



The Scottish
Government
Riaghaltas na h-Alba

SCOTLAND CAN DO

BECOMING A WORLD-LEADING
ENTREPRENEURIAL AND INNOVATIVE NATION



1 MINISTERIAL FOREWORD

by John Swinney MSP, Cabinet Secretary for Finance, Employment and Sustainable Growth



John Swinney
MSP

Scotland has always been a **CAN DO** nation and we can be proud of the impact that our people have made, and continue to make, on the shape of the modern world. Today a new spirit of entrepreneurship can be seen throughout Scotland and there is a real desire to effect positive change across all parts of our economy. Often this is through taking a distinctly Scottish approach in recognising the social as well as economic benefits of entrepreneurship and innovation and by working together creatively across the public, private, and third sectors. There is a clear recognition that if we are to **achieve sustainable economic growth**, and **create opportunities for everyone** to flourish, then we must work together to accelerate entrepreneurship and innovation across Scotland.

This framework highlights the importance and ambition we attach to entrepreneurship and innovation, the values that will inform our work and our future priorities for action. Our commitment was shown in the 2014-15 draft Budget which highlighted additional funding for innovative measures to encourage a new age of entrepreneurship across Scotland.

Just as importantly this framework asks what **you** can do – as an individual, an entrepreneur or an innovative business – to help create the types of businesses that will have the biggest positive impact on Scotland and on the world.

Our vision is of Scotland as **a world-leading entrepreneurial and innovative nation – a CAN DO place for business**. We invite all of our enterprising citizens, businesses and organisations to join with us, in a Team Scotland effort, to make that vision a reality.

SCOTLAND CAN DO

CAPABLE

Our entrepreneurs and innovators have the support, skills and finance to start and develop growth enterprises.

AMBITIOUS

Scotland is a nation that values and celebrates entrepreneurship and innovation.

NETWORKED

Our entrepreneurs and innovators can network and work together to help fulfil their ambitions.

DEMAND AND OPPORTUNITIES

Stimulating demand and market opportunities to accelerate the development of new products and services.

The purpose of this framework is to set out our vision and ambitions for **becoming a world-leading entrepreneurial and innovative nation** – a **CAN DO** place for business.

Our **ambition** is to achieve:

- an increase in entrepreneurship and innovation activity from individuals and businesses in Scotland resulting in more businesses being formed and new products and services from existing businesses;
- more people from all walks of life with the ambition and skills to create, lead and grow successful businesses;
- an education system with entrepreneurship and innovation at its core, seizing the opportunities presented by Curriculum for Excellence, college reform and the world-leading strength of our universities;
- more of our knowledge and intellectual capital being commercialised and greatly increased collaboration between business and the academic sector; and
- a greater focus on, and share of, global markets as our business leaders grow in confidence and expand their horizons internationally.

This framework will contribute to the following **National Outcomes** in Scotland's Performance Framework:¹

- We live in a Scotland that is the most attractive place for doing business in Europe.
- We realise our full economic potential with more and better employment opportunities for our people.
- We are better educated, more skilled and more successful, renowned for our research and innovation.

¹ See Scotland Performs at: <http://www.scotland.gov.uk/About/Performance/scotPerforms>

There are three specific National Indicators that will help us to measure performance towards becoming a world-leading entrepreneurial and innovative nation:

- Increase the number of businesses.²
- Increase research and development spending.³
- Improve knowledge exchange from university research.⁴

The document sets out:

- What is entrepreneurship and innovation?
- Why are entrepreneurship and innovation important?

- Our values and approach.
- Scotland's entrepreneurial and innovative spirit.
- Understanding our challenges.
- Priorities moving forward.
- Channelling change and next steps.

This framework has evolved from on-going discussions with a wide range of stakeholders across Scotland, including workshops held in May and June 2013. The document has also been published in an expanded interactive format, featuring additional case studies and details of current activity.

² See chart at: <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicator/businesses#chart>

³ See chart at: <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicator/research>

⁴ See chart at: <http://www.scotland.gov.uk/About/Performance/scotPerforms/indicator/knowledge>



CASE STUDY SAFETRAY

An Edinburgh company producing a non-topple drinks tray has secured deals to supply two of America's largest food services companies and a renowned hotel with its innovative product, supported by Business Gateway.

Sodexo USA, Compass Group USA and the Four Seasons Hotel, Las Vegas, were among the first to purchase Safetray,⁵ a non-topple drinks tray invented by Alison Grieve. Alison came up with the idea for the product after a tray of champagne worth hundreds of pounds toppled over at an event she had organised. Speaking about the major order, she said:

“Securing orders with such leading names in the hospitality industry highlights how innovative the product is. It’s amazing to think that a product made by a small Scottish company will now be used in places such as Alaska, San Francisco and New York.”

5 <http://safetrayproducts.com/>

5 WHAT ARE ENTREPRENEURSHIP AND INNOVATION?

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innovation and technological change of a nation came from the entrepreneurs, or wild spirits.

Joseph Schumpeter, 1939

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It is important to define what we mean by entrepreneurship and innovation.

- **Entrepreneurship** is a mindset seeking new opportunities which can be turned into sustained business growth. Entrepreneurs are those who seek to generate value through the creation or expansion of economic activity by identifying and exploiting new products, processes or markets.
- **Innovation** is the process by which ideas can be turned into new or significantly improved products, services or business processes. While products and services vary widely, the innovation process requires creativity and connectivity between customers, suppliers, financiers and other partners.

To succeed businesses need both these elements: entrepreneurs who can identify real market opportunities and the innovative skills to translate a good idea into a marketable product.

Government's role is to provide the supportive environment in which such businesses can succeed and accelerate growth in our economy.

All business development and business start-up is important to our economy. The focus of this entrepreneurship and innovation framework, however, is on those businesses and business ideas which have the **greatest potential for growth, internationalisation and economic benefit.**

6 WHY ARE ENTREPRENEURSHIP AND INNOVATION IMPORTANT?

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Entrepreneurship is the engine fuelling innovative employment generation and economic growth. Only by creating an environment where entrepreneurship can prosper and where entrepreneurs can try new ideas and empower others can we ensure that many of the world's problems will not go unaddressed.

Klaus Schwab, Chair World Economic Forum 2009

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Entrepreneurship and innovation are important because of the contribution they can make to securing the Government's purpose of **creating sustainable economic growth**. This is through:

- improving Scotland's competitiveness through businesses which have the **greatest potential** for growth, internationalisation and economic benefit, including through the creation of jobs; and
- finding solutions to **society's most difficult problems** and so creating a more equitable and sustainable future.

As the **Government Economic Strategy** (2011) states: "Scotland is a country rich in economic potential. Our people are creative, ambitious and resilient and we are home to world-class entrepreneurs, scientists and engineers. It is vital we harvest the opportunity that this provides."⁶

Entrepreneurship and innovation are also key elements of the European Union's Europe 2020 aim of **smart, sustainable and inclusive growth**. The resources available through the European programmes from 2014-20, including the Horizon 2020 programme, can potentially accelerate Scotland's ambition to be a world-leading entrepreneurial and innovative nation. So too can our continued membership of the EU's **Smart Specialisation**

6 <http://www.scotland.gov.uk/Topics/Economy/EconomicStrategy>

Platform,⁷ which promotes a focus on those areas within a region or country that provide unique competitive advantage.

Innovation is seen as the engine of long term economic development and has underpinned much of the UK's productivity growth. As Nesta highlighted in its recent publication *Plan I - The Case for Innovation-Led Growth*, "63 per cent of productivity growth in the last decade came either directly or indirectly from innovation".⁸ Investment in innovation is a prominent feature in the strategies of many successful small economies, including Finland⁹ and Denmark.¹⁰

It is also crucial to consider that **demand from consumers**, whether individuals, businesses or the public sector, is the most important factor in the success or failure of businesses. Innovation and entrepreneurship can help stimulate that demand and generate market opportunities for new products and services, leading to economic growth.

