface rather than a digital solution). It would be possible to offer a larger grant for existing exporters of up to £10,000 and a smaller one for new firms.

Allowing companies to access support on multiple occasions would be beneficial for some with secondary or follow-on support for higher potential companies.

*"It would have been better if some of the excellent companies could have repeated the exercise as opposed to it just being a one off. There isn't the same emphasis on those already exporting and exploring new markets though. EFG is great but is a 'one shot' affair. You should be able to have a second go. Maybe one or two grants per year to explore new markets. This is as important as encouraging new exporters".* (Stakeholder)

*"Yes, it needs more money and a wider scope to help existing exporters and they need more than one crack at it [the grants]".* (Stakeholder)

*"Look carefully at the size of the grant and how this relates to the type of companies you want to attract and help grow".* (Stakeholder)

*"Yes, if the grant size per company is decent i.e., £5k or above, to enable to prioritise more promising companies and facilitate deeper engagement".* (Stakeholder)

*"You could keep 40% of the pot for deeper 'level two' (follow on) engagement activities".* (Stakeholder)

Additional project elements such as a modest programme of workshops could be supported. There could be more collaboration happening around exhibitions with potential to work across networks and groups of companies to take more of a 'delegation' type approach. A focus on particular groups and joint company propositions would be feasible (health care companies for example). It would be possible to focus more explicitly on new markets as well as the expansion of existing markets. There is an opportunity to broadcast the project benefits and achievements more widely with the DIT or LEP ecosystem for instance.

*"There's more we can do to increase the impact EFG is having. If we have additional ERDF funding in the Growth Hubs, we can have additional workshops and a more targeted approach to working with companies. Having more advisers would help raise the programme's profile and allow greater outreach. All of this would undoubtedly increase impact".* (Stakeholder)

*"You can't beat peer-to-peer examples such as case studies showcasing how the programme has helped individual companies".* (Stakeholder)

The contacts made through project could be used. Advisors could stay in touch with businesses and continue to support their future needs. There is potential to link firms into more specialist support.

*"In our sector there is a huge demand for product registration in overseas markets which is very labour intensive and also takes a long time. To register a medical device, you really need help from someone who is a specialist in that field and often these specialist resources are just not available".* (Stakeholder)

The project administration forms could be more user friendly, concise, streamlined and professional to reduce duplication (though this has improved recently).

*"The user experience needs to be much improved in this area and perhaps more on-line forms could be used. As mentioned, a simple YouTube type carton video would also help with informing businesses on what the project is about, what to expect, dos and don'ts etc rather than burdening the advisors with this every time".* (Stakeholder)

*"Improve service design and delivery – user interfaces, forms, communication tools etc – simplifying messaging, clarifying amounts that can be claimed, making better use of digital technologies to enhance this part of the customer journey".* (Stakeholder)

## IS THERE MORE THAT CAN BE DONE TO HELP SMES IN EXPORTING?

*"Often the size of the grant is less meaningful for companies with a turnover of say over £5m. It is just not worth them doing the paperwork and engaging with the process in its current form".* (ITA Advisor)

*"Generally, any help to assist firms to get in front of buyers and meet them in market is helpful, helping them getting them in touch with the supply chains and out to market".* (ITA Advisor)

When asked whether there was more that could be done to help SMEs export, echoing the sentiments above many ITAs would like to see a capacity for multiple applications, a higher scale of financial support and some follow-on support. Several clients have asked what will happen after the programme ends. Clients would like more clarity about the implications of trading with Europe longer term and in a post pandemic era. Other suggestions include good quality affordable research which has become increasingly difficult to access through DIT channels and more events like meeting prospective buyers and sector specific gatherings. One ITA mentioned a recent online platform where buyers and sellers could match profiles and contact each other with a view to setting up one to one meetings. ITAs stressed that it was important to ensure that companies know about future export support programmes.

## THE FUTURE

*"Offering a greater degree of certainty on direction would support longevity and more hand holding on a consistent and continued basis would be beneficial".* (Stakeholder)

*"A concern going forward is that the grant pot might be missing if there is to be a focus on larger businesses. The smaller ones that are dipping their toe in do need an extra level of support".* (Stakeholder)

If ITAs could change anything to about the process to make it easier they would automate, reduce and simplify the paperwork. ITAs wondered whether it was possible to ensure greater consistency of rules, information and criteria through the duration of the project. Some ITAs suggested a more flexible interpretation of rules and regulations programme and gave examples of where they have negotiated such flexibilities. One ITA

would welcome retrospective travel claims against an agreed overall plan rather than providing detailed costs upfront.

