CHAPTER 3
THE LOCAL SCALEUP ECOSYSTEM
LOCATION, LOCATION, LOCATION
Driving Economic Growth through Scaleup Ecosystems

A strong local environment is central to nurturing our fastest-growing companies so they reach national and global scale. What scaling businesses want most is a local place where they are able to flourish with resources available in talent, leadership development, finance and infrastructure which can be harnessed to foster their growth.

In 2016, the ScaleUp Institute, with the support of Goldman Sachs 10,000 Small Businesses UK and Innovate UK, introduced the ‘Driving Local Economic Growth through Scaleup Ecosystems’ course – led by Professor Daniel Isenberg of Babson College – to the UK for the first time.

Two three-day courses were held in 2016 in Birmingham and Manchester for 130 local ecosystem leaders from LEPs, cities, universities and Growth Hubs from across the country as well as participants from Northern Ireland and Scotland. Each cohort took part in interactive lectures, exercises and case study discussions and were challenged to develop plans for removing the barriers faced by scaleups in their communities.

The feedback was immediate and positive. Each participant gained an understanding of the common frameworks deployed globally to identify scaleups and remove systemic barriers from their path. They left having developed a route-map of practical solutions for their local community and an initial Scaleup Plan to implement and report back on in future workshops. Subsequently, the Government has encouraged LEPs to include scaleups in their Strategic Economic Plans.

Since taking part in the course many of the participants have made progress developing and implementing plans to improve their ecosystems for scaleup businesses. In this chapter, we set out the activities of some of these local areas in detail- these are our 2017 local exemplars. We believe that each provides a different model of engagement and activity from which others can learn, be inspired to shape their local scaleup plans, and from which fresh insights on good practice is emerging. We will continue to monitor these for impact and will seek to feature them as endorsed case studies in future years.

At the end of this Review, we give an overview of the scaleup plans and programmes across all local areas in the UK in Annex 1.
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LOCAL CASE STUDIES

1. Greater Birmingham and Solihull: Account Manager pilot, and the role of the City Council and business school partners

2. Greater Cambridge, Greater Peterborough: School for Scaleups, developed by scaleups for scaleups.

3. Greater Manchester: Powering up scaleup sectors – tailored programmes focused on digital, technology and life sciences

4. Liverpool City Region: Insights from Mark Basnett on LEP leadership and coordination for scaleups

5. North East: Scaleup Leader Academy and Entrepreneurial Mentoring. Partnerships to turn scaleup potential into scaleup performance

6. Scotland: CAN DO Scale – combining the strengths of public and private sector partners to deliver a major increase in scaleup numbers

7. Swindon and Wiltshire: The Inspire Elite Programme; Peer-to-peer networks and effective account management

8. Thames Valley Berkshire: Scaleup Mapping, promoting and engaging with scaleups by putting them on the map

9. West of England: Engine Shed. Convening the region’s scaleup powers in a bespoke, physical hub

10. The Marches: Prioritising rural scaleup sectors and combining LEP cluster networks
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KEY LEARNINGS FROM LOCAL ECOSYSTEMS

1. CREATE ACCOUNT MANAGERS. The needs of individual scaleups change – in their nature, timing and intensity – as they go through their various stages of growth. There are clear benefits in adopting an account management structure in order for local ecosystems to be as close as possible to these fast-evolving businesses as they grow and flourish. An account manager gives a busy scaleup someone who can help them to navigate the available public and private sector programmes that sustain business growth and streamline their engagement with multiple bodies.

The use of an account manager model is an important feature of the new programmes emerging for scaleups in the localities described here, to foster relationships with fast-growing firms, matching them to relevant services and training.

2. LEVERAGE LOCAL BRAINPOWER. Universities and business schools play a valuable role in the creation of a strong local scaleup ecosystem through access to their infrastructure, talent and R&D. They anchor successful scaleup programmes, particularly in the areas of leadership development and planning growth strategies. We see this in national leadership programmes such as Goldman Sachs 10,000 Small Businesses UK and the London Stock Exchange’s Elite programme, which are anchored in local business schools such as Aston Centre for Growth, Imperial College, Leeds University and Oxford Said Business School.

