

Meeting between DFM and Mark Logan: 10 August, 10:45 – 11:30am

Present:

- DFM
- Mark Logan
- Catriona Matheson (Special Adviser)
- [REDACTED] (Private Office)
- [REDACTED] (Official support)

Note of Meeting:

- **DFM** began the discussion by saying there was a need to ensure interventions in the economy were much more sharply focussed. For example, in the context of the labour market, to ensure as many people as possible were able to participate, thereafter addressing key weaknesses such as inequalities by supporting people facing barriers into sustainable employment. He noted Mr McKee's interests in the digitalisation of business[es]. He said the wider economic context for the next few years would be the most challenging it had been for an extended period – so, the key question would be how government could find ways to leverage the circumstances in which it finds itself to its best effect. He asked for ML's thoughts on how he (ML) and DFM could make the best of their engagement.
- **ML** responded by saying that he viewed his role in the context of the real-world situations in which people now found themselves and that he disagreed with the perception that a focus on business was automatically at odds with a social conscience. It was not just about unicorns and the enrichment of a small number of individuals, people collectively will have more and better opportunities to flourish if we are able to offer them great careers.
- **DFM** said he agreed with this and cited work he led on the government's response to Covid-19, where the need to address child poverty was agreed as a key focus.
- **ML** went on to describe what he sees as the three layers of entrepreneurship. These are: 1. Foundational (e.g. investment in addressing the gender imbalance drives benefits for/boosts entrepreneurial activity overall), 2. Major Domains (for example, tech, social enterprise and the creative industries), and 3. Sub-domains (e.g. within tech, FinTech, CleanTech, HealthTech etc.).
- **ML** said the STER Programme could be seen as a prototype for further/future programmes of action. He identified the key steps in the Programme as being: 1. understanding the domain (i.e. Tech) as a system - its common language, culture, inputs and outputs, 2. being rigorous in specifying the concrete actions which will maximise impact (what they are, who will carry them out), 3. following up on this specification with a focussed, multi-disciplinary team empowered to deliver. He went on to say, he believed this prototype could be applied to any/all domains (such as social enterprise) assuming the steps are followed correctly.
- **DFM** referred back to the government's response to Covid-19 as an example of its approach to using the economy to address weaknesses in society, such as levels of incarceration. He said he had seen his role as being to continually challenge government to resolve issues etc. through cross-compartmental working. He cited

the scope to use public procurement as a vehicle to support the wider economy and mentioned social inclusions partnerships as an example.

- **ML** said that DFM's point about the need to effectively connect different areas of government was hugely important, citing the scope that different parts of a system have to be mutually reinforcing and able to strengthen each other. He went on to say that, based on his experience with the STER Programme, [REDACTED]
- **DFM** said that no significant public policy challenges would be resolved in individual compartments – again, citing levels of incarceration as an example. He also said that the response to Covid-19 had created powerful incentives for effective, cross-disciplinary working. He said the First Minister had empowered him to improve delivery and asked how he and ML might have a meaningful conversation about this.
- **ML** said that people are either loyal to a task or loyal to a function. It can be difficult to get things done when peoples' focus is on protecting their function's interests. He said the way to fix this was to: 1. be very clear what the task is and how success is dependent on it being achieved, and 2. rearranging the people responsible for delivery around the task, creating multi-disciplinary teams.
- **ML** suggested that, in government, alignment to functions was particularly strong and that, in the context of NSET, success could be dependent on: 1. A tighter focus (3 or 4 things that must be done), 2. A better and more detailed specification of what those things are, and 3. A commitment to resource and organise multi-disciplinary teams around those things, to create engines for delivery.
- **DFM** noted that significant NSET milestones were due to be delivered in the next couple of weeks – notably that he expected to see a delivery proposition for sign-off on 14 September. He said he would like ML's input, to help design a delivery structure around this proposition that would have maximum effect. He cited the Child Poverty Delivery Plan as an example of when this had been done well.
- **ML** said that clarity of political leadership was incredibly important and that, on basis of Ministerial direction, thereafter things must pass the 'concrete test' (we want to do this specific thing, for this specific reason . . .), be delivered by cross-functional teams in an environment where there is clear ownership and responsibility.
- **DFM** said he would like to have a further conversation with ML towards the end of August and that he wanted his team to work with ML on emerging NSET themes and the overall process, in order to ensure that government formulated an agenda with the best chance of delivery, focussed on the most impactful areas. He asked CM and [REDACTED] to link in with the NSET Team, to enable a focussed conversation about how this could be pulled off.
- **DFM** thanked ML and others for their time and ended the meeting.

