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Towards a model for University - Industry collaboration through SME workshops and Innovation Vouchers – with transferable practices for other European markets.

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Abstract: In a post economic crisis ridden climate of austerity UK Universities remain set on using their knowledge base to support economic growth and innovation within the Small and Medium Sized (SME) business community. Viewed widely throughout the European Union as providing the panacea for economic development, this paper considers the consistent national government policy encouraging University business collaboration. It highlights one ERDF funded initiative at the University of Greenwich, which generated over £1m (€1.18m) of new business and lead to new economic models for the University. A programme of market driven workshops and innovation vouchers provided multiple benefits to both the University and the SME network. It questions whether micro interventions could be used as a model within other EU states to stimulate new business growth.

Introduction

This paper aims to explore mechanisms through which the HEI knowledge base in the UK is attempting to stimulate economic growth through the process of supporting small-scale changes within the SME base in the UK.



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It highlights business practices which might be considered worthy of further exploitation to enrich the university-industry dimension in the context of identifying areas from a cross cultural perspective which could be tested in other European markets.

Context

A crucial recommendation of the host of review papers examining the UK Higher Education Sector over the past decade (2002-2012) has been the pivotal role universities hold in effecting economic growth. (Lambert, 2003), (Warry, 2006), (Sainsbury, 2007) and latterly (Wilson, 2012) all advocate that universities have a significant positive impact on the economic landscape.

Perhaps unsurprisingly this is reflected by the Universities as one representative body, Universities UK, maintain that 'Universities are essential to sustaining long term economic growth.... in the UK' and ' a sustainable funding environment is crucial to the UK's universities to maximize their contribution to economic growth' (Universities UK, 2009)

Set amidst a climate of post 2008 economic crisis, public sector cuts and austerity measures, UK universities have witnessed significant structural changes in funding with student fees rising, some restrictions on student numbers and central government funding falling in real terms. Yet the purpose and mission of university engagement with the business world remains ever strong.

In a complex interdependent global economy, UK universities do not sit in isolation these economic challenges. Throughout Europe a similar pattern of budgetary reduction is prevalent. The European University Association (EUA) has documented the financial crisis reporting that 'no national higher education system has escaped unharmed'. Yet in its latest assessment (2012) the EUA report disparity amongst European countries with increased funding



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in Austria, Denmark, France, Germany, Poland, Slovakia, Sweden and Switzerland. Whilst higher education funding in Belgium and Finland has remained stable, many other of the 11 other countries studied have witnessed cuts of greater than 11 per cent. The south and east of Europe are most deeply affected with the north and west having 'higher than average expenditure in higher education'. They conclude that the situation is 'unsustainable'. (European University Association, 2012)

The question remains therefore that in austere times, how can universities maximize their opportunities to support economic growth?

Consider the structure of the UK economy, which comprises 99.9% of small and medium sized enterprises that employ less than 250 employees with a combined turnover of £3,100bn (€3.662bn), which represents 47% of private sector employment and a significant contribution to the UK economy. Moreover these SMEs are considered as 'vital to the UK economy and 'play' a significant to future economic growth' (BIS, 2012).

Across Europe there is a similar picture with 99% of all European businesses being categorized as SME's. (European Union) It is widely recognised as an integral component of the re-launched Lisbon Strategy for Growth (European Union, 2005) Despite the somewhat disappointing results of early initiatives to create SME jobs and growth the EU maintains this strategy.

One notable UK government initiative to support innovation and growth within the SME community has been through the Technology Strategy Board with its flagship Knowledge Transfer Partnership Scheme (Technology Strategy Board, 2013). These rely heavily on the relationship between the University and the SME for the knowledge transfer to be created and embedded within the SME.

This interdependent triangulated relationship of university, SME's and knowledge exchange is the bedrock of economic growth with its triple helix



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interwoven core bringing multiple benefits to universities and the national economy. In his latest report Sir Andrew Witty maintains that 'Universities have extraordinary potential to enhance economic growth' and that 'Universities offer SME's varied and substantial benefits' (Witty, 2013)

Case evidence of SME engagement

A case study of the University of Greenwich SME Interventions illustrates examples of university – SME collaboration. The European Regional Development Fund supported this project, where the University created a programme of support initiatives to SMEs in the London region.