Local business schools are taking a similar approach in their communities. Greater Birmingham and Solihull LEP is identifying and moving businesses through their scaleup journey in a close partnership with Aston University and Birmingham City University. Scottish Enterprise’s programmes for building leadership and senior team capacity are run through executive education delivered by business schools such as Strathclyde Business School. Bristol University is one of the core partners in the development of Engine Shed.

Momentum is gaining; institutions including Manchester University, Teesside University, Henley Business School and Worcester University are set to become important players in their local scaleup ecosystems currently devising scaleup leadership programmes due to be deployed in 2018.

3. PUT PEER-TO-PEER NETWORKS AT THE HEART. The critical value of peer-to-peer networks is being recognised, and we are encouraged by the high level of enthusiasm among LEPs and Growth Hubs to promote and develop them at the local level. Peer-to-peer networks help scaleups to share knowledge and experiences, and provide opportunities for collaboration, learning and mutual support. These networks are often sector-specific, based around regional strengths.

An exemplar programme is the Inspire Network in Swindon and Wiltshire, which places peer-to-peer at the heart of its structure and the Platinum Group in the Black Country (featured as a one to watch case study in Chapter 2).

4. BUILD ON LOCAL GROWTH SECTORS. Many LEPs are adopting sector-specific approaches to their scaleup programmes, building on a close understanding of the local economy, strong networks and data insights. The Marches LEP has identified priority sectors – such as food and agritech, or defence and cybersecurity – and has tailored scaleup packages for each of them. It has also placed sector-focused networks at the heart of its approach. Greater Manchester LEP provides two sector-focused scaleup programmes – one for digital, creative and tech, another for life sciences and healthcare. North East LEP has targeted assistance for manufacturing businesses as one of the strands of its scaleup programme.
HAVE A SUITE OF SOLUTIONS. Five major areas present challenges to scaleups – access to talent and skills, leadership capacity, access to markets, finance and flexible infrastructure. To help scaleups effectively at a local level, a suite of solutions is required to overcome these challenges. We are seeing how local programmes are breaking down barriers so that help can be delivered to individual scaleups in a targeted and focused way. The North East scaleup programme uses three approaches – mentoring, a ScaleUp Leaders Academy for action learning, and a Manufacturing Growth Programme. Liverpool is planning four strands to its programme, each with a specific remit – leadership, export, and innovation. Engine Shed is the leader in bringing together the local ecosystem for scaleups in a physical environment with multiple solutions.

ENGAGE LOCAL LEADERS IN THE ECOSYSTEM. Galvanising local leaders – from the CEOs of corporations, university Vice-Chancellors, secondary school headmasters and governors to City Mayors, City Council members and the media – and engaging them with the scaleup agenda, are vital.

In Manchester, key players such as Manchester Science Partnerships, the University of Manchester, the city’s Business Growth Hub and Greater Manchester LEP, have come together to work with local entrepreneurs and scaleups.

The Scotland CAN DO Scale programme brings together Scottish Enterprise, Highlands & Islands Enterprise, Scottish Funding Council, Scottish Government, and Entrepreneurial Scotland with the private sector. In the West of England, Engine Shed is a collaboration between Bristol City Council, the University of Bristol and the West of England LEP; the Bristol hub also hosts several business tenants, local networks and accelerators.

CREATE A VIRTUOUS CIRCLE THAT ENCOMPASSES LOCAL AND NATIONAL PLAYERS. While it is vital that a scaleup can be assisted at a local level, local players must also be able to prepare and introduce their scaleups to national programmes that can come into play at the right point in their growth cycle. This may be a growth programme such as Goldman Sachs 10,000 Small Businesses UK and the London Stock Exchange’s Elite programme or national bodies such as Innovate UK. Having such a local-national nexus creates a virtuous circle of growth.
PINPOINT AND CELEBRATE SCALEUPS. Much is already being done to identify and highlight local high-growth companies. The Cambridge Cluster Map, which has evolved over several years, is a vital data tool for growth companies to attract talent, customers and investors – and to understand the area’s wider economic development. We are seeing advances in areas such as Thames Valley Berkshire, which has created its own local scaleup map compiled using a diverse range of data sources to spot businesses with high-growth potential and outlook.