*"Make the forms simpler, reduce the number, make them shorter and less repetitive. I've had at least five companies that just haven't gone back to claim the grant because of the complexity of the administration".* (ITA Advisor)

*"Guidance on claiming could be simplified and made clear from the outset, though this has improved over time and some of the forms have been modified to make them clearer on eligibility and claiming criteria".* (ITA Advisor)

*"Less bureaucracy would always be better. Get everything online – you could pre-populate some of the information to make the process quicker and easier to engage with for companies". (ITA Advisor)*

*"Favours the financially strong on paper but negative equity is commonplace – focusing on numbers only is unfair".* (ITA Advisor)

There was a unanimous clamour for certainty and consistency in relation to export support.

*"It is essential we keep the project for this area. We have only managed to scratch the surface of who needs advice. We have lots of clients who still don't know the long-term effects of Brexit on their exporting plans". (Stakeholder)*

*"This programme is definitely needed for the future; we should be helping to pay for it if money isn't available elsewhere. Having a stronger offer for businesses will be even more important (in current circumstances). Funding will always be part of that – it's much harder to sell DIT services without financial incentive".* (Stakeholder)

The limited clarity on the scope of the Shared Prosperity Fund and the current focus on larger firms and private sector networks are key concerns. There were mixed views on market segmentation.

*"It's a project that works and we should be looking to expand and get more funding into it".* (Stakeholder)

*"The project is still needed, but policy needs to avoid 'chasing volume' but to take a more considered approach to what exporting priorities should be".* (Stakeholder)

*"It is worth continuing, depending on budgets, but we may need to be more selective to back the winners and growth companies. Should we really be helping small companies i.e., those less than say £1m turnover, or should there be other funding streams for this for it to be effective?"* (Stakeholder)

The shift to the Northern Powerhouse delivery should not be done at the expense of local delivery and understanding of business needs.

*"The north can suffer with a 'one size fits all' approach".* (Stakeholder)

ITAs were overwhelming positive about this kind of support continuing post Brexit and during the recovery years following the pandemic when the need for internationalisation support is likely to increase. Some companies held off their plans for exporting until it was clear what the effects of Brexit would be. ITA expertise could easily be deployed on a successor export initiative. Some ITAs felt uncertain about future demands for their services and would like further clarity on project extensions and follow-on activity. ITAs believe continuity is important and would like to offer companies on-going support *"recognising that the export journey is an ongoing process for businesses who want access to new markets"*.

*"However, the funding needs to be more directed towards companies that it will really impact on. Therefore, look at companies who are more likely to realise impacts".* (ITA Advisor)

*"We need to reassure clients post Brexit that the Government is still keen to support exporting".* (ITA Advisor)

*"Government must be mindful of potentially leaving companies 'high and dry' with no support". (ITA Advisor)*

ITAs would like to see minor refinements including an online application and claim system (these measures are being put in place within the Exemplas group) and perhaps a differentiated offer for larger and smaller firms. For instance, larger companies often need 'ambassadors' who can help with lobbying and useful contacts. For smaller firms, it makes sense to focus on those who have done some initial research and have credible prospects. ITAs felt it would be worth considering directing funding at priority sectors e.g., Food & Drink and Health Technologies with a view to going to markets collectively and maximising cost effectiveness. ITAs would also like to see the following activities supported - trade shows, market visits, digital export support, workshops, affordable market intelligence and research.

## 6.2. CONCLUSIONS AND ACHIEVEMENT OF AIMS AND OBJECTIVES

*"I think they have done what they set out to do and delivered very well".* (Stakeholder)

ITAs and Stakeholders were asked whether they thought EFG has achieved it aims and objectives. In terms of the Objective 1, to 'identify and engage SMEs to create jobs and growth through export sales', there is clear evidence of firms being reached and of continuous engagement with the DIT.