Method

The Facilitation, Learning and Sharing Project (FLASH) aimed to reach the owners, managers and senior staff of SMEs to improve business sustainability and innovation during 2011/12 through a minimum of 12 hours intervention. The project initially planned to support 200 SMEs.

The intervention involved engaging an SME to attend a business related workshop as part of a 12-hour support initiative. However, the challenge was to identify the most appropriate the content of workshop, which would be appealing to the audience. Initial attempts with workshops on leadership and management and finance whilst appealing only attracted relatively small numbers 10-15 delegates per workshop.

A secondary offer of an Innovation Voucher, which provided up to 24 hours of funded consultancy support to the SMEs, was also struggling to achieve any traction. It appeared that an alternative approach to achieving the initial target of 200 interventions would be required.



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After 3 months of striving to achieve sufficient numbers a business development manager was appointed to revitalize the relationships between the university and the SME community.

Results

Over an 18-month period during 2011-12, a total of 66 workshops were delivered involving 322 SME, with 50 academic staff. Many SME's enjoyed multiple workshops since 170 attended more than one workshop and 37 attended 5 or more.

Innovation Vouchers were requested by 136 SMEs with 114 being delivered. Each voucher resulted in a case study cataloging the context of the intervention, the diagnosis of the problem addressed and the outcome.

It is useful to understand the nature and size of the SMEs involved in the project. As such of those 212 who declared their size, 80% employed 10 or less with only 5% employing between 100 and 250. There were 286 SMEs who declared turnover: 53% were £50,000 pa or less, 17% between £51,000 - £250,000, 9% between £250,000 and £1m, 10% over £1m and 11% who refused to answer. The overwhelming picture, which emerges, is of a client group who were relatively small perhaps early stage SME's.

The content of the workshops was driven by feedback and discussions with the SME delegates during each workshop. Popular client driven themes included topics on improved productivity, process and practices. It became apparent that drivers for workshops were topics, which were clearly resonated with the SMEs. Hence marketing, strategic management and leadership emerged as key themes highly desired by the SME community. However, selling, marketing and communications were the most popular, perhaps this is



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reflective of the size and nature of the smaller businesses. Typically between 15-25 delegates attended each of these highly popular workshops. They became so popular that delegates recruited fellow entrepreneurs to enable them to attend further workshops. The 'member get a member strategy' proved highly successful.

Niche target audiences appeared as satisfied clients generated new markets with discrete groups filling one workshop. For example, one delegate recruited 20 a group of entrepreneurs who were deaf and hard of hearing all to study marketing. Making this the first collaboration of its type in the UK for 15 years. Another delegate created a group of social entrepreneurs reaching a relatively 'hard to access' community. Lastly one individual formed the conduit to a group of professional self-employed nutritionists.

Discussion

Traditionally, the university-industry exchange 'offer' is 'driven' by the university along specific government initiatives, such as knowledge exchange partnerships and joint research activities. Abreu et al, (2009) examined these interactions and maintain that these are 'an incomplete representation of the wide process of knowledge exchange that takes place'. Their analysis categorized the university-business interface into the broad categories of technology transfer, people based, problem based, problem solving and community. From a sample of 2500 responses, they reported that technology transfer is the least common form of interaction with people based, problem solving and community based interactions the most popular. (Abreu, Grinevich, Hughes, & Kitson, 2009)

The University of Greenwich workshops reflect a demand with the 'people based and problem solving topics'. Hence, a high demand for strategic management and leadership workshops, equally, satisfying a major problem for the University of Greenwich SME audience was the concern of improving sales through innovative marketing techniques. Abreu et al (2009) suggests



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that this is 'demand lead' or 'pull driven' approach rather than 'supply driven' or 'pushed' by the University.

The nature of the audience, 80% being principally early stage micro SMEs perhaps reflects the popularity of sales and marketing. Conversely, the more mature SMEs were more interested in people based management and strategic content.