BE SELECTIVE, AND ASSESS IMPACT CONSTANTLY. Helping scaleup leaders is not effectively achieved through a scattergun process. Successful local programmes apply clear and disciplined filters when assessing the businesses to admit into their cohorts. A filter may be sectoral, such as Manchester’s digital focus or the North East LEP’s Manufacturing Growth Programme. Profiling and eligibility screening are important for the selection of companies; a peer-to-peer network must include true peers.

These are still early days but there is an encouraging emphasis on the measurement of impacts and outcomes for scaleup programmes. The Inspire Network in Swindon and Wiltshire is collecting data from the initial “diagnostic” meetings with companies to use as a baseline and is then following up with one-to-one visits to update that data, which is stored on bespoke CRM systems for regular review. Newcastle University is measuring the impact of the scaleup programmes in the North East. The ScaleUp Institute will continually monitor benchmarks to apply rigorous assessment to what is really impactful and report on these in coming years.
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GREATER BIRMINGHAM AND SOLIHULL EXEMPLAR
ACCOUNT MANAGER PILOT, AND THE ROLE OF THE CITY COUNCIL AND BUSINESS SCHOOL PARTNERS

Greater Birmingham and Solihull LEP, through its Growth Hub, is developing a new approach for scaleups. It is interrogating a diverse range of datasets to identify businesses with a high-growth mindset from across the city region.

BACKGROUND

From the ONS data for 2015 there are 830 scaleups in the Greater Birmingham and Solihull LEP: 335 are classified as scaleups due to rapid growth in their employees; 665 are classified as scaleups due to rapid growth in their turnover and 170 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period from 2013 to 2015 the density of scaleups has decreased by 0.3 per 100,000 of population, which is below the median of +1.94 per 100,000 of population.

Participation in the ‘Driving Economic Growth through Scaleup Ecosystems’ course helped establish a strong sense of the types of actions that could be recommended to scaleup leaders to make it easier for them to continue to grow. Perhaps more importantly, the course instilled a shared vision of how to achieve them between the various stakeholders. It also led to the creation of a very useful peer network for practitioners on local, regional and national levels.

The vision is for the Growth Hub to be at the centre of a local business ecosystem that stimulates activity among target businesses to promote employment and turnover growth significantly beyond the current levels. The approach is also informed by leading work around identifying and moving businesses through the scaleup journey, carried out by Aston University, one of the Growth Hub’s delivery partners.

SCALEUP PROGRAMMES

The suite of scaleup-focused programmes is led by the LEP and delivered by a mix of public and private providers that include Greater Birmingham Chamber and local business schools such as Aston University and Birmingham City University.

The focus is on working with a pipeline of scaling businesses: these include businesses showing early signs of growth, ambitious growing businesses and scaleups, especially family-owned firms. An important element of the programme is to ensure businesses can take advantage of the opportunities arising from major investment, particularly HS2 via delivery of the HS2 Supply Chain programme.

PARTICIPATING SECTORS

- Advanced Manufacturing
- Cultural and Creative
- Professional and Financial Services
- Life Science
- Digital and Tech (Disruptive Technologies)

“Businesses require a more flexible account management model that offers a tailored approach of support per business. This will help to ensure the education of businesses and business owners themselves is focused on the specific needs of each client whilst providing access to wider business support.”

JOEL BLAKE OBE
Entrepreneur

CONTINUED
**CONTINUED**

As part of the programme, Aston University and Birmingham City University will run a bespoke series of workshops designed to provide an initial assessment of the growth opportunity and to provide a basic toolkit for growth.

