

# CWP II INNOVATIVE PROJECTS

## 1. INTRODUCTION

This paper presents a summary of a study of innovative projects funded under the second Competitiveness White Paper “*Competitiveness: Forging Ahead*” (also known simply as CWPII) carried out by ECOTEC Research and Consulting. CWPII was published by the Government in May 1995. It was the second in a series of publications which sought to analyse the competitiveness of British industry, to audit publicly funded businesses services and to set out a competitiveness policy for the UK. CWPII announced additional funds for Business Link (BL) services, and in particular for the development of local ‘world class’ services by local Business Link partnerships. Starting in 1996 204 projects were funded through this mechanism, with a total DTI budget outturn of £18,112,163.

The broad background to CWPII was underpinned by concerns about the competitiveness of UK industry and the fact that the economic performance of UK firms is lagging behind that of our global competitors, owing to problems across a range of factors including product quality, design capability, low rates of innovation, and low skill levels (including management skills). CWPII identified a need to provide support to business in these and other areas where the private sector was failing to meet needs. CWPII announced additional funds for Business Link (BL) services, and in particular for the development of local ‘world class’ services by local Business Link partnerships in conjunction with other partners. Significantly, CWPII was launched when Business Links were in their early stages of development and this had an important impact on the implementation of the programme<sup>1</sup>.

To address these issues, CWPII sought to *offer in-depth support to improve the competitiveness of growth oriented businesses and particularly those with internationally tradable goods and services*. It was anticipated that services might be developed in the following areas: world class manufacturing; business networking; growth start; financial packaging; and specialist advisers. However, GOs were allowed to set their own priorities according to local needs and many did not use these headings.

Projects supported under CWPII could fall into one of three stages:

- *stage one* - starter funding to test out the feasibility of ideas;

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<sup>1</sup> Discussed in Chapter 2

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- *stage two* - development funding for up to 12 months to undertake detailed design, development and piloting work in advance of submitting a proposal for longer term funding for delivery;
- *stage three* - delivery funding for up to three years for full-scale proposals.

There were three especially important aspects of CWPII:

- *innovation* - CWPII was about the development of new services; and innovation in business support;
- *flexibility* - the frameworks of objectives and the funding processes set down by the DTI were very broad in order to encourage innovation;
- *collaboration* - partnership working both amongst businesses and between businesses and public business support bodies was actively encouraged.

### ***Aims of the study and methodology***

Funded by the Department of Trade and Industry, the aims of the study were to:

- gather and collate detailed information on individual CWPII projects and compile them on an electronic database;
- assess the strengths and weaknesses of a sample of case study projects;
- assess common success factors;
- identify good practice lessons in the development and management of projects; and,
- provide guidance on the above to the DTI and local business support organisations which will assist in the development of future local initiatives, e.g. Business Link Centres of Expertise.

The focus of the study was on the process issues behind CWPII rather than the economic impacts on individual businesses affected by the projects funded.

The evaluation was organised into two stages. *Stage One* consisted of: initial interviews with relevant Government Office (GO) staff concerning the process of CWP II; collection and collation of key data on each of the projects funded under CWP II and its compilation on a database; and, initial analysis of that data. *Stage Two* consisted of a set of case studies of selected projects which assessed the rationale for projects, the methods of intervention, outcomes and achievements and key lessons.

## 2. THE PROCESS FOR DEVELOPING AND IMPLEMENTING PROJECTS

Chapter two presents the findings on the processes involved in developing and implementing CWPII based on a synthesis of the outcomes of GO and case study interviews.

### ***Management and administration***

CWP II allowed GOs maximum flexibility to develop projects. This was important with respect to fostering innovation, but the lack of strong central guidance meant that there was great variation in how proactive GOs were in project development and in TECs/BLs' levels of participation. The programme would have benefited from being located within broader strategic frameworks at regional level.

The project development and implementation phases were separated within GOs, often because of changes of personnel related to the process of integration which many GOs were undergoing. In addition, it was the practice in all GOs for CWP II to be contracted through the main TEC contract as a contract variation. As a result, CWP II projects tended to be subsumed within the main TEC contract. These factors meant that: little in the way of an overview was taken by GOs of CWP II progress on a regular basis; monitoring and evaluation processes were not well established when projects started, although larger projects were required to produce interim and final evaluations for the DTI which were beneficial. The programme's flexibility also had the side effect that good practice was generally not disseminated.

### ***Collaboration***

Collaboration was a key feature of CWP II projects - both between businesses and between businesses and private and public sector business support organisations. Most partnerships were developed on a project by project basis and most built on existing partnerships - the number of fresh partnerships was limited. GOs' main role was to foster partnership formation and act as a catalyst and CWP II improved relations between GOs and their TECs/BLs. CWP II funds provided an opportunity for GOs and BLs to think creatively about how to use resources in new ways and in new areas.

For most sub-regional<sup>2</sup> and regional projects collaboration was difficult to maintain after the development phase. Contracting arrangements meant that responsibilities between TECs/BLs and GOs were normally blurred with the result that effective reporting of performance and the establishment of good management information was difficult

### ***Lessons for future project management***

There are a number of important generic lessons for managing an innovation programme flowing from this analysis:

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<sup>2</sup> Describes groups of BL/TECs below the regional level.

