

Objectives

Appendix 1

To deliver the Strategic economic plan for the region by:

- Establishing growth in new expansive “industrial growth areas” or clusters (*See definition*)
- Create more, and a greater proportion high value jobs.
- Establish existing SME growth as part of a new sustainable economic supply & value chains.

Target

To prioritise requests in an open honest and fair manner according to three basic principles laid out to meet the needs of the Strategic Economic plan

- **Proactively Target** “Transformational Growth companies” (*see definition*) in specific “technology areas”
- **Reactively support** established companies (indigenous SMEs) with ambitious growth plans/projects
- **On request Support**, via special projects, large existing employers with expansive growth ventures and “diversification” (*see definition*) agendas’

Method of Selection

- A. TRANSFORMATIONAL CUSTOMERS - Proactively target Transformational companies using criteria defined in the characteristics of transformational companies and within in the target industrial clusters via referral or database searches
- B. INDIGENOUS SMEs - liase with Local authorities to define which applicants could be potential regional growth companies and which should be handled locally by partner organisations.
- C. LARGE OEM & DIVERSIFICATION - Reactively support, with local authority assistance, LEP to arrange wider discussion with company board with a view to develop larger project Plans.

Entry Eligibility Criteria

To be eligible to make an application, a prospective client must:

- **Have “significant presence” and registered office in South Yorkshire already** (Barnsley, Doncaster, Rotherham, or Sheffield Local Authority areas),
- **Have a presence and operating from commercial premises in the region;** which can be very small as a proportion of the group or company in question, but where, with a possibility that a growth project will create or bring an additional investment/function into the region.
- **Be viable, with the Client demonstrating previous growth or potential to grow within the timeframe of a possible funding situation.** This need proven associated market dynamics as evidence – Market mix, industry segmentation trends and Product Mix developments etc
- **Be able to demonstrate that the Client project would not go ahead with this project in South Yorkshire,** either as quickly or at the same scale without support.
- **Be able to demonstrate** a clear case for funding and that the client can evidence that they have **exhausted the traditional funding markets.**
- **Be able to demonstrate the value of the project** to the longer term aims of the Strategic economic plan and longer-term financial outcomes of the region.
- **Be able to demonstrate that the project will contribute to the region** in key areas such as high calibre job creation, R&D, or green/net zero agendas or as part of a value chain in developing business clusters such as digital.

- **The Client would need to evidence that they can access or raise the lion's share of the required capital themselves.** South Yorkshire funds are designed to fill the gap between the resources an applicant raises and the total costs of the project. It will not fund the total costs of the project (usually 80/20 rule is applied as a rough rule of thumb - 20 % being the MAX that South Yorkshire would generally invest although this could rise in % in the outcome of a loan situation), and they would need evidence of the other funding prior to approval
- **Any award is typically phased in line with an 'intervention rate'** (the percentage of which South Yorkshire comprises the total project costs). In some cases, funding draw down may be linked to verified job creation
- **Be a project that will create net new jobs in the region and not displace existing ones.** Guidance as to number of new FTEs (full time employees) will be created versus the investment the MCA. Average salary ranges for the region will be sorted to ensure the realistic potential of the claim (I.e. Ave salary in SY is 26K. therefore, in investment 22K per job is reasonable.) it is deemed and may be reasonable to ask the split of jobs created blue versus white collar, staff versus executive level. It is also reasonable to calendarize the number of additional FTEs over the course of the project segmented into categories of salary and skill/qualification levels.
- **Be planning expenditure, broadly in line with the following.**
 - **Capital equipment, machinery, or tools.**
 - **Research and development activities** beyond the proof of concept.
 - **Alterations to land and/or premises** to meet the needs of the business project that would otherwise stop the exercise
- **Expenditure must be defrayed (paid for) not committed by financial year end** for any part of the agreed grant according to the financial contract
- **Guidance is always sort, to ensure the clients proposed application for funding complies** with Subsidy Control Regulations and any other legal implications such as similar applications to state funds for similar projects.

Process still to be agreed

Section one.

Analysis and information gathered against specific criteria at initial meetings while potential client fills out "Expression of interest." Answers in section one will give us a clear match to target type and potential

Business Criteria Recorded on **balanced scorecard green section** underdevelopment (see appendix)

Outcome: present to LEP for pipeline approval

- HIGH LEVEL BUSINESS INFORMATION – needs to be established with all contacts to establish financial and commercial credibility
- THE REQUEST – clear understanding and motive for the request and how that fits with the SEP and current regional agenda needs to be established
- CLASSIFICATION - clear understanding of where this business fits in our model and outlining if possible, cluster contribution. Classification of a transformational business according to characteristics outlined in definition section

Section Two.