The series of workshops will include an ‘enhanced diagnostic experience’, led by Birmingham City Business School team. This seeks to equip participants with tools they might consider using in order to understand their business options and benchmark their performance against their peers.

Integrated within the diagnostic elements, the ‘exploring strategy options for business’ series, led by the Aston Centre for Growth, focuses on the development of the capacity of local businesses to use planning and strategy tools.

The Growth Hub then links scaleups to a range of available local programmes, from leadership development, to exporting and access to external finance. One example is the Business Growth Programme (BGP) which has been designed to strengthen supply chains, stimulate innovation and grow existing small to medium sized enterprises (SMEs) across the Greater Birmingham and Solihull, Stoke-on-Trent and Staffordshire and The Marches LEPs. The BGP, managed by Birmingham City Council’s Business Development and Innovation Team, invests in ambitious companies, including those requiring new or extended premises or those planning to diversify or innovate their product base.

**IMPACT AND RESULTS SO FAR**

- Since June 2017: The Business Growth Programme has had 184 businesses participate and they have grown employees by 588 jobs

**FUTURE PLANS**

**Account management:** Expert face-to-face advice to scaleup companies has always been a core feature of Greater Birmingham Growth Hub. Alongside the scaleup focus the adviser team has been moving towards an account management model with target businesses.

To build upon the success of this service it will be expanded to include sector specialists. A new specialist Access to Finance Adviser has been working as part of the team for the last six months and has already helped clients to access funding.
LONGITUDINAL ANALYSIS

According to ScaleUp Institute analysis of data received directly from ONS for years 2013-2015, the following picture emerges on the local environment.

SCALEUP DENSITY: MIXED

The vertical axis of this matrix shows where local authorities located in the Birmingham and Solihull LEP stand compared to the rest of the country: When it comes to ‘employment scaleups’, 4 of the 9 local authorities have an above median density of scaleups; with regards to ‘turnover scaleups’, 5 of the 9 local authorities have an above median density.

SCALEUP TRENDS OVER TIME: NEEDING IMPROVEMENT

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: 1 of the 9 local authorities is above the median when it comes to increasing the density of their scaleups by turnover and 2 of the 9 local authorities are above the median when it comes to increasing the density of scaleups by employee growth.

The ScaleUp Institute will continue to monitor this closely in the coming years to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk

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Building on over ten years’ work with scaling businesses in the area, the Cambridge Network has created a bespoke programme focusing on leadership skills for scaleup CEOs and their senior management teams. Cambridge has recognised the value of recruiting successful high-growth business leaders to help develop and deliver a tailored programme for scaleups. The content design includes input from leaders in high-growth companies such as ARM.

BACKGROUND

ONS data in 2015 shows there are 760 scaleups in the Greater Cambridge, Greater Peterborough LEP: 305 are classified as scaleups due to rapid growth in their employees, 615 are classified as scaleups due to rapid growth in their turnover, and 160 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period from 2013 to 2015 the density of scaleups has increased by 2.33 per 100,000 of population, which is above the median of +1.94 per 100,000 of population.

"The School for Scaleups has been a fantastic course. I have learned a huge amount and have started implementing this with my team. It has opened my eyes to some of the ways I have been working and the impact this has on others, so the impact will not stop at me. ...In the main everyone on the course is at board level, which for me it is an excellent opportunity to network and broaden my horizons.”

DAN COLE
Bioincubator Facilities Manager, Babraham Bioscience Technologies

SCALEUP PROGRAMMES

SCHOOL FOR SCALEUPS

The programme is open to all high-growth businesses and social enterprises, either for the founding leadership team or for people in operational roles, built on the guiding principle that growth demands leadership at all levels.

The active learning programme runs with a cohort of 12 delegates meeting face-to-face every six weeks for a formal workshop. The cohort works together over 14 months with 11 modules focusing on different aspects of leadership skills. Delegates value the close relationship with peers as a strength of the programme and the community-centric nature of the School.