*"It helps increase our engagement with the companies. Some SMEs come to us, and we might not have previously engaged with them so that means new clients. Whereas for existing exporters, it helps provide another reason to go ahead with a specific project".* (ITA Advisor)

*"Companies need a written strategy/action plan with advisor support to help with the paperwork and information gathering which can be a burden. The guidance of the ITA is instrumental in managing the process".* (ITA Advisor)

It is clear that Objective 2, 'providing SMEs with a programme of business support with specialist advice', has been achieved. As one ITA noted:

*"Yes, it's certainly helped get more companies into international markets and engaged with a wider portfolio of DIT services and opportunities".*

In terms of Objective 3 ('to increase significantly the number of SMEs across Yorkshire and Humberside that are exporting and increase the volume of export related sales generated by the area') there has also been substantial progress. Many ITAs were able to cite examples of job creation (see also the impacts section) though it was noted that it can take some time for jobs to come to fruition, up to five years, and some companies found it easier than others to do so. One ITA in Sheffield interviewed for the mid-term evaluation dealt with 30 applications that proceeded and which, in turn, created 10 new jobs and five new products/services for export and achieved £9.5m in export wins in 2 years. One ITA client reported four new jobs created as result of gaining the necessary approvals to start operating in the Dutch market.

*"They are creating jobs and their export sales are increasing".* (ITA Advisor)

*"People are winning business off the back of doing these schemes. International marketing or digital campaigns can provide quicker returns too".* (ITA Advisor)

*"It can take time for the export wins to come through due to the amount of effort companies have to make to show their product or service is better than the competition".* (ITA Advisor)

*"It takes time for sales to translate into jobs and many companies want to stay lean, especially start-ups".* (ITA Advisor)

There are wider benefits too including new business relationships. The support alone does not always lead to direct sales but can be part of wider plan of internationalisation activity.

This project would have been hard to deliver outside the LEP and DIT network. These close links bring access to data, national communications infrastructure and ecosystems. The project is meeting its aims, companies are now exploring exporting and putting in the right processes to achieve this. EFG is *"a useful, practical application that is helping to get more companies exporting".* (Stakeholder)

## 6.3. LESSONS

### (A) EXPORTING FOR GROWTH

EGS Ltd may wish to consider:

- Giving absolute clarity to applicants about the administrative requirements, eligibility and spend regulations for new export support measures.
- The use of technology and electronic signatures in future programmes to reduce the paperwork.
- Refinements to the client journey to simplify the procedure where feasible.
- Agreeing the scope of the fund and eligibility from the outset e.g., UK activities with an international focus.
- Allowing multiple applications, a tiered system of grants with larger amounts available for larger companies or for those with more substantial projected impacts and follow-on support measures. It might be possible to alter the intervention rate too in favour of smaller SMEs.

### (B) THOSE DESIGNING SIMILAR INTERVENTIONS MAY WISH TO CONSIDER

- Allowing sufficient time for economic impacts and results to come to fruition.
- When you design a programme and set criteria, keep it the same throughout the delivery period where possible to avoid confusion.
- Maximising recruitment and uptake by sourcing ITAs with strong SME networks, combined with a portfolio of central marketing activities including lead generation and promotion.
- Keep the application and monitoring process as simple as possible, avoiding duplication and prioritise on-line solutions.
- Be flexible on the indicative activities in scope (this feature was welcome by ITAs delivering EFG).
- The blended approach of strategic advice and financial support, with additional specialist expertise where required, is likely to maximise the return on investment.
- Ensuring swift payment turnaround times.
- The importance of links to mainstream activities and the local business support landscape – strong DIT and LEP connections were a key feature if the EFG project. EFG has shown that effective alignment and joint promotion pays dividends.
- A face-to-face approach over web advice. *"The experience of the experts is difficult to put on a website. The personal interaction between client and adviser, and the nuances of reacting to what is said, cannot be recreated on a website."* (Stakeholder)

## (C) POLICY MAKERS

- Ensure that post-EU funds there is sufficient provision for regional programmes to support internationalisation activities. A proactive stance on SME international trade would be well received and stakeholders would welcome greater clarity on future trade support.
- Recognise the importance of joining up programmes and ensure they are consistent in terms of their policies for targeting and segmenting the market.
- There was a plea to not make the paperwork so onerous, companies dislike the box ticking forms generally.
- Join up DIT programmes more e.g., linking trade with inward investment.
- Consider how the evidence for new product to market and firm indicators could be simplified and perhaps more than one per beneficiary allowed (to be counted towards output targets).

## RECOMMENDATIONS

V. Developing an on-line application and claim system.

VI. Consider developing a differentiated offer for larger and smaller firms and the potential for follow-on applications offering deeper support.