7 <http://s3platform.jrc.ec.europa.eu/home>

8 <http://www.nesta.org.uk/library/documents/PlanIwebv3.pdf>

9 http://www.tem.fi/en/innovations/innovation_policy

10 <http://fivu.dk/en/newsroom/issues/innovation-strategy>

CASE STUDY

REAL-LIFE ENTREPRENEURS



The Federation of Small Businesses' (FSB) Real-Life Entrepreneurs campaign¹¹ is designed to celebrate and support the UK's small businesses community.

The small business lobby organisation, which has 200,000 members – 19,000 of them in Scotland – believe that turning a good idea into a business is one of the most positive acts an individual can perform for themselves and the community in which they live.

¹¹ <http://www.fsb.org.uk/campaigns/assets/entrepreneurship%20manifest%20web.pdf>

CASE STUDY

CREATIVE CLYDE



Creative Clyde¹² is a flourishing, vibrant centre for media, technology and creatively minded businesses. In August 2013, 11 creative and digital businesses in Glasgow won £620,000 between them to develop innovative new products and services. The funding was awarded at the conclusion of The Digital and Creative Clyde Launchpad competition, run by the Technology Strategy Board in partnership with Creative Clyde. Winning bids include a digital tag for wireless monitoring and security applications; a 3D virtual reality technology that creates branding and training experiences; and computer games rendering technology that will help make feature films easier and cheaper to produce.

¹² <http://www.creativeclyde.com/>

Today in Scotland it is right that all of our people should have the opportunity to benefit from sustainable economic growth.

In driving forward entrepreneurship and innovation, we believe that:

- The **ambition, drive and leadership of individuals** is crucial and must be nurtured and developed within school and beyond. An entrepreneurial mindset can be learned and a culture that supports it created.
- Entrepreneurial and innovative companies are found **across all business sectors**. While many innovations are technology-based, other forms of innovation can equally provide a competitive advantage – it is the potential to create value and accelerate growth that is important.
- A **range of business models** are important, including employee ownership, co-operatives and social enterprises.
- There should be **greater inclusion and involvement** in entrepreneurship and innovation across society.
- Internal entrepreneurship and innovation – **intrapreneurship** – is crucial to companies wishing to keep their competitive edge in a global market.
- **Design, design-thinking** and **creativity** are part of an innovative approach.
- **Increasing collaboration** within and beyond Scotland, and involving the public, private and third sectors working together, is key to success.
- The **public sector** has an important role in creating a supportive business environment for entrepreneurship and innovation; in being a role model for innovation; through novel approaches to procurement; and in seeking to stimulate both innovation and market demand.
- **Constitutional change** in Scotland could provide a range of policy and financial levers to further promote entrepreneurship and innovation in Scotland.



Employees of
Woollard & Henry

CASE STUDY

INNOVATION THROUGH EMPLOYEE OWNERSHIP

Co-operative Development Scotland (CDS) is the arm of Scottish Enterprise working in partnership with Highlands and Islands Enterprise that supports company growth through collaborative and employee ownership business models.

An employee-owned business is one in which the employees hold the majority of the shares either directly or through an employee benefit trust. Employee ownership gives employees a meaningful stake in their organisation together with a genuine say in how it is run.

Since its employee buyout in 2002, Dyce based manufacturing and engineering business Woollard & Henry has seen a remarkable 30 per cent increase on profitability every year, innovating with new products and markets. Operating in a declining industry, the employees had to find new markets for their products and new uses for their skills.

The company developed an international customer base within the paper industry and now exports more than 60 per cent of its output, and supplies 23 out of the 28 global producers of currency. It also provides high quality bespoke solutions to the oil and gas sector. As a result, employee numbers have risen from 22 to 57.

We are a nation rightly proud of our **rich heritage** of entrepreneurs, innovators and creative people. Indeed, some have even argued that “Scots invented the modern world”.¹³

From inventing the television, the telephone and radar to discovering penicillin and developing beta-blockers, our past achievements as a nation are significant and varied. Today, cutting-edge work such as the technology of ‘tractor-beams’ presently being led by the University of St Andrews, the development of the next generation of prosthetic limbs by Touch Bionics and ADL’s world-leading hybrid buses, shows that the **CAN DO** spirit is alive and well in Scotland.

13 Scottish Enlightenment: The Scots’ Invention of the Modern World - Arthur Herman (2001)

CASE STUDY TOUCH BIONICS



Touch Bionics was the first spin-out from the NHS to receive significant private and public sector investment, including from Archangel Informal Investments and the Scottish Co-investment Fund. Building on this support, the company launched the i-limb™ hand in 2007. This was the first powered prosthetic hand to incorporate articulating fingers. The following year it acquired US company, livingskin™, which provides the lifelike passive functional prostheses and prosthetic coverings for the i-limb™ technology.

Touch Bionics continues to innovate and lead the world in the development of upper limb prosthetic technologies. This year the company introduced the latest generation of advanced prosthetic technology, i-limb™ ultra revolution, a myoelectric prosthesis with powered rotating thumb and a mobile app allowing the user to program and control features whilst on the move.

“

Without the advice and funding secured through Business Gateway and Highlands and Islands Enterprise I wouldn't have been able to get so far. My plan now is to source further investment that will allow me to expand into additional units and massively increase production.

Natalie Crayton

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Alongside our nation's inventiveness we celebrate the great men and women whose **entrepreneurial spirits** have created jobs and growth, both at home and abroad. From Sir Thomas Lipton and Andrew Carnegie in the nineteenth century to Lord Haughey, Sir Tom Hunter and Ann Gloag OBE, who are working with us on the Scottish EDGE fund judging panel, Scotland's entrepreneurs are renowned not just for their business success but also their philanthropic endeavours.

We maintain a strong network of **higher education institutions**, five of which rank in the global top 200 universities,¹⁴ and there is a real focus on business across our further and higher education sectors – ensuring that while we rightly celebrate our past and current successes we also pave the way for future ones.

CASE STUDY HEBRIDEAN SEA SALT



Natalie Crayton launched Hebridean Sea Salt, based in South Lochs, in 2010 after spotting a gap in the market for Scottish sea salt. Thanks to funding advice secured through Business Gateway, Natalie, who studied marine biology, was able to build her own unique production unit manufacturing 600 packs of salt a week.

Now, with increasing demand for her crunchy sea salt made using the unpolluted water off the Isle of Lewis, she hopes to secure further investment to allow her to eventually produce up to 1,000 packets a day.

¹⁴ <http://www.timeshighereducation.co.uk/world-university-rankings/2013-14/world-ranking>



Shown clockwise from top left, members of the Entrepreneurial Exchange Hall of Fame: Charan Gill MBE, Sir Tom Hunter, Duncan Bannatyne, Lord Willie Haughey OBE, Sir Arnold Clark and Ann Gloag OBE, Reproduced with kind permission of The Entrepreneurial Exchange - © broad daylight

There are a number of positive signs emerging which indicate that Scotland is already **moving forward** in achieving greater entrepreneurship and innovation:

- The **Global Entrepreneurship Monitor** (2013) noted that in 2012 the rate of Total Early-Stage Entrepreneurial Activity (TEA)¹⁵ in Scotland was 6.9 per cent compared to 6.2 per cent in 2011. Over the last three years, Scotland's TEA rate has moved from being in the fourth quartile amongst 20 innovation driven nations to the second quartile.¹⁶
- Scotland is in the top quartile of OECD countries for **research and development spend** by the higher education sector (2011).¹⁷
- Scotland has been recognised as the best place in the UK to start a **life science business** for the second year in a row.¹⁸
- We are securing more money and participating in more projects in the EU's flagship Research and Innovation Programme, **Framework Programme 7**, than at any time in our history.