Review and Prioritisation: further information gathering around the purpose and balanced around total requests in the system.

Business Criteria Recorded on balanced **scorecard blue section** underdevelopment (see appendix)

Outcome: Strategic Business case to Appraisal

- MOTIVATION & PURPOSE – clear understanding of outline of potential project by which to underline which is the best route for the request.
- DETAIL the ASK – clear definition of ask, balanced with contribution to the region objectives and SEP

Section Three.

Award and measure: monitoring progress of the Business plan through MCA/BGRB approval and through to funding process against the objectives agreed in the Plan.

Business Criteria Recorded on balanced **scorecard yellow section** underdevelopment (see appendix)

Outcome: Strategic Business fund award and measure/monitor of award

- MONITOR & MEASURE – clear timed progress and compliance to objectives

Business Criteria

- All high-level criteria outlined on the underdevelopment balanced scorecard (see appendix 1)
- Criteria can be aligned to specific client or industry type or cluster development
- Measurement and reporting can be carried out in standard dashboard style or bespoke reports

Definitions:

1. Transformational Business definition

A transformational business is one that accelerates development in localised social and economic systems via the innovative development of new technology, systems, and ways of working, opening new market opportunities. This can be a fledgling company starting up or existing company reinventing itself to take advantage of new market opportunities or methods of working.

2. Transformational Business characteristics for prospecting

Transformational Business Characteristics:

1. TEMPO – Speed & how they make decisions
2. INNOVATION – High level creativity in mindset, behaviour, and attitude/social values
3. COLLABORATION – How they engage with and attitude to others in the market environment
4. DIRECTION – Agility in how and what they measure.
5. FLEXIBILITY – How they work and dynamically adapt (little, no or shared infrastructure).

Transformational Offer characteristics:

1. Taylor made or personalisation of offer
2. Sustainability agenda
3. Only pay for usage of a service
4. Using data to dynamically improve and adapt
5. Dynamic monitoring of new and existing market supply chain
6. Shared joint assets and alliances
7. Value for the consumer is the main offer and not the product

Transformational Leadership characteristics

- Idealised influencers – inspire via behaving as a role model
- Inspirational Motivators – motivate and inspire
- Intellectual Stimulators – stimulate, innovate & create
- Individual Consideration – Empathetic coach and mentor

3. Cluster definition

United Nations Industrial Development Organization (UNIDO) defines industrial cluster as: "Cluster can be defined as concentration of micro, small and medium enterprises in any like geographical location producing same or a similar type of products or services and these enterprises face similar type of opportunities.

Examples include Detroit's auto industry concentration of OEM and T1 and 2 subcontractors Likewise computer chip production in California's Silicon Valley, London's financial sector.

Clusters serve as a driving force in most regional economies as it links together future Business, Export, education, training, science & technology Development (Uni) market information /disclosure Infrastructure (specialised and physical) in singular commercial offering.

e.g. Cluster theory states that concentrating industries in specific regions creates several advantages. For one, in newer technologies greater economic activity occurs when many firms cluster in one area creating IP exchange, FTE development, sharing of cost infrastructure and supply chain consolidation, so to focus more expenditure on R&D and speed of Commercialisation/Industrialisation.

4. Potential Cluster areas of interest – *specific technology in each cluster not yet defined*

Digital

Green Energy

Nuclear Technologies

High Tech Engineering / Materials Technology

Health & Wellbeing Sciences

Each Cluster can be broken down into sub cluster and technology arenas as part of a segmentation strategy and the existing prospects can be aligned into each cluster group as a means of targeting and setting up value chains e.g.

Digital

A. Education technology

- Training*
- Schooling*
- Online learning and reference*

B. Creative digital

- Games*
- Media*
- Marketing*
- Web development services and design*

C. Mobility digital

- Telemetry*
- Social science*
- Transport/logistics Movement*
- Health and Wellbeing*
- Robotics*

D. Industrial technology

- Condition Monitoring*
- Measurement (quality assurance)*
- Automation*
- Productivity*

5. Diversification definition

Diversification is a “risk management-based” growth strategy rather than a developmental model. Diversification is when a larger company in parallel or in addition to existing business models seek to widen the offer in new arenas while not affecting the traditional business. Often takes the form of an acquisition but often it is service based or

developmental (R&D) based on traditional product to break into a wider appeal of the market they traditionally serve.

The rationale behind diversification is that a portfolio will maximise the use of fixed cost assets, but on average, yield higher long-term returns and lower the short-term risk of an ageing portfolio