VII. Disseminate the lessons and evaluation findings widely amongst interested parties (chambers, via complementary activities etc) and stakeholders.

VIII. Lobby and secure funding for:

   a. Continued face to face/video support for Yorkshire and the Humber SMEs wishing to trade.
   b. Enhancements to export support measures such as workshops, specialist support including 'Language and Culture', 'Accessing Finance', good quality affordable research, a focus on sectors/joint company propositions and discrete work around the expansion of existing markets and buyer and seller events/platforms. Support on contacts and networking.
   c. Advice for new exporters and support for 'easy first steps' for exporters, given that working with the EU is a not as straightforward as it was.
   d. To signpost tailored and specialist export support over the next 12 to 18 months to help businesses to adjust to, and compete in, the post-EU Exit trading environment.
   e. Sessions on overcoming barriers and exploiting opportunities from the UK-EU Trade and Co-operation Agreement. These could be aimed at helping those that have learned to cope with EU barriers to apply themselves to more distant markets.
   f. Consider a mission programme to explore potential new markets and promote potential opportunities in markets where FTAs are in place or look promising.
   g. Helping firms to recover from the effects of the pandemic by developing new programmes to help firms (i) use digital technologies to export for the first time or to grow exports and exploit new technology applications (AI, IoT, 5G and robotics) (ii) build supply chain resilience and (iii) ensure firms are able to offer Covid-19-related technologies and solutions.

European Union
European Regional Development Fund

# Case Study:

## A new company that is building an international reputation and helping to create the future in television programming

coralbay.tv

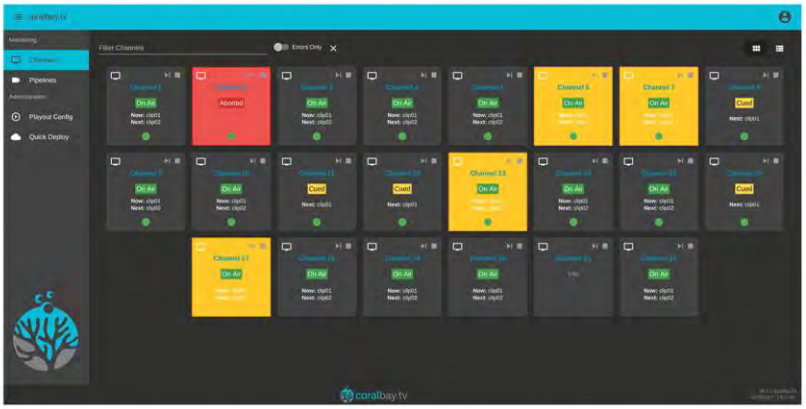
...most of the work so far has been preparatory, apart from a few sales in the UK. There were no exports prior to the Exporting for Growth (EFG) programme. I previously worked in Brazil, so with the help of a few contacts we were offered the opportunity to participate in a proof of concept. The EFG grant helped us to travel there and we are now delighted to report that we have secured our first overseas order from Brazil.

Peter Hajittofi, Chief Executive

Coralbay.tv is a technology company that is in the process of developing software for the television industry to enable tv broadcasters to manage the play to air of their channels more efficiently. The software goes a step further than older traditional real time systems, which use standard servers and are hosted on physical equipment within the broadcaster's facility. Coralbay.tv's software is able to run directly in public clouds which means broadcasters do not have to invest a great deal of capital in infrastructure to run their programmes. They also do not have the ongoing maintenance costs charged by traditional hardware vendors.

Coralbay.tv has designed their software so that it can be hosted anywhere; in any public cloud, on virtual machines or on bare metal servers located in the broadcaster's facility. It offers the elasticity to enable broadcasters to grow or contract as their needs change. The company's software ensures the media clips are in the right format; they are not corrupted and are ready to go on air; the archive is managed, ensuring items are available when needed; and they provide a user interface for the operator, usually the broadcaster, to monitor the channels easily and make any necessary schedule changes.

The company is three years old and is run by four directors who have invested in the business, including Peter Hajitoffi, Chief Executive. There is also a part-time consultant that works for the company.




Coralbay.tv also received assistance from the EFG programme for a trade show in the USA which helped with the Brazilian order because the company visited them there. The trade show also generated other interest and opportunities all over the world including the US, where they appointed a reseller; and there is optimism that they will secure an order from Germany. The trade show was really important as it generated many leads and dialogues that are continuing and creating further opportunities.