- A **comprehensive and aligned ecosystem** of support for entrepreneurship and innovation has developed with considerable renewed enthusiasm across the public, private and third sectors.

All signs that point to a new entrepreneurial and innovative spirit alive in Scotland.

15 The percentage of the adult working age population that are actively trying to start a business, or that own and manage businesses that are less than three and a half years old.

16 <http://www.strath.ac.uk/huntercentre/research/gem/>

17 <http://www.scotland.gov.uk/Topics/Statistics/Browse/Business/RD/GERDreport>

18 <http://mobiustlifesciences.com/news/2012/12/findings-of-the-2012-uk-life-science-start-up-report-realignment-/>



CASE STUDY MORPHSUITS

Since it was founded in 2009 by Ali Smeaton, his brother Fraser and friend Gregor Lawson, Morphsuits¹⁹ has grown to a £12 million turnover business. The company now employs 23 people in their offices in Edinburgh and London and have recently acquired a business in California, USA.

Morphsuits are full body suits made from polyester and spandex to make them super stretchy. The three founders initially targeted 10,000 Facebook fans in the hope that it might pay for a skiing holiday. However, they achieved that in a matter of weeks and now have over 1.3 million social media followers.

Their advice to budding entrepreneurs is as follows:

“Do test your idea quickly and cheaply:

Morphsuits was our third idea. Despite our research, planning and passion for the previous ideas we just couldn't get them off the ground. However, because we had launched them for little money it meant that all we lost was our time and in return we got a lot of learning that proved very useful with our following ideas.

¹⁹ <http://www.morphsuits.co.uk/>

“

Too many people think that their idea is so special that if they tell anyone it will be copied. Don't believe it. The chances of your idea being stolen are tiny and you will miss out on loads of valuable feedback and introductions.

”

CASE STUDY

MORPHSUITS

Do continue to keep your job until your concept is proven:

We kept our jobs for 18 months after launching Morphsuits and while it was very hard work it meant that we could reinvest all our profits in growth because we could live off our salaries. Just make sure your new venture isn't competing with your day job!

Do outsource:

This does two brilliant things for a start-up: 1. It means you can keep your costs variable so you can scale up and down with demand; 2. You can bring in experts in all areas of the business. At Morphsuits we outsource absolutely everything other than actually running the business.

Don't keep it secret:

Too many people think that their idea is so special that if they tell anyone it will be copied. Don't believe it. The chances of your idea being stolen are tiny and you will miss out on loads of valuable feedback and introductions. At Morphsuits we talk to as many people as possible and through that we have found our manufacturers, our logistics firm and many more innovations. Start a little black book.

Don't wait until everything is 100% perfect before getting going:

If you wait until everything is perfect you will never launch because nothing is ever perfect. When you launch, your customers will forgive a few imperfections and you will have started learning and earning money.

Don't start something you don't know how to monetise:

We all hear about Twitter and Facebook who drive huge valuations before generating any revenue. Don't be misled; this only works for a few Silicon Valley venture capital backed businesses. Having a business that generates revenues from day one keeps you motivated and provides capital to finance growth.”

Despite our strong track record of entrepreneurship and innovation, and many great entrepreneurial individuals and innovative companies, Scotland faces a number of challenges. Innovation in Scotland has been characterised as a conundrum – a high performing academic sector but lagging business innovation performance in relation to research and development.

During the past two years we have been developing our understanding of this. A review of **Scotland's Innovation System** undertaken by the Technopolis Group helped to crystallise the key strategic challenges requiring attention and to highlight where changes are required to improve economic growth.²⁰ This includes developing a multi-annual action plan for prioritising investments and ensuring university spin-off companies make more impact on the Scottish economy. There is also a need to increase the current low numbers of enterprises participating in research and development and innovation activity.



The Scottish team participating in the **Regional Entrepreneurship Acceleration Programme (REAP)**,²¹ led by the Massachusetts Institute of Technology (MIT), has been studying the interaction between innovative and entrepreneurial capacities in Scotland and globally. Well-functioning systems in the public and private sectors enable innovation-based businesses to grow in number and scale. These companies exploit knowledge to create employment, trade internationally and contribute more to Scotland's economy.

²⁰ "A Smart, sustainable nation?" Review of research and innovation policy in Scotland - Reid, 2012.

²¹ <http://reap.mit.edu/>

When compared to world leading innovation-based nations, Scotland fares well, but the following have been identified by the Scottish REAP team as areas where collective action across the private and public sectors would help businesses to grow and innovate:

- Effective connections between ambitious entrepreneurs, investors, leaders of Scotland's largest businesses, and policy makers.
- Skills for growth including sales, leadership and human resources.
- Increasing the role of universities in providing entrepreneurship education, sharing best practice, and advocacy.
- Promoting entrepreneurial role models from all parts of society.
- Securing appropriate finance to support business growth across all key sectors.

The REAP Scotland team will publish their detailed recommendations early in 2014.

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DEMAND AND OPPORTUNITIES

Stimulating demand and market opportunities to accelerate the development of new products and services.

In order to grow our economy and address key social issues by becoming a **world-leading entrepreneurial and innovative nation** we need to take action to develop our strengths and address the challenges we face.

We need a **collective approach** that brings companies, universities, public agencies and customers together to exploit more of the opportunities that drive growth and increase exports.

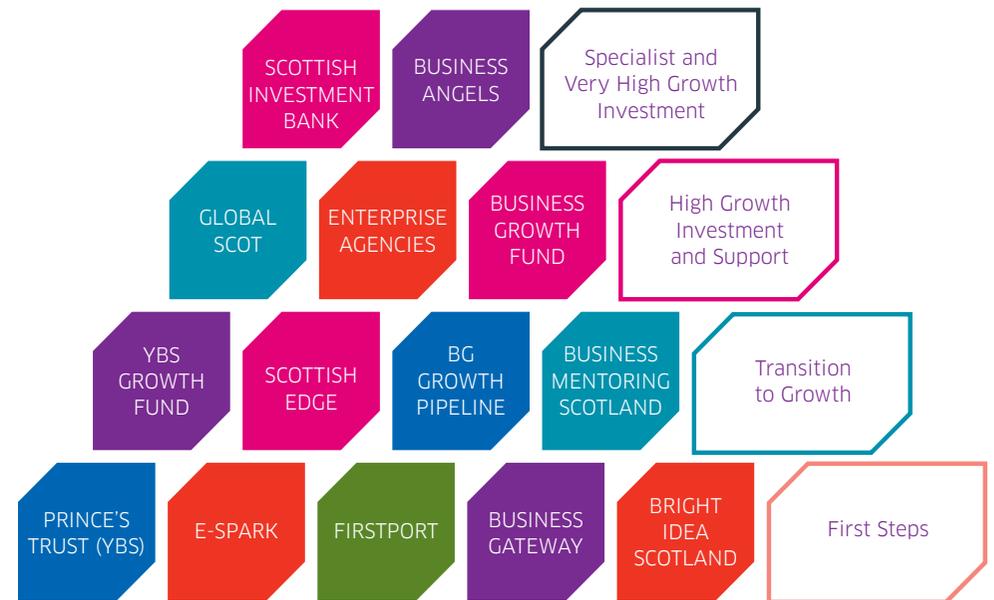
We consider there are **four main themes to transform Scotland's performance** as an entrepreneurial and innovative nation. These themes have been generated by assessing existing evidence and analysis and through discussions with stakeholders across the public, private and third sectors. They will guide how Team Scotland moves forward and will be the focus of our key priorities over the next three years.