NOTE OF MEETING WITH DFM AND MARK LOGAN – 24 AUGUST

Present:

- DFM
- Mark Logan
- Aidan Grisewood (Official Support)
- [REDACTED] (Official Support)

[REDACTED]

[REDACTED]

ML presented slides to DFM on how we can optimise NSET delivery, drawing on his consultancy work around leadership and programme delivery. [REDACTED]

- The background to the meeting was that in their introductory call, DFM had asked for Mark's advice on delivery. Mark presented six key points:
 - **Be Concrete:** the ideas in NSET are not equally well developed – some recommend very concrete actions, while others imply the need for more policy development e.g. developing new industrial clusters. While this is not necessarily a weakness, it does have to be acknowledged in constructing the programme since some things are closer to delivery than others and budget, priority and sequencing ought to reflect that. Aidan made the point here that the action PIDs and delivery plans have helped to even this out. The other point here was that overly broad commitments run the risk that people will present activity in the broad orbit of an NSET action as concrete delivery. If the Programme is overly accepting of that approach then we will not fundamentally alter the economy.
 - **Budget:** [REDACTED] [REDACTED]
 - **Ownership:** [REDACTED] An appropriately senior person must be directly accountable for delivering each action and that person needs to personally attend key meetings and preside over key pieces of work. From an SG perspective, Mark also touched here on his [REDACTED]
 - **Speed of Iteration:** [REDACTED]. This is common to most large organisations, but when it is combined with the points below on functional dominance and 'maker time' it can cause real damage to delivery capability. Mark argues that the solution is to focus people project 'sprints', releasing them to deliver rapidly, even if what they produce is initially sub-optimal. [REDACTED]
 - **Functional Dominance:** Very connected to the points on speed. Government tends to organise people to work on a 'function' or 'area' rather than to deliver specific projects or outcomes. In consequence, focus and loyalty is to the function (what does this mean for my area?) rather than to outcomes (how can I contribute to achieving this goal?). NSET

provides an opportunity to re-align people to goals and outcomes
[REDACTED]

- **Time:** [REDACTED] We need to try to give people stretches of unbroken time to focus, be creative and deliver. Again this is linked to functional dominance – we end up with too many meetings trying to influence and achieve consensus when we should be working on delivery.
- DFM was keen to pursue these points and asked officials to consider how we can action. He was also keen that Mark shares these thoughts with JP when they meet (date tbc). AG and [REDACTED] discussed how they can draw on Mark's expertise as the programme develops and he is happy to contribute as part of the Chief Entrepreneur role. An obvious step is for the Entrepreneurship programme to model some of these approaches and behaviours since we are already familiar with these ideas and have more direct access to Mark.

Note of meeting: DFM & Cabinet Secretary: Covid Recovery and Chief Entrepreneur – 2 November 2022.

Present:

- Deputy First Minister (DFM)
- Chief Entrepreneur (CE)
- Catriona Matheson (SpAd)
- [REDACTED] (PO)
- [REDACTED] (Digital Economy)

DFM: Began by saying he was desperate to avoid an ongoing trade-off between spending to deliver services and investment in the economy, as this would lead to a downward spiral, however there may be a need for some re-focussing, for example in relation to capital projects in the next financial year. Said he was in the zone for projects with potential to transform the economy.

CE: Small amounts of money could potentially have a disproportionate impact. [CE presented a short series of slides, attached with this note, for reference]

Slides [1 -3 refer]

CE: Two dimensions ‘scale-ups’ and ‘scale-deeps’– government could do a lot more and use more practical delivery mechanisms.

CE: ‘Scaling up’ vs ‘scaling deep’ – shouldn’t assume that only one or the other is possible, don’t think that focussing on both necessarily doubles the cost.

CE: Scale deeps’ – small companies with societal benefits, i.e. that benefit the communities that they are a part of. An example being the HALO project in Kilmarnock.

[Slide 4 - 5]

CE: There is a symbiotic relationship between scale-deeps and scale-ups, supporting the former could be thought of as ‘tending the forest floor’, scale-ups depend on the economy/ecosystem having the right entrepreneurial culture.

[Slide 6 - 7]

CE: Tend to think of different domains (e.g. social enterprise, creative industries, health and social care, financial services) as being separate. In fact, effort should be made to look at connectedness and ask if domains couldn’t/shouldn’t be better connected.