Participants are also offered additional training, individual coaching and mentoring from Cambridge Network if appropriate. Successful scaleup business leaders visit the School on a regular basis to share their experience and give their insights on issues faced by members.

On completion of the course, scaleup leaders benefit from the Cambridge Network CEO group which acts as ‘the board you can’t afford’ on a continuing monthly basis.

1 A multinational semiconductor and software design company, owned by SoftBank Group and its Vision Fund, headquartered in Cambridge.
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Cambridge’s scaleup programme was designed with input from a number of successful and respected leaders in local high-growth companies such as ARM. It was informed by learning from the insights of the Scale-up Report (2014) and the participation of members of the Greater Cambridge Greater Peterborough LEP and the Cambridge Network in the ‘Driving Economic Growth through Scaleup Ecosystems’ course in 2016.

The result is a bespoke scaleup programme, run by the Cambridge Network, focusing on leadership development in their ‘School for Scaleups’, a peer-to-peer network and a strong account management role.

IMPACT AND RESULTS SO FAR

Since the School’s launch 250 businesses have received an initial diagnostic and 100 have been invited to take part in the programme. Cambridge Network has reported a positive impact in the first two cohorts of businesses that have participated to date. This has warranted an extension of the programme to be offered to additional cohorts.

- Continued growth of businesses: increased numbers of employees and turnover.
- New business contracts initiated.
- Increased retention and development of teams under the delegates.
- Improved business processes, such as new recruitment practices and written policies.

LESSONS LEARNED

- Face-to-face time is more valuable and effective for business leaders on a scaleup programme than written materials that they do not have time to read.
- Assumptions regarding knowledge/experience level of the delegates should be avoided – some businesses are successfully led by people with little classic leadership skills but who can learn and improve over a period if frank and constructive feedback is delivered.
- Module content needs to be dynamic. Formal teaching at surprisingly basic levels is useful if integrated and practised well.
- Delegates typically like models and practical tools to aid learning.

FUTURE PLANS

- In the first year the Network’s focus has been on the content and richness of the programme. In the second year there will be a shift to concentrate on the way different individuals at growing companies learn best.
- Cambridge will build its database from graduating groups to review and track business impact following completion of the programme.
- Recognising the importance of this scaleup agenda at a regional and national policy level, the GCGP LEP is currently undertaking a comprehensive supply and demand gap analysis of the sector led by the Scale Up and Growth Manager. The analysis will identify the additional provision this sector needs.
- The GCGP LEP has invited business leaders has invited business leaders from local scaleup success stories to work with the area’s ecosystem players and give something back in a peer-to-peer network that assists and supports new scaleups.

“The transition to scaleup was tougher than we thought. Culturally these things are quite difficult; ..., once you start to scale people have much more focused roles...the programme has made a substantive difference in the way that I work and I’m very, very pleased that it has done.”

LIZ UPTON
Co-Founder, Raspberry Pi
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LONGITUDINAL ANALYSIS

According to the ScaleUp Institute’s analysis of data received directly from ONS for years 2013-2015 the following picture emerges on the local environment.

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Local Authorities in Greater Cambridge, Greater Peterborough (GCGP) LEP have a significant density of scaleups per 100,000 of population, however, the trend over time reveals significant differences where some of the local authorities have seen a decrease in the number of scaleup businesses while others have seen a significant increase in density.

SCALEUPS BY DENSITY: EXCELLENT

The vertical axis of this matrix shows where local authorities located in this LEP stand compared to the rest of the UK: 8 of the 12 local authorities covered by the GCGP LEP have an above median density of scaleups measured by employment growth and 11 of the 12 local authorities have an above median density of scaleups measured by turnover growth.

SCALEUP TRENDS OVER TIME: MIXED

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: 7 of the 12 local authorities are below the median in terms of improving the density of scaleups by turnover in their community and 8 of the 12 local authorities are above the median for scaleups by employment.