CAPABLE

OUR ENTREPRENEURS AND INNOVATORS HAVE THE SUPPORT, SKILLS, AND FINANCE TO START AND DEVELOP GROWTH ENTERPRISES.

In order to innovate and grow, businesses need to have the right team in place with the necessary leadership and technical skills to create new products and services. They need to have access to the right kind of business support as well as the opportunities of the digital economy and appropriate, affordable finance. A supportive regulatory regime that reduces the burden of bureaucracy on our entrepreneurs and innovators is also required. The Scottish Business Resilience Centre²² can help our businesses to safeguard their assets.

There is already a range of **business support** for entrepreneurs and innovators with growth potential across Scotland and we will continue to work to ensure this is aligned and focused on the needs of business.



NB: this diagram is an indication of some of the key agencies and resources available to support business growth and ambition in Scotland. It is not intended to be exhaustive.

²² <http://www.sbcc.org.uk/>

CASE STUDY

ENTREPRENEURIAL SPARK (E-SPARK)

A five month business accelerator – Hatchery – where start-ups and early stage businesses are nurtured, enabled and challenged, E-Spark²³ is about the entrepreneur, their mindset and how they go about their business, regardless of sector. E-Spark look for a workable idea and the look in the eye that shouts – I am going to do this!

E-Spark offers start-up support, business mentoring, workshops, office space, IT and facilities all free in a collaborative environment for like-minded entrepreneurs to test their ideas, network and, ideally, grow. Packed into a structured five month programme designed to develop entrepreneurial mindsets and behaviours, E-Spark is currently located across three Hatcheries in Glasgow, Edinburgh and Ayrshire.



²³ <http://www.entrepreneurial-spark.com/>

We will continue to **invest** in those companies with the greatest potential for growth, internationalisation and economic benefit through schemes such as SMART: Scotland; R&D Grant for Business; Proof of Concept and Knowledge Transfer Grant; Smart Exporter; and the Entrepreneurial Development Programme. See the Scottish Business Portal²⁴ for full details of current schemes and support.

The next programme of European Structural and Investment (ESI) Funds 2014-20 will also support entrepreneurship and growth through an increased focus on business competitiveness and innovation. The funds will focus on the key drivers of growth through offering business advice, support and leadership development which bridges current services and makes it easier to start and grow a business in Scotland. Additional innovation support will better link academia to business and commercialisation by helping businesses to develop new globally competitive products, services and processes. Overall, the support from the ESI funds will help to identify the next set of high growth companies, in particular focusing on those which could achieve growth in the next five years and helping those companies achieve and sustain that growth.

24 <http://www.business.scotland.gov.uk/>

Our entrepreneurs and innovators need access to the right **skills and training** for themselves and their employees that will help them to develop and grow their enterprises. The industry led Skills Investment Plans, delivered through Skills Development Scotland (SDS), provide a framework for businesses and employers to articulate the right skills needed to support the development of Scotland's growth sectors. SDS's web service for individuals, My World of Work²⁵ is currently developing a suite of new content on enterprise and entrepreneurship due for launch early 2014. Using a range of tools, features and case studies, the content will introduce enterprise skills and their relevance to career development; and help individuals consider entrepreneurship as a potential career path.

Our colleges and universities are crucial to ensure our businesses have access to a supply of **entrepreneurial and innovative graduates** equipped with the skills, training and appetite to join growing businesses. The Scottish Funding Council engages with colleges and universities to highlight the need for applied learning and understanding of business needs. The WildHearts Foundation²⁶ has been promoting 'entrepreneurial apprentices' who will be placed with high growth potential businesses.

25 <http://www.myworldofwork.co.uk>

26 <http://www.wildheartsinaction.org/>

The **digital economy** is key to much entrepreneurial activity and innovation and to support our businesses to work in the digital economy we are investing in infrastructure that will allow super-fast broadband rollout across Scotland. The Step Change Programme²⁷ is putting in place infrastructure that will have the capacity to deliver next generation broadband to at least 85 per cent of premises by 2015-16 and 95 per cent by 2017-18. There will also be a new Digital Scotland Economy Partnership with our public and private sector partners, to ensure that all of Scotland's businesses can benefit from the digital age.

A particular challenge for any entrepreneurial and innovative business is **securing finance** for growth, particularly in the current economic context. We will therefore continue to work with the banks to improve the supply of finance to new and growing ventures and with Scotland's vibrant Business Angel community.

Scottish Enterprise will provide advisory services for companies seeking to access finance, including through the finance hub of the Scottish Business Portal²⁸ and a team of investment readiness specialists. The Scottish Investment Bank²⁹ will continue to

work with our most entrepreneurial and innovative companies to ensure they have debt and equity financial solutions. We are also investigating the potential of non-bank finance such as peer-to-peer lending and crowd funding, including funding a Saltire Fellowship to investigate the US experience.

A key opportunity for Scotland is to help unleash the growth potential in our **established middle-sized companies**, many of which are family businesses with proud heritages. The Scottish Government will therefore work with the Federation of Small Businesses, Scottish Chambers of Commerce, Business Gateway and our enterprise agencies to develop the entrepreneurial and innovative capability of Scotland's established businesses.

27 <http://www.scotland.gov.uk/Topics/Economy/digital/action/Makingprogress>

28 <http://www.business.scotland.gov.uk/Funding>

29 <http://www.scottish-enterprise.com/fund-your-business/scottish-investment-bank.aspx>

Priorities moving forward:

- Providing aligned and focussed business support to improve entrepreneurial and innovative capabilities.
- Having a range of public sector investment support available.
- Focussing on the skills businesses need to innovate and grow.
- Supporting entrepreneurs and innovative businesses to work in the digital economy.
- Working to secure greater access to finance.
- Working with our established middle-sized companies to support growth potential.

CASE STUDY

SCOTTISH EDGE - ENCOURAGING DYNAMIC GROWTH ENTREPRENEURS

The Scottish EDGE Fund³⁰ is a collaboration between Scottish Government, Entrepreneurial Spark, Royal Bank of Scotland, Business Gateway and our enterprise agencies. It targets ambitious entrepreneurs wishing to establish or grow their business and provides real opportunities for them to contribute to Scotland's economic success. In the first two rounds, the competition has awarded over £1.2 million of support to 34 young Scottish businesses with real growth potential.

Clear Returns³¹ predictive technology has the power to save retailers significant money, by highlighting the products, processes, suppliers and customers causing costly returns – and triggering intelligent responses. They help e-commerce and multichannel retailers optimise for profit, not simply sales. The company is already working with major UK and international retailers, including Scottish headquartered retailer M & Co. Clear Returns was recently named Best New Product at the 2013

The team at Clear Returns – a Scottish EDGE winning company



Digital Technology Awards, won IBM SmartCamp in Dublin and the Big Data Venture Challenge in Rome.

Clear Returns was assisted with £30,000 of Scottish EDGE funding, which has helped it focus on sales development and a SMART: Scotland award that has helped development of the highly innovative technology. The company is now raising up to £1 million to fund global expansion.

³⁰ <http://www.scottish-enterprise.com/fund-your-business/other-sources-of-funding/scottish-edge.aspx>

³¹ <http://www.clearreturns.com/about-us/>

AMBITIOUS

SCOTLAND IS A NATION THAT VALUES AND CELEBRATES ENTREPRENEURSHIP AND INNOVATION.