In terms of trade barriers, there are very few although Peter believes that you need to understand the market you are export to which is one reason why they obtained the opportunity in Brazil.

The main benefits from the programme have been the contribution to travel costs but also informal advice on export issues, such as trade barriers, introduction to potential customers, and advice on the types of assistance available to them. When ready to explore other markets, Peter said that they are likely to pursue potential support through the DIT. Wider benefits of the support included the increased knowledge of new technologies that were coming on stream and show-cased at the trade fair. "We got closer to the cloud providers such as Microsoft Azure and AWS, created new contacts and were able to network better."

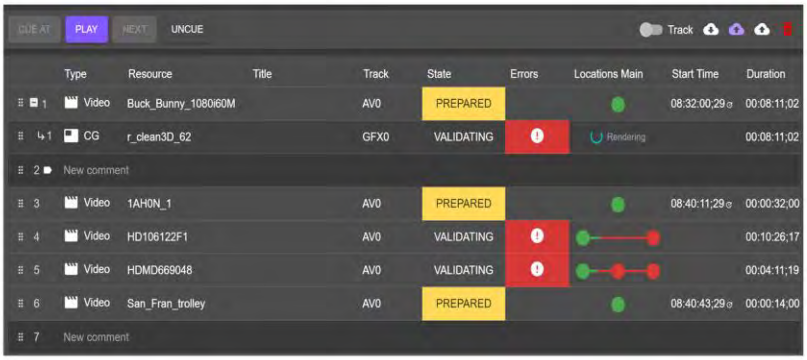
Mr Hajittofi was also very impressed with his international trade adviser (DIT) who he said was very knowledgeable and approachable; she kept in regular contact and helped with the completion of the forms.

The adviser also gave us the confidence to operate abroad, especially after the export success already achieved.

With the improved prospects and expected increase in turnover, coralbay.tv has been looking to add to the team by employing a support engineer and two software engineers in Leeds.

Peter believes that the support they received speeded up their progress towards exporting. Travel costs were so high, that without the grant assistance, they may not have ventured to Brazil or had gone to the trade event in America. Therefore, that opportunity, and subsequent overseas relations and successes, may well have been lost to them. The most likely course of action would have been a focus on the UK market.

> Coralbay.tv is a very forward looking and innovative company that has very capable personnel. Their overseas experience has really galvanised their approach to internationalisation
>
> Ranjana Abraham, International Trade Adviser




In terms of future prospects and direction, one lead the company is seeking to pursue is a large Playout Centre based in Germany have offices in the US, UK and Israel. The new contacts have meant that opportunities have opened up leads all over the world.

To really go worldwide we need to think about going into Asia, Australia and other global regions. We are now becoming more of a serious player in the market.

Coralbay.tv has been invited to a Brazilian trade show in summer 2020 but will also be attending the two biggest trade shows in the industry, NAB in the US and the IBC in Amsterdam. Peter said that looking ahead the company is likely to have more of an international business profile than one rooted in the UK