The ScaleUp Institute will continue to monitor this closely in the coming years to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk
GREATER MANCHESTER EXEMPLAR
POWERING UP SCALEUP SECTORS: TAILORED PROGRAMMES FOCUSED ON DIGITAL, TECHNOLOGY AND LIFE SCIENCES

Greater Manchester LEP and Growth Hub aims to leverage the area’s capacity for driving growth by focusing on priority scaleup sectors. Programmes offer early, targeted engagement to power up sectors and help scaleups escalate and sustain growth.

BACKGROUND

ONS data for 2015 shows there are 1,315 scaleups in the Greater Manchester LEP: 520 are classified as scaleups due to rapid growth in their employees, 1,085 are classified as scaleups due to rapid growth in their turnover and 290 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period from 2013 to 2015 the density of scaleups has increased by 1.94 per 100,000 of population, which is at the median of +1.94 per 100,000 of population.

The ‘Driving Economic Growth through Scaleup Ecosystems’ course helped Greater Manchester Growth Hub to demonstrate the value of focusing on scaleups and on the leading actors in the ecosystem with the power to drive scaleup growth.

SCALEUP PROGRAMMES

Manchester’s programmes have been carefully tailored to meet specific needs and help businesses rise to the particular challenges of rapid growth. Each leaves scaleups with a clear plan that they are confident they can implement and a good knowledge of the wider support available from the LEP, Growth Hub and wider ecosystem.

- **Spark2Scale** is a six-month programme to escalate sustainable and comprehensive growth amongst scaleups. Made up of six masterclasses and peer-to-peer learning sessions with industry experts, the programme is led by a team of four business advisers helping participants on a one-to-one basis. Expert sessions cover leadership development, effective sales and marketing strategies, and accessing finance. Scaleups are equipped with analysis and modelling tools to develop the most effective business growth strategy and continue their upward trajectory.

- **Greater Connected** is an intensive growth programme for scaleups across the digital, creative and technology sectors. Building on a successful 2016 pilot, this short programme has already helped over 100 scaleup businesses, equipping them to grow through collaboration and community.

- **STEP into Healthcare** is a repeatable cohort programme for health and life science scaleups. This four-session programme provides intensive support including access to networks and market access opportunities and workshops with industry experts. Areas covered include market analysis and opportunity, developing a compelling proposition, law and regulation, innovation and putting together a successful pitch.
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IMPACT AND RESULTS SO FAR

Early evidence on all three programmes has been positive.

**SPARK2SCALE:**
Launched March 2017:
- 32 companies have completed the programme, with a second cohort starting this autumn.
- Feedback on the first cohorts of Spark2Scale has been strong.
- Results show this has led to 32 significant client engagements and new opportunities.

**Greater Connected:**
- A pilot took place at the end of 2016 and following its success, it has been rolled out to over 100 more businesses across Greater Manchester in 2017. The seventh cohort begins in October 2017.
- Multiple new jobs and three new product lines have already been produced from participant businesses.

**STEP into Healthcare:**
- 24 companies have participated to date over two cohorts, with a further 14 companies signed up for a third cohort to take place in 2018.
- Several companies are actively engaged in discussions with NHS procurement teams after taking part the programme.

LESSONS LEARNED

A lesson for Greater Connected has been that the experience is just as important as the content. Space for participants to process what they have learnt and guidance on how to communicate it back to their wider teams is also crucial.

Feedback from participants is helping shape future direction. The original 12–week STEP into Healthcare programme has been streamlined, with optional technical modules offered on a one-to-one basis.

FUTURE PLANS

The Growth Hub plans to continue to deliver Greater Connected beyond 2017 and fill a gap in provision for companies needing longer-term support and momentum to deliver their growth plans.

Spark2Scale has been adapted to focus more on personal and sales development. An alumni network has been created in response to positive feedback on the importance of a peer-to-peer network to their continued growth and development.
**LONGITUDINAL ANALYSIS**

According to ScaleUp Institute analysis of data received directly from ONS for years 2013-2015, the following picture emerges on Greater Manchester LEP.