We need to ensure that entrepreneurship and innovation is embedded across Scottish society and that Scotland is truly seen as a **CAN DO** place. Within a global marketplace where competitive advantage is realised through innovative products, processes and business models, fostering an **entrepreneurial and ambitious culture** is essential. Scotland needs more people with an entrepreneurial mindset and ambition, with a greater appetite for risk and reward, people who can create new products and services and grow companies of international scale.

Our **education** system is key to realising our ambition. Through **Curriculum for Excellence**, teachers and others who support young people's learning are able to inspire and unleash the potential of our next generation of innovators and entrepreneurs.

Curriculum for Excellence's framework for learning and teaching has enterprise as one of five cross-cutting themes which underpin learning across the whole curriculum. Our former enterprise in education strategy, Determined to Succeed, was embedded within Curriculum for Excellence from April 2011. The Scottish Councils' Enterprise in Education Network (SCEEN) meets regularly to share intelligence and best practice across the country in enterprise and entrepreneurial activity in schools and other settings.

— The Scottish Government will be facilitating collaborative work between Education Scotland, the Association of Directors of Education in Scotland, Micro-Tyco, the Social Enterprise Academy, Young Enterprise Scotland, The Prince's Trust and other partners to create further accessible resources for schools and pupils.

“

I didn't really like school. I got suspended twice but I can't really remember why. We had to borrow a pound from Micro-Tyco, and when I was sitting thinking about it, the only thing I'd do with a pound before would be to buy a scratchy card or put a football coupon on. Now I know how to go about setting up a business and making investments.

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CASE STUDY

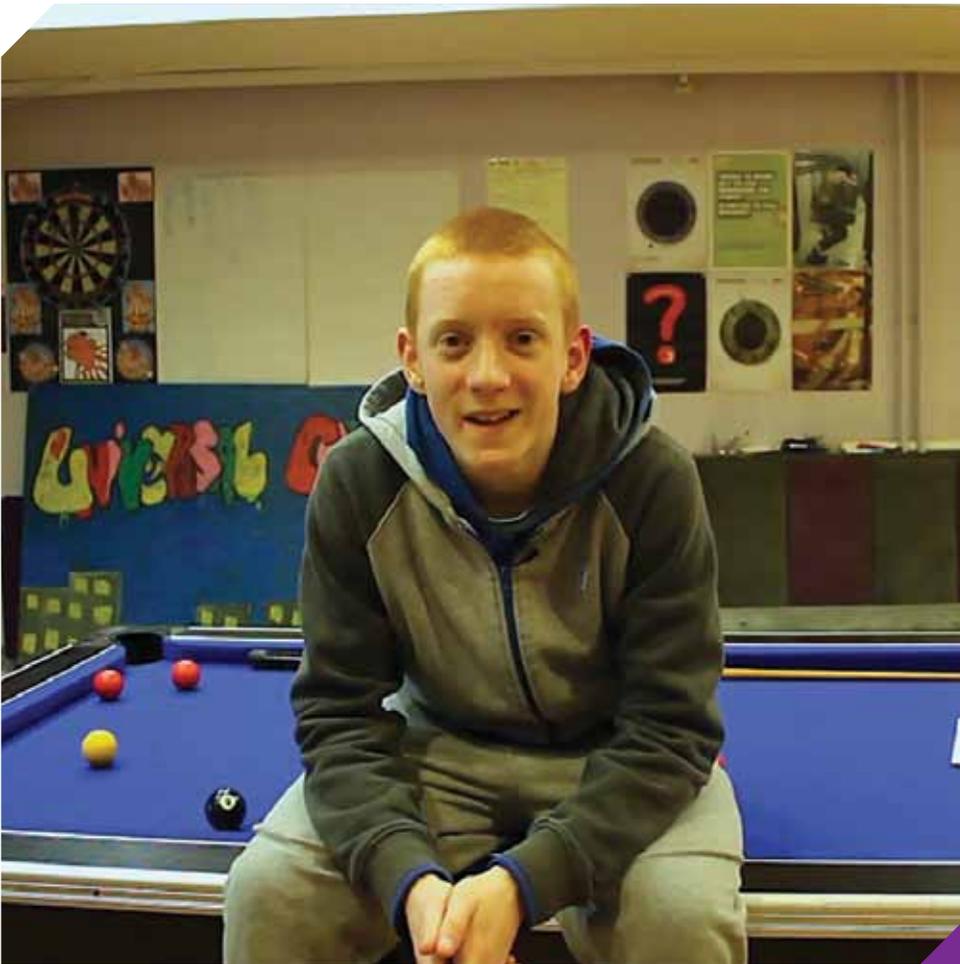
MICRO-TYCO

Micro-Tyco³² is a ground-breaking enterprise challenge, run by the WildHearts Foundation, that has brought together over 10,000 participants, from school children to business executives. Micro-Tyco's vision is to ignite the spirit of enterprise across our culture.

Taking inspiration from the spirit of WildHearts microfinance clients in the developing world, Micro-Tyco challenges teams to grow £1 into as much money as possible in just four weeks. Its unique combination of inspiration, business mentorship, positive peer pressure and ethics produces incredible results. To date, over £500,000 has been returned from just 1,900 £1 loans.

Jamie Maguire was a 16 year-old school excludee when he participated in Micro-Tyco. Even so, his team transformed their £1 micro-loan into £1,500. His success in Micro-Tyco attracted the attention of Arnold Clark, who have since taken Jamie on as a trainee mechanic.

³² <http://www.wildheartsinaction.org/microtyco>



Entrepreneurship and innovation also need to be further promoted across **Scotland's colleges and universities** as exciting career options available for talented individuals. Scotland's new regional college structure presents an exciting opportunity to do this and will be an integral part of increasing entrepreneurship and innovation across Scotland. The Independent Commission for Developing Scotland's Young Workforce,³³ chaired by Sir Ian Wood, will also be examining the potential for increasing entrepreneurship as it concludes its work.

- The Scottish Government and RBS are facilitating Young Enterprise Scotland's Bridge2Business³⁴ initiative to boost aspiration and capability towards starting businesses amongst our college students. The aim of the project is to *inspire, connect* and *support* college students into business. It is being piloted at City of Glasgow College.

³³ <http://www.scotland.gov.uk/Publications/2013/09/7161>

³⁴ <http://www.yes.org.uk/news/2013/sep/bridge2business-hits-the-ground-running.htm>

CASE STUDY YOUNG INNOVATORS CHALLENGE



Laura-Jayne Nevin – a winner of the Young Innovators Challenge

The Scottish Government has also supported the Young Innovators Challenge³⁵ – a competition aimed at encouraging young people in college, training or university to come up with innovative ideas. Funded by the Scottish Government, the competition is run by the Scottish Institute for Enterprise.

In the 2013 competition, entrants were asked to create innovative solutions to challenges set by industry leaders. Finalists then pitched their ideas to a business panel of experts for the chance to win development funding up to £50,000 and business support.

Laura-Jayne Nevin, a graduate from Edinburgh College of Art, was a 2013 winner. Laura-Jayne intends to open Wool & Co, a contemporary yarn boutique and knitting studio that aims to encourage the younger generation into knitting.

³⁵ <http://www.sie.ac.uk/about-sie/sie-activities/young-innovators-challenge>

There is widespread agreement around the importance of **role models** in developing an entrepreneurial and innovative culture. We are currently supporting the 1001 Enterprising Scots³⁶ project to develop a repository of video resources featuring a wide range of Scots talking about their businesses. This will be freely available and searchable allowing experiences of entrepreneurship and innovation to be shared. Further promotion of role models will be vital in raising levels of ambition.

A key principle we value is to promote inclusiveness in entrepreneurship and innovation, working with key business, social and third sector organisations to ensure **all members of society in Scotland** are able to realise their potential to be entrepreneurs and innovators. This includes working with the Enterprise Research Centre at Strathclyde University³⁷ in order to better understand how black and ethnic minority entrepreneurs can be better supported and celebrated and also to promote entrepreneurship by women.