The knowledge transfer undertaken progressively became more refined to specific markets. For example, a group of 20 Nutritional Consultants requested content on presentation and communication skills as they all perceived a need in their business. Moreover, a group who were deaf required knowledge in the use of social media marketing, as this was the principle mechanism for their business communication. A group of social entrepreneurs needed and were provided with knowledge on business modeling tools. All these groups reflected Abreu et al's (2009) analysis of demand driven knowledge transfer.

Undoubtedly, the fact that these workshops were free has encouraged participation. However, this may also be a disadvantage as it may also engender a perception that 'free equates with poor quality'. Ironically, the feedback from delegates was consistently positive: 'like a mini MBA', 'best kept secret in London' and 'making a massive difference to the way I work' were typical responses from attendees.

The benefits to the University from this SME engagement are substantial. It attracted niche SME markets considerably enhancing the numbers of interactions. Consequently 200 interactions were achieved and surpassed. This resulted in additional funding to achieve a further 100 also completed. Indeed the project generated over £1m (€1.18m) worth of income for the University. Moreover, it diversified the University income stream and has led to additional bidding opportunities based upon a growing expertise in supporting SMEs.



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The knowledge invested in the preparation of the workshop content has provided 'bite-sized' products, which have been used for delivery beyond the framework of the project as SMEs have requested similar workshops for their staff. This has produced additional consultancy revenue.

A major spin-off from the workshops involved the progression to an innovation voucher addressing specific business issues. These were all demand driven by the SME and for the majority entailed the continuation of the knowledge exchange process initiated in a workshop. Hence there was a high demand for strategic marketing translating the theoretical knowledge acquired in the workshop to the practical application in the business context.

Vouchers have a multiple benefit to the university as the case studies are now informing the teaching and learning processes within the Business School. A contiguous knowledge triangle has emerged.

A network of SME's has emerged who are 'loyal' and supportive of the university interaction. They become engaged in the delivery of the learning experience of students. Thereby, students have more opportunities to understand the challenges faced by SMEs through case material, work placements, project work and graduate internships together with a growing awareness of the opportunities presented by self-employment.

SMEs have provided over 50 graduate internships as a direct result of the project. There is a willingness to advise on the Student Business Planning Competition. In several cases the university-business collaboration innovation voucher has resulted in recommendations to the SME. A graduate intern has then worked with the SME to deliver the report findings. This contiguous loop strengthens the relationship between the SME and the university.

The 324 interactions over an 18-month period suggest a considerable bridge from university to the SME audience. The volume of interactions indicates that



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both the knowledge transfer activity was both demand lead, 'accessible' and understood.

Although it is too soon to gauge that commercial impact of the knowledge transfer activity, anecdotal evidence indicates that in a small number of cases, direct commercial benefits are linked to the collaborative exercise. One SME highlights the demonstrable new products attributable to the innovation voucher intervention; others have radically changed their business models and penetrated new markets.

The impact from these business-university collaborations are likely to be far reaching and evolve over time particularly as 80% were micro SMEs and likely to grow as a result of close links with the university knowledge base.

Conclusions

The workshops and associated innovation vouchers have provided viable conduits to build healthy business-university relationships. The perceived benefits to the SME community appear to be clearly understood. Success breeds' further success and satisfied delegates broadcast their experiences to similar SMEs, in turn generating new markets and new business models.

Innovative, yet simple market driven workshop content has provided extensive benefits to both university and business alike and epitomizes the Wilson recommendations. Without the EU funding this would not have been possible. Therefore the extent to which this model could be used as a template for development by other universities is not without its limitations. However, the underlying principles of demand lead clearly understood knowledge exchange university-business collaboration activities provide useful guidelines for extending university engagement with the SME community is apparent.

Is there a model for experimenting with these types of workshops and innovation vouchers with other EU countries to support relatively small-scale



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change amongst member states' SME communities? They appear to bring multiple benefits to both SMEs and the University donor, perhaps it is a model, which deserves further examination?



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