CE: Think about examples like Moderna or Pixar. Whether the former is a life sciences company or a tech company? If the latter is a creative industries company or a tech company? Scotland will not create more Modernas by keeping domain groups apart.

DFM: A key question being, therefore, how do you enable that thinking outwith these compartments? Fascinated by innovation, full-stop – historically, this has happened through the collision of haphazard elements. How to systematise this, bring structure that will enable it to happen?

CE: Believe this can be done through teachable technique (which is the metier of Techscaler) and exposure to different creative disciplines – e.g. bringing Glasgow School of Art graduates into the same environment as AI developers. There would naturally be some discomfort in doing this but if you push through, there would be productivity gains.

[Slide 8]

CE: A question - how we re-use/extract best value from infrastructure? The problem being that not everyone is centrally-located in cities. May need smaller versions of Techscaler incubators – satellite or even mobile/pop-up versions to increase the range of experts and use assets as widely as possible, creating a network of incubation, education and support. Deploy some educational/physical resources to reach more people without increasing cost.

DFM: You are challenging us to recognise the need for entrepreneurial solutions. For example, [REDACTED]. Need to seek different/entrepreneurial solutions.

DFM: This is the most challenging financial landscape since devolution. There is a real willingness to do things differently. Mentions a recent answer to a Portfolio Question put by Jamie Greene MSP, where he [DFM] talked about a third-sector venture called 'Feldy-Roo', built by the local community in Aberfeldy using two pubs to prepare meals – initially to deliver assistance to families during the Covid pandemic, now acting as a hub for Ukrainian refugees, supporting more than 70 individuals in the community. Said government needed to deploy more of this kind of thinking to get to solutions.

CE: Important principle is that (despite negative perceptions of social media) networks will always trump hierarchies. For example – Isle of Arran craft-based companies have come together to deliver a common brand 'Arran Makers'. Furthermore, networks are scalable – in the health and social care context, there is a hierarchy issue, all of the problems meet in a single node.

DFM: Is the budget doing as much as it could do, using the right techniques?

CE: [REDACTED]

DFM: Will speak to John-Paul Marks (Permanent Secretary), then get back to CE.

[End of meeting]

Read-out: Meeting with Mr McKee, Minister for Business, Trade, Tourism and Enterprise & Mark Logan, Chief Entrepreneur – 7 November 2022.

Present:

- Mr McKee
- Mark Logan, Chief Entrepreneur (CE)
- [REDACTED] (Digital Economy)

Mr McKee: The Minister thanked Mark for meeting and wanted to ensure that he is feeling plugged in, and comfortable in his role, especially whilst the Cabinet Secretary for Economy and Finance was on maternity leave.

CE: Reflected that everything was going fine and that his immediate priorities were focusing on finishing the Ana Stewart review on underrepresentation, which he [REDACTED]. More generally he has been developing his thoughts on applying the systems thinking approach we took to tech, to the entrepreneurial system, and offered to take the Minister through his thoughts on this at a later session. His intention is to bring forward a proposal that can be published. There is a lot to be gained from systems thinking but recognises we are operating in tough financial times, so looking at how we can do more in entrepreneurial space with the same or less money. We can dramatically improve entrepreneurial capability by organising differently. Beyond that, doing things you would expect like attendance at Converge. [REDACTED]

Mr McKee: On systems perspective on ecosystem, would like to set up separate session on this. Thinks it is the right way to approach. Agrees CE is right on the issue of redirecting funding resource and highlights some work being undertaken around fund delivery to make it more streamlined. On resourcing point, notes that he has seen the submission on [REDACTED] and asks if there is there a different way of doing it.

CE: The original model was to [REDACTED] On organisation, in an ideal world everything that touches on entrepreneurship, investment and stimulation should sit under one person like Colin to give us the best chance. Another opportunity we are building is an emerging entrepreneurship platform idea that Tech Scalers becomes Scalers, and in Stewart review proposing to change pre-scaler idea to be a mobile model, to take incubation expertise to where founders are, especially for female founders with care responsibilities who can't come into city centre. Would have an evolving model for a network of incubation, education and other services. On domains, we think about tech separate to life science, but we shouldn't – e.g. Moderna is not life science or tech, it's both. In Scotland we have strong life sciences capability but largely economically rooted. If we were to start to put different groups adjacent in same incubation network we can easily stimulate more and get more interesting start-ups from the gaps between domains.

Mr McKee: Agrees that between domains is where innovation is.