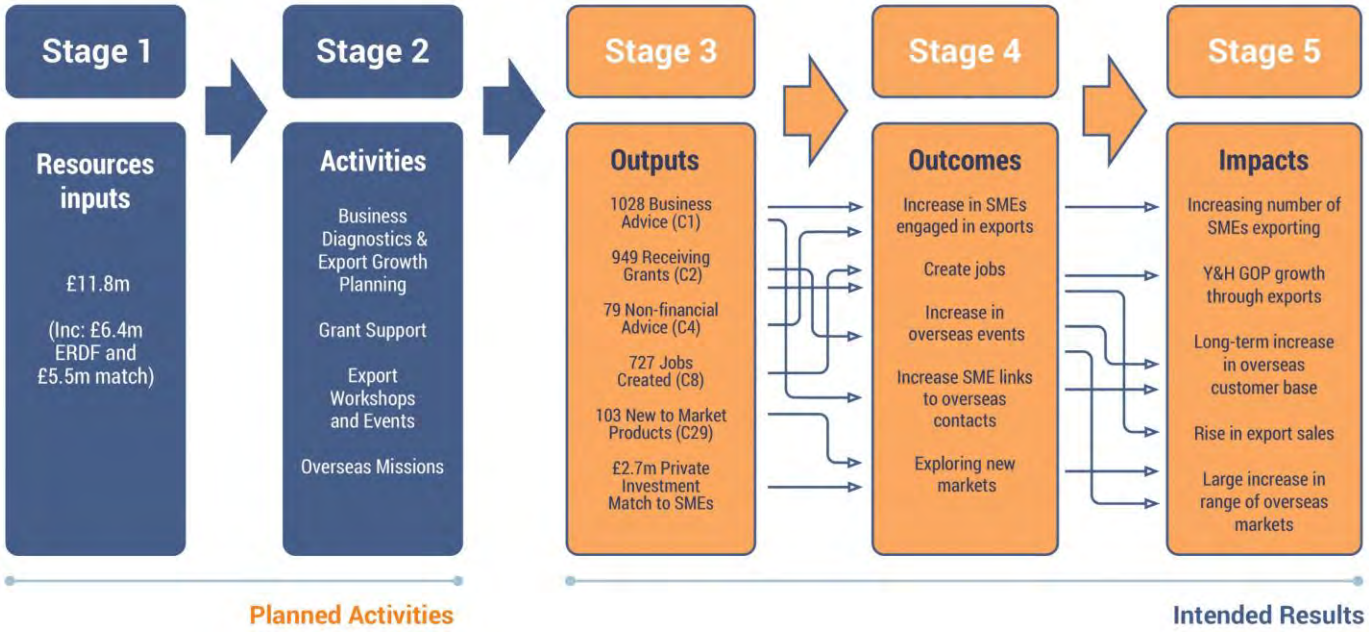
...so our future is looking a lot brighter than it did before the support from the EFG programme.

# ANNEX ONE: LOGIC MODEL

## Exporting for Growth: Logic Model Overview

**Rationale:**
(a) To increase the number of SMEs exporting by providing a structure to access DIT expertise and advice. (b) Assess export readiness and help develop an export plan and accelerate sales. (c) Provide funds to contribute towards the cost of entering overseas markets (d) Reduce the risks and identify the benefits of internationalisation.

**Market Failure:**
OMB Research report 2013 identified that two-thirds of export businesses experience one or more significant barriers to international trade, and that firms with growth aspirations are more likely to experience barriers. Other DIT studies identified the most common barriers are legal, regulatory, customs and contact barriers. Many SMEs do not export because of the costs involved and due to their perception which over-estimates the risks and under-estimates the benefits of exporting.



# ANNEX TWO: CONSULTEES

## Stakeholders (Mid-Term)

| Organisation | Name | Role |
|---|---|---|
| DIT | Mark Robson | Head, UK Regions – Yorkshire & Humber |
| | Rebecca Tavender | Regional Operations Manager |
| | Harry Savage | Northern Powerhouse Programme Manager |
| LEPs | Amanda Potter | International Trade Manager, LCR |
| | David Campbell-Molloy | Senior Programme Manager, SCR |
| | Phil Glover | Growth Hub Programme Manager, Humber |
| | Jon Brunton | Growth Hub Manager, Humber |
| Export Exchange | Paul Snape | Appeal PR, delivery organisation |
| Calderdale Council | Jon Crowther | SME Growth Manager, LCR |
| Barnsley Digital Media Centre | Tracy Johnson | Project Manager, Enterprise Barnsley Team |
| Medilink | Tom Elliott | Head of International |
| | Emma Johnson | International Adviser |
| EEN | Jenny Lawson | Manager |
| SGB Associates | Simon Bedford | Director / DIT sub-contractor |
| Brook Consult | Mike Brook | Director |
| Lime Tree Europe Ltd | Paul Walters | Director |

## International Trade Advisors (Mid Term)

| |
|---|
| Alexandra Silverton |
| Annie Bradley |
| David Beasley |
| Duncan Slater |
| Gill Greaves |
| Heather Guile |
| Lydia Moi |
| Melanie Potts |
| Natasha Leach |
| Paul Garnett |
| Ranjana Abraham |
| Sharon Stathers |
| Ulviyya Huseynova |
| Vanda Priestley |

## International Trade Advisors (Final Stage)

| |
|---|
| Alexandra Silverton |
| Annie Bradley |
| David Beasley |
| Heather Guile |
| Lydia Moi |
| Paul Garnet |
| Ranjana Abraham |
| Vanda Priestley |

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