³⁶ <http://www.scotpreneur.org.uk/>

³⁷ http://www.strath.ac.uk/press/newsreleases/2012/headline_674776_en.html

CASE STUDY

WOMEN'S ENTERPRISE SCOTLAND



Women's Enterprise Scotland³⁸ will collaborate with public, private and third sector partners to lead on a framework of actions specific to tackling the gender gap evident in enterprise and growth. This will include a project that ensures that successful women entrepreneurs are appropriately celebrated and are aided in sharing their skills and insights with the next generation of Scottish businesswomen.

³⁸ <http://www.wescotland.co.uk/>

CASE STUDYTHE PRINCE'S INITIATIVE
FOR MATURE ENTERPRISE
(PRIME)

The Prince's Initiative for Mature Enterprise³⁹ is dedicated to providing everyone over 50, who is unemployed or under threat of redundancy, with the support to achieve financial, social and personal fulfilment through sustainable self-employment. The Scottish operation commenced in February 2013 with a three-year target to help create 300 new businesses with the over 50s, including through awareness sessions and training.

Jimmy, 63, attended PRIME's three-day Glasgow business training course in April 2013 and has gone on to establish a business designing jewellery that has a sporting and inspirational twist. Jimmy believes that the training provided by PRIME has helped him to keep focus and meant he has been able to move his ideas forward.

³⁹ <http://www.prime.org.uk>

VisitScotland has been promoting entrepreneurial ambition through its Thistle Awards⁴⁰ which feature a category of Tourism Entrepreneur. Over 100 entries were received demonstrating the entrepreneurial energy in the sector.

- WildHearts and their partners are working towards the establishment of a significant annual prize for ready-to-market business ideas that will offer a positive outcome for 'global good'.

Our **town centres** can be at the heart of enterprise and community as identified in the National Review of Town Centres External Advisory Report.⁴¹

- The Scottish Government, Scotpreneur, the Scottish Business Resilience Centre and other partners will deliver a competition that enables the key actors within our town centres to enhance and develop their local entrepreneurial ecosystems. By supporting the development of these 'living labs' we will ensure that our town centres are equipped to support the economic and social aspirations of their communities.

⁴⁰ <http://www.scottishthistleawards.co.uk/>

⁴¹ <http://www.scotland.gov.uk/Topics/Built-Environment/regeneration/town-centres/review>

Priorities moving forward:

- Through Curriculum for Excellence, supporting teachers and schools to inspire the next generation of entrepreneurs and innovators.
- Promoting entrepreneurship and innovation across our colleges and universities.
- Promoting a series of inspirational entrepreneurial and innovative role models.
- Delivering a series of projects to realise the potential for a wider range of people across Scottish society to engage in entrepreneurship and innovation.
- Supporting the ambition for our town centres to be at the heart of enterprise and community in Scotland.

“

I applied to PJEA at Stow College in the hope that I could change my career path. And that is exactly what has happened, no looking back now. I can now walk out into the business world with my own network!

Natalie

”

CASE STUDY

ENTREPRENEURSHIP AT STOW COLLEGE



Stow College in Glasgow (becoming part of the new Glasgow Kelvin College) is currently the only Scottish member of the Gazelle Colleges group: a group of 20 UK colleges committed to improving teaching and learning through an entrepreneurial-based approach, ensuring that students leave college with the attitude, skills and capabilities needed for success.

In September 2012, Stow established Scotland's first Peter Jones Enterprise Academy (PJEA). Backed by the Dragon's Den entrepreneur, PJEA at Stow offers learners the opportunity to achieve a BTEC Level 3 Diploma in Enterprise and Entrepreneurship. Learners also have an opportunity to develop the essential skills and attitudes for today's business world. The programme includes students setting up their own business or social enterprise. Natalie Morrison and Serign Sanneh are two of the successful students from the first PJEA intake at Stow.



Natalie has been successful in securing a place on E-Spark's Business Accelerator Programme. Her company, You-olo (You Only Live Once), is an online platform designed to give 16-24 year olds the confidence, knowledge and support that they need to start their own businesses.



Serign's business has also been accepted on to E-Spark's Accelerator programme. PalmAfrica.com is an online directory and marketplace aimed at helping Africans and Caribbeans in the UK to become more enterprising and to help existing businesses to grow.

“Stow College and PJEA presented me with endless opportunities. In October 2013 during Black History Month, PalmAfrica.com will be officially launched with various workshops and an entrepreneurship competition launched which will then become an annual event.”

Serign

NETWORKED

OUR ENTREPRENEURS AND INNOVATORS CAN NETWORK AND WORK TOGETHER TO HELP FULFIL THEIR AMBITIONS.

Supporting businesses which have the greatest potential for growth, internationalisation and economic benefit requires a linking together of the people, ideas, experience, technology, finance and production networks needed to successfully develop new ideas and methods and then bringing them to scale and market. We also need to improve creation and exploitation of knowledge across the innovation system, including through encouraging more collaborations between businesses and between businesses and academia.

The network between business and academia is crucial. There is a need to support and promote the benefits of **knowledge exchange** collaborations between businesses, universities and colleges that deliver a positive economic impact.

CASE STUDY

COLLABORATION AT
ALEXANDER DENNIS



Alexander Dennis Limited⁴² (ADL) is a great example of where a collaborative approach built around an emerging global market opportunity can really add to Scotland's competitive position internationally. In 2013 the first large collaborative Scottish Enterprise Research and Development grant was awarded to ADL, BAE Systems and the Power Network Demonstrator Centre to produce a new bus system capable of operating in 100 per cent electric mode via highly innovative underground on route charging infrastructure. Unlike current electric hybrid buses where the battery is topped by the diesel engine, the new bus can run for up to 30 minutes with the engine off.

⁴² <http://www.alexander-dennis.com/favicon.ico>

CASE STUDY

KNOWLEDGE TRANSFER PARTNERSHIP

Knowledge Transfer Partnerships (KTP)⁴³ help businesses, including social enterprises, improve their competitiveness and productivity through the better use of knowledge, technology and skills that reside within the UK Knowledge Base. Each KTP programme brings together a company, academic institute and one or more recently qualified students, known as KTP Associates, in challenging projects that meet a core strategic need within the company.

Currently funded by 15 Government organisations and led by the Technology Strategy Board, with co-sponsors including the Scottish Government and Research Councils, KTP partnerships are designed to benefit everyone involved. Outcomes include increase in profitability for company partners; associates gaining business-based experience and the Knowledge Base partner enhancing the business relevance of their research and teaching.



The First Minister visiting ClydeSpace to view UKube-1, Scotland's first satellite

Such benefits were realised in Clyde Space's KTP⁴⁴ with Strathclyde University which helped establish the company at the forefront of CubeSat micro-satellite design and position Scotland as a leader in space technology. With the help of the partnership, the company won a contract from the UK Space consortium for testing, construction and assembly of UKube-1, the UK's first CubeSat (nanosatellite) system.

⁴³ <http://www.ktponline.org.uk/offices>

⁴⁴ <http://www.clyde-space.com/>

CASE STUDY FRAUNHOFER



The Fraunhofer Centre for Applied Photonics⁴⁵ was launched in April 2013 and is based in Strathclyde University's Technology and Innovation Centre. A first in the UK, the Centre is the product of a collaborative effort between Fraunhofer Gesellschaft, Europe's largest organisation for applied research, Strathclyde University, the Scottish Government, Scottish Enterprise and the Scottish Funding Council. It will be a hub for industry-driven laser research and technology for sectors including healthcare, security, energy and transport.