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1. Whilst allowing flexibility is important, it needs to be balanced with more strategic guidance at a national and local level. Such guidance will help to ensure projects are related to wider needs.
2. Effective monitoring and evaluation arrangements must be established at the start of innovative projects. Using TEC contracting arrangements means it is important that GOs make sure that projects such as those funded under CWPII are monitored on a regular basis and are not subsumed by the broader process. Collecting data on leverage should also be ensured.
3. For sub-regional and regional projects, the role of lead TECs/BLs should be better established at the start to avoid blurring of responsibilities with GOs.
4. Dissemination processes need to be set up at regional and national levels to ensure good practice is shared and the potential benefits of projects maximised.
5. Sub-regional and regional projects may need on-going support and guidance from GOs to ensure partnerships forged in the development phase continue through implementation.

### 3. KEY FEATURES OF CWPII PROJECTS

Chapter three describes the key features of CWPII projects using information on each project which has been compiled on a database as part of the project.

#### ***Project Stage and Theme***

- 204 projects were funded under CWPII
- Total national budget allocation was £23,873,311; total outturn was £18,112,163. Planned DTI spend was £19.6 million against an original allocation of £100 million over four years; average project size was £96,000, but over one half of all projects involved £30,000 or less
- 65% of projects involved a stage one; 37% a stage two; and 14% a stage three
- Projects involving a stage one absorbed only 19% of planned DTI spend
- The most common themes were: information and advice; specialist advice and networking
- Lack of data means it is not known how many customers used the services funded.

#### ***The Regional Dimension***

- Regions varied in the number of projects supported: from eight in Merseyside and the North East to 38 in the South East
- Planned DTI spend also varied by region: from nearly £5 million in the West Midlands to just over £500,000 in the North East

### ***Collaboration and Partnerships***

- There were on average about 3.5 partners per project across the whole programme
- Business Links and TECs were the most common lead partners
- The most common partners in general were Business Links and TECs; although the private sector was involved directly in a quarter of projects

### ***Geographical Coverage***

- Projects were split more or less evenly between BL/TEC area projects and regional/sub-regional projects
- The number of project partners was higher for sub-regional and regional projects

### ***Other Issues***

- The private sector played an important role in delivering projects, being involved in 37%. BLs were delivery agents in 62% of projects; TECs in 20% reflecting their role as purchasers
- Most projects were new: only 16% built on existing projects
- 40% of projects continued after CWPII funding ceased.

## **4. THEMATIC ANALYSIS - LESSONS FROM THE CASE STUDIES**

Twenty case studies were examined to provide insights into their rationales, how they were run, and their outcomes and achievements. Generic lessons flowing from this analysis are that:

- support services must be focused very clearly on specific real problems facing businesses;
- carefully researching and testing market demand is critical;
- in-depth one-to-one support is an essential component of most business support projects;
- private sector participation in both the design and implementation of projects pays dividends;
- finding the right people to facilitate business collaboration can make the difference between success and failure;
- rolling out projects to other areas needs to take account of local differences;
- finding simple 'hooks' such as business seminars to lead companies into the full range of BL services can pay dividends;
- it is important that there are strong linkages into the wider network of BL services; and,

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- having good referral systems outside the BL network can also be advantageous for businesses.

### 5. CONCLUSIONS

In general, CWPII enabled a broad range of business support ideas to be tested and implemented at an important time in the development of Business Links. The flexibility allowed under the scheme created a climate in which partners locally could come together to experiment. CWPII was especially important in encouraging co-operation at sub-regional and regional levels.

Overall, most projects were probably additional to activities already taking place and around 40% continued in some form and therefore had an impact beyond the life of the programme. The case studies can cite many examples of businesses benefiting in many ways to improve their competitiveness. CWPII has also offered a useful starting point for developing ideas that have fed through into Local Competitiveness Challenge and Centres of Expertise.

Future projects designed to encourage innovation at local levels would benefit from:

- project partners and GOs should develop projects within a clear regional strategic framework for business support. This would help to ensure the number of similar projects taking place in different localities is reduced. In part, the development of regional strategies which has taken place since CWPII does address this issue<sup>3</sup>;
- closer involvement by GOs during implementation. Responsibility for monitoring and evaluation at regional level would help compile lessons from projects which can be shared within the region. This would need proper resourcing and, if necessary, appropriate training of GO staff;
- the adoption of some common national standards to ensure that the full impact of such programmes can be evaluated; such standards would ensure that desirable management information (including leverage data) can be captured and analysed at national level (current programmes have started to address this issue); and,
- the adoption of dissemination processes to share best practice (for instance through the Business Link Network Company). The database produced as part of the study represents a key resource to support dissemination in future.

### **Report produced by ECOTEC Research and Consulting**

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<sup>3</sup> The Regional Development Agencies are charged with mapping out business support in their respective regions in 1999 which will establish the scope for additional services.

SUMMARY OF EVALUATION REPORT

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