CE: Working with [REDACTED] (Digital Economy), Ana Stewart and people from the creative sector on this. The more we connect domain, the more we can reuse the same infrastructure. Teachable tech is applicable to life sciences. Can use same infrastructure and harmonise disparate entrepreneurial activity and do more for less. This is a necessity rather than an opportunity.

Mr McKee: There will be specifications needed for certain domains - life sciences will need lab space, manufacturers need manufacturing space - but as a concept it's on the right lines. Going back to point on resource, can either do it [REDACTED] CE to work through details. Overlap with innovation strategy is huge, and the Minister welcomes CE input on this. **Action: Officials to share innovation strategy with CE for comment [complete].**

Mr McKee: The Minister reflected on his trip to the west coast of the US and reflected on the investment opportunities there. Takeaways include thinking about the extent to which we have people there more regularly or permanently. We could go to VCs rather than them coming here. [REDACTED] Minister asks if there are any opportunities for tech clusters? [REDACTED]

CE: When thinking about space its useful to think about what a stage a company we are targeting. As companies get to a certain size they reach a cliff on rental prices. Tech companies can be fussy about type of space, e.g. [REDACTED] have the right feel and didn't work. A subset of the site may be appropriate but need to be careful. If a start-up needed to leave Tech Scaler due to size and meets a cliff edge of rental costs it could be an opportunity. Related to that if we were to do life sciences we should have wet labs and studios attached to Scalers. If there is space then we should think about how to use it strategically.

CE: On visits to US, we should be regularly sending founders out there. Last year's Tech Ecosystem Fund supported this but can't run this year [REDACTED]. Have to get founders out there, no one goes to Silicon Valley and comes back unchanged. We won't lose people there. Many people are moving out of Silicon Valley to Austin, Florida etc. We shouldn't be afraid to expose founders to what ambition looks like. 80% of investments happen within a 60 mile radius. There is a geographic aspect to investment. That's why keen to get scale-up team in Scotland. In London they invest in that radius. How do we get founders to Silicon Valley regularly? They are happy to invest in international founders. Would like to see a vehicle with target like sending 50 founders to Silicon Valley every year, using SDI to support.

Mr McKee: Agrees, wasn't aware of the Ecosystem Fund funding issue. Need to prioritise right money in right things. Reflects on conversation with Visit Scotland on needing direct flight route to get founders over and back easily. SDI and SE engagement would be useful.

CE: [REDACTED] Working on a plan to integrate SE grant funding into Tech Scaler. Working with SE on this has been a constructive process, no complaints. Intent to be collaborative.

Mr McKee: Team in Silicon valley fired up and looking for opportunities to help.
Action: PO/ officials to book a follow up on CE's thinking on entrepreneurship and his feedback on innovation strategy.

From: [REDACTED] <[REDACTED]@gov.scot> **On Behalf Of** Minister for Business, Trade, Tourism & Enterprise

Sent: 05 December 2022 09:07

To: [REDACTED]<[REDACTED]@gov.scot>; Minister for Business, Trade, Tourism & Enterprise <MinisterBTTE@gov.scot>

Subject: RE: Read-Note Between Mark Logan and Mr McKee

Hi [REDACTED],

Many thanks for this – Mr McKee provided me with this:

Short discussion with Mark Logan on 19th November.

We discussed the possibility of utilising [REDACTED] Mark said that this could be a good option and he would discuss with relevant parties – including CodeBase and CivTech – to get their perceptions of this, and would contact [REDACTED]

If you require anything more please let me know, aware that is very short.

Best,
[REDACTED]

[REDACTED] (she/her)

Deputy Private Secretary to Minister for Business, Trade, Tourism & Enterprise – Ivan McKee

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From: [REDACTED]

Sent: 22 November 2022 15:14

To: [REDACTED] <[REDACTED]@gov.scot>; [REDACTED] <[REDACTED]@gov.scot>

Subject: Read out - Mark and Mr McKee - 22 Nov

Hi

Just putting in writing/erdm a read-out of the Mr McKee and Mark Logan call today. Mr McKee is writing up a separate note for when he ran into Mark at the weekend (sidenote: literally ran into each other). However, what was discussed today:

- Mr McKee asked if Mark would be interested and available to provide support in the corporate transformation agenda utilising lean methodologies and his experience in the private sector
- Mark agrees. Mr McKee said he would get in touch with relevant officials to get them to get Mark involved in this process.

Thanks

[REDACTED]

[REDACTED] (She/Her)

Digital Economy Policy | Technology, Innovation and Entrepreneurship Division | Scottish Government | tel: 0[REDACTED]