Fraunhofer UK Research Ltd is the umbrella organisation for any future UK-based Fraunhofer research centres. It is also based in Strathclyde University and will work across universities and industry to ensure research is developed to a stage where it can readily be adopted by industry.

⁴⁵ <http://www.fraunhofer.co.uk/en/FraunhoferCentreForAppliedPhotonics.html>

The Scottish Funding Council⁴⁶, working with Scotland's universities and enterprise agencies, have launched **Innovation Scotland** – a shared strategy to increase the simplicity of, and improve the effectiveness of, the support for business growth through innovation arising from collaboration with universities.



The Innovation Scotland transformation agenda will be driven by a high profile **Innovation Scotland Forum** to ensure that opportunities to better support innovation and entrepreneurialism are identified and that effective action to stimulate business demand for innovation is taken. Examples of the Innovation Scotland strategy in action already include the enhanced work of **Interface** and the ongoing creation of Scotland's **Innovation Centres**. These demand-led centres will stimulate economic growth through the innovation arising from businesses and universities working together.

⁴⁶ <http://www.sfc.ac.uk/>

CASE STUDY

INTERFACE CONNECTING BUSINESS AND EDUCATION

Interface⁴⁷ is the matchmaker service which connects businesses with Scotland's 24 higher education and research institutes to stimulate innovation and growth. Through intelligent brokerage mechanisms and the face-to-face nature of Interface over 1,227 business and academic partnerships and around 750 collaborative projects have been facilitated resulting in a wide range of societal and economic benefits to support the Scottish economy. Over the last year Interface has gone from strength to strength, broadening its reach across all industry sectors from food and drink to tourism and all regions both rural and urban.

Equal Adventure⁴⁸ is a company who recently worked with Interface. Located near Aviemore in the Highlands of Scotland, Equal Adventure is a registered charity with an overall mission to inspire and resource outdoor adventure, sport and active lifestyles with disabled people.

⁴⁷ <http://www.interface-online.org.uk/>

⁴⁸ <http://equaladventure.org/>



The company had developed and created a prototype of snow board bindings for double leg amputees and needed to complete stringent laboratory-based assessments of the prototype. Interface identified the knowledge and facilities required within the University of Strathclyde which enabled a student to undertake the design, development and testing required.

The project resulted in a working prototype and enabled Equal Adventure to demonstrate that the bindings were safe for use by double leg amputees. In doing so they have been able to add another product to their range and enter a new market for injured veterans. This also safeguarded four jobs within the organisation and a number of opportunities have been identified for further collaboration with universities.

CASE STUDYTHE STRATIFIED MEDICINE
SCOTLAND INNOVATION
CENTRE

The Stratified Medicine Scotland Innovation Centre⁴⁹ is a partnership involving Health Science Scotland⁵⁰, Scottish businesses and major global companies. It will have a base at the new South Glasgow Hospital.

Stratified medicine exploits the latest advances in DNA sequencing technology to determine the genetic make-up of patients undergoing treatment for different diseases. The goal is to find which treatments work best in which patient so clinicians can choose the most appropriate and effective treatment for each patient. The SMS-IC will focus primarily on developing new forms of effective treatment for chronic diseases, including cancer, stroke, diabetes, rheumatoid arthritis, and respiratory and cardiovascular diseases. The aim is to lead a global transformation in healthcare delivery.

⁴⁹ <http://www.scotland.gov.uk/News/Releases/2013/04/over-2000-jobs-at-new-30million-innovation-centres>

⁵⁰ <http://www.healthsciencescotland.com>

Accessing **European research and development funding** is a key way business and universities and colleges can work together. To support this the Scottish Funding Council has launched a new £400,000 funding scheme to help at least 80 Scottish businesses break into the European research market. The Horizon 2020 SME Engagement Scheme intends to support businesses to explore Horizon 2020 European research funding opportunities with the assistance of Scottish universities. The new voucher scheme provides up to £5,000 of support for each project.

Mentoring is seen as an essential way for entrepreneurs and innovative businesses to network with, gain insight from and develop opportunities with more experienced business leaders. The profile and understanding of mentoring needs to be raised to ensure entrepreneurs and innovators are better able to access and take advantage of the practice.

- The Scottish Government will develop a comprehensive understanding of the mentoring landscape. Following this we will facilitate key partners to develop and promote a joined-up service that better allows mentors to offer their skills and that enhances the offer to potential mentees.

Priorities moving forward:

- Ensure better collaboration and knowledge exchange between businesses and between business and universities and colleges.
- Implement Innovation Scotland and Innovation Centres to support greater business and academic collaboration.
- Support businesses to access European research and development funds, particularly Horizon 2020.
- Support and develop the opportunities for mentoring for our entrepreneurs and innovative companies.

DEMAND AND OPPORTUNITIES

STIMULATING DEMAND AND MARKET OPPORTUNITIES TO ACCELERATE THE DEVELOPMENT OF NEW PRODUCTS AND SERVICES.

Entrepreneurship and innovation exists where there is customer demand and market opportunities. We need an increased focus on creating consumer demand for new products and services through innovation and encouraging entrepreneurship. We need to ensure Scottish companies are able to access market opportunities that present themselves, particularly exporting and internationalisation, including having the skills related to marketing and selling.

Customers can be instrumental in driving entrepreneurship and innovation. These can be individual consumers or public or private organisations. A key way to influence this is to use innovative procurement to drive innovation and public service design and delivery. This could include pre-commercial procurement and setting challenges and competitions. European Regional Development Funding has been allocated to support a pilot programme to establish a Procurement Facilitator Programme. The programme will focus on pre-commercial procurement, looking to capture public sector needs, stimulate awareness and understanding within the business community of the opportunities available and aid skills and capacity transfer.

Industry Leadership Groups (ILGs) could have a key role in advising on ways to develop demand through innovation. Key to this will be the cross-cutting Technology Advisory Group⁵¹, which brings together industry and public agencies, and has the vision “to unleash the inherent innovation and business potential that exists within the Scottish Technology and Engineering Sector”.

51 <http://www.scottish-enterprise.com/your-sector/technology/strategy.aspx>

CASE STUDY**INNOVATION PROCUREMENT AND DEMAND STIMULATION**

The Scottish Government, Scottish Enterprise and Highlands and Islands Enterprise are currently engaged in a pilot project with Caledonian Maritime Assets Ltd⁵² (CMAL) to support an innovative procurement approach to address unmet demand for dockside charging solutions for their new hybrid ferries. The approach looked at providing information to businesses at the pre-commercial stage allowing the outline of the new requirement to be described at an information day. This was followed up using a competitive dialogue technique which allowed discussions between interested businesses and CMAL as part of the procurement process.

52 <http://www.cmassets.co.uk/en/home.html>

Government can also play a direct role in stimulating innovation, and, using a challenge-based approach, can work together with industry and other partners to come up with solutions to real life public sector issues. The Scottish Government is now using this model to take forward innovation in health in a way that supports the development of innovative products for the Scottish market and beyond.

NHSScotland has a Vision for 2020⁵³ that everyone will be able to live longer healthier lives at home, or in a homely setting. A key component of this is to move the focus of care and support away from the hospital to the communities and homes where people live. This vision is about transformational change, not incremental improvement. To make this happen, innovative models of care and different ways of working must be created and adopted.

- The Scottish Collaborative Innovation Partnership Process (SCIPP)⁵⁴ is looking to address the NHSScotland 2020 challenge by promoting radical thinking on extending and improving quality care outside the hospital. The best ideas that emerge from the process will, under sponsorship from the Scottish Government, be developed, supported and scaled through appropriate support mechanisms including NHS procurement, NHS planning, partnership working and the Technology Strategy Board's Small Business Research Initiative programme.

53 <http://www.scot.nhs.uk/introduction.aspx>

54 For details and application form, see the Scottish Government website at: <http://www.scotland.gov.uk/Topics/Health/Quality-Improvement-Performance/Innovation-Health>

HEALTH AND WEALTH IN SCOTLAND: A STATEMENT OF INTENT FOR INNOVATION IN HEALTH



*Health And Wealth In Scotland: A Statement Of Intent For Innovation In Health*⁵⁵ highlights that Scotland is well placed to be an international centre for innovation in health with an integrated health service with major quality ambitions, a strong life sciences industry, excellent informatics and first class universities and research capability.

The Statement sets out how partnership working with Government, NHSScotland, industry and the research community can aid the development, marketing and adoption of products and medicines that are better matched to its needs, and which are evidence-based. The Statement is an explicit driver to entrepreneurship and innovation in Scottish companies in the life sciences and health sectors to create and develop for market the next generation of health technologies and solutions.

To help support this aim the Scottish Government has launched the Scottish Collaborative Innovation Partnership Process which challenges a range of partners including Health Boards, industry, academia and the third sector for innovative ideas that will help transform future care outside hospitals. The best ideas that emerge from the process will, under sponsorship from the Scottish Government, be developed, supported and scaled through appropriate support mechanisms including NHS procurement, NHS planning, partnership working and the Small Business Research Initiative programme.

⁵⁵ <http://www.scotland.gov.uk/Topics/Health/Quality-Improvement-Performance/Innovation-Health/Statement>

A key way of generating new demand and opportunities is to support the conversion of science and technology ideas into **new products and services** which have the potential to significantly impact on our economy.

The Scottish Science Advisory Council report, *Making the Most of our Scientific Excellence*⁵⁶ (2013) concludes a two-year period of work on this topic. Key recommendations in the report include, amongst others:

- that commercial skills should be embedded in all Science, Technology, Engineering and Mathematics (STEM) degree courses;
- the establishment of an annual ‘entrepreneurship’ summer school;
- that consideration be given to setting up a ‘payroll support’ scheme to encourage post-graduate employment in Scottish SMEs;
- encouraging the creation of one or more generic graduate training scheme(s) matched to the needs of companies, including small and start-up companies, that do not have in-house schemes; and

56 http://www.scottishscience.org.uk/sites/default/files/article-attachments/Final%20SSAC%20Innovation%20report%20-%20FEB%2013_0.pdf

- that a target 10 per cent of public procurement (health service, local authority) be spent on innovative services and products from SMEs and that the procurement process be redesigned to allow (and even encourage) a higher level of risk in taking on new products and services.

The Technology Strategy Board⁵⁷ (TSB) has contributed to a number of recent innovation initiatives in Scotland focused on stimulating demand and creating opportunities. The TSB will be a key partner in developing this further.

57 <https://www.innovateuk.org/>

CASE STUDYOFFSHORE RENEWABLE ENERGY
CATAPULT

Funded through commercial funding and investment from the Technology Strategy Board, Catapult is a network of technology and innovation centres that aim to provide businesses an opportunity to access facilities, equipment and expertise so they can develop, test and exploit new ideas and products in a number of key technology sectors.

Headquartered in Glasgow, the Offshore Renewable Energy Catapult⁵⁸ will work with project developers, their supply chain partners, testing facilities and others to develop, commercialise and grow innovative technologies and technological solutions in the field of offshore renewable energy.

⁵⁸ <http://ore.catapult.org.uk>

Exploratory work will also be undertaken as part of Scotland's membership of the Smart Specialisation Platform, to learn from international good practice in areas such as demand driven innovation policies, tools to enhance service-led innovation and opportunities to engage more SMEs in innovation.

The impact of strong **sales and marketing skills** on the growth of businesses is clear. Public, private and third sector partners will therefore work in collaboration to develop and facilitate the skill-sets of sales and marketing engagement and promote the value of these skills.

Being able to export and **access new international markets** is a key part of entrepreneurship and innovation. When companies start to export, or reach into new markets, they will need to innovate to address customer needs. For firms of all sizes there is a strong positive association between innovation, exporting and productivity and growth – innovation and exporting work jointly to improve business performance.

Analysis shows that companies that received both innovation support and internationalisation support report bigger impacts than those that received just one of these.⁵⁹ Furthermore, SMEs which have a track record of innovation are more likely to export, more likely to export successfully, and more likely to generate growth from exporting than non-innovating firms.⁶⁰

⁵⁹ <http://www.evaluationsonline.org.uk/evaluations/Browse.do?ui=browse&action=show&id=395&taxonomy=ENT>

⁶⁰ http://enterpriseresearch.ac.uk/default/assets/File/ERC%20White%20Paper%20No_5%20Executive%20Summary.pdf

Scottish Development International⁶¹ is committed to supporting and working with any Scottish business that wants to trade internationally, including through the Smart Exporter programme⁶² which supports companies exporting for the first time.

The GlobalScot⁶³ network also offers significant opportunity to help businesses access experienced individuals who can help them to reach new customers and understand the dynamics in new markets and we will explore this further. The Power of Youth⁶⁴ initiative has also been developing its network and capabilities through support from the Scottish Government and the Royal Bank of Scotland in order to create opportunities for growing Scottish companies of international scope.

61 <http://www.sdi.co.uk/>

62 <http://www.scottish-enterprise.com/services/do-business-outside-scotland>

63 <https://www.sdi.co.uk/globalscot.aspx>

64 <http://power-of-youth.org/>

Priorities moving forward:

- A greater focus on how customers, public and private, can influence entrepreneurship and innovation, including through innovative procurement.
- Working with the Scottish Science Advisory Council to ensure Scotland's scientific excellence can fully drive innovation opportunities.
- Working with the Technology Strategy Board to identify opportunities where Scottish organisations can collaborate or compete for funding.
- Assessing the potential for additional support for sales and marketing skills.
- A continued focus on exports and support for entrepreneurial and innovative business to internationalise.

Our success in driving these priorities forward for Scotland and making Scotland a world-leading entrepreneurial and innovative nation will depend on how our public, private, and third sectors **work together**.

Next steps include:

- Preparing a **Team Scotland action plan** to further develop the priorities in this framework over the period 2014-15 and 2015-16 involving public, private and third sectors and including identification of available resources.
- Producing a **communications plan** to support implementation of the priorities contained in this framework and the Team Scotland action plan. This will include working with partners to develop an all-Scotland calendar of events and communication opportunities over the next three years.
- Arranging annual **Ministerial Entrepreneurship and Innovation Summits** in 2014, 2015 and 2016 that will bring together all partners to review progress, implementation of actions and the outcomes being achieved.
- Involving the **Industry Leadership Groups (ILGs)** in monitoring and challenging the progress made in promoting entrepreneurship and innovation within their sectors.
- Providing regular online updates of **case studies and good practice examples**.
- Development of a **performance monitoring tool** which will help to align activities across Team Scotland to achieve the greatest impact. This will include benchmarking where we are now in relation to entrepreneurship and innovation performance.

This framework document sets out the importance the Scottish Government places on entrepreneurship and innovation as a key way of accelerating sustainable economic growth. It has also highlighted the areas we consider are future priorities for action to make Scotland a **CAN DO** place – a world-leading entrepreneurial and innovative nation.

In moving forward, working together will be key and we welcome any comments on this framework. In particular, we welcome your views on what **you can do** to increase Scotland's competitiveness and economic growth through increased entrepreneurship and innovation. How can we work with **you** to achieve a better Scotland – to make Scotland a **CAN DO** nation?

Please contact us at: CANDO@scotland.gsi.gov.uk
#scotlandcando



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