Local authorities located within the Manchester LEP have a good density of scaleups, however, the trend between 2013 and 2015 reveals that some of the local authorities showed a significant decrease in the number of scaleup businesses while others showed a significant increase in scaleup density.

**SCALEUPS BY DENSITY: MIXED**

The vertical axis of this matrix shows where local authorities located in this LEP stand compared to the rest of the UK: In the Greater Manchester LEP, 6 of the 10 local authorities included have an above median density of scaleups measured by employee growth per 100,000 of population and 6 of 10 have an above median density of scaleups measured by turnover growth per 100,000 of population.

**SCALEUP TRENDS OVER TIME: MIXED**

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: Although 6 of the 10 local authorities were above the median when it came to increasing their density of scaleups classified by turnover, 8 of the 10 were found to be decreasing in density of scaleups classified by employment growth.

The ScaleUp Institute will continue to monitor increases and decreases in scaleup density closely in the coming months to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk

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What is the importance of scaleups to Liverpool City Region’s economy?

The City Region Economic Strategy is based on pillars of productivity, people and place. Scaleups are at the heart of driving productivity growth. Up to now, there has been investment in business support and engagement but less work with scaleups. We are aligning our business growth agenda with sector specialisation and a focus on innovation.

It is an important philosophical shift. We have to think like an investor: which businesses have the scope to generate the greatest growth in our economy? How do we make sure that they take full advantage of all the resources available to them?

We will always support the steady businesses but we must invest more in those businesses that will be transformational for our economy. If every scaleup achieves its potential, then our economy will be on the right track. How are you developing your approach?

Scaleup businesses often don’t ask for help. They are growing their businesses and are phenomenally busy. They don’t have the time to consider additional, external capacity building.

So our approach has to be different. We have to get under the skin of these businesses. What really matters to them? Traditional support mechanisms won’t always address that.

Our challenge is to match the expertise in the private sector with businesses that are going through growth phases.

We want to help businesses become better informed consumers of value-added services that will stimulate their growth. We are not competing with the private sector to provide advice and guidance; we are here to make the market work better. It is our job to understand these businesses, to facilitate and enable, not to implement and deliver.

We should not be acting as the business support police. We should be helping businesses understand what they can do and inspiring them by putting them together with others. Take peer-to-peer networks. Other than needing time, it is a low cost resource which becomes increasingly sustainable as people build their own networks. Our job is to help make that magic happen.

This focus on scaleups requires the support of many players in the Liverpool City Region ecosystem. Why scaleups matter

INTERVIEW WITH MARK BASNETT, MANAGING DIRECTOR, LIVERPOOL CITY REGION LEP

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This focus on scaleups requires the support of many players in the Liverpool City Region ecosystem. What is the role of the LEP?

Our job is to deliver economic impact – and intensive intervention for higher-growth businesses tends to have higher impact.

So our role is to keep scaleups firmly on the agenda. We are being partnered by the university, the private professional sector, the finance sector, experienced business leaders and our colleagues in the combined authorities. An important role will be played by City Region business leaders who will be strategic mentors to scaleups. Throughout the City Region there is an appetite to back growth and to try new approaches.

The evidence base is crucial. We exist to grow our economy as inclusively as possible, so we must get better at reviewing and understanding what really makes an economic difference. Of course it is good to record business support activities and referrals, but business support is the means to an end. We must have the evidence as to what actually transforms these businesses and improves our economy.

What are your next steps?

We need to further co-ordinate our work on scaleups. We have got pockets of good practice and are on the way to joining them together to form an ambitious scaleup programme that will work with approximately
200 businesses. Our ambition is to create the structure by April 2018 with an account management approach at its core.

We have a forerunner project of a scheme that we will look to formalise as a ‘scaleup voucher’. We provide a 35% voucher towards the cost of commercially procured business advice which is focused on how to achieve stronger growth. We insist on competitive procurement and we provide advice on how to do this. After that, the business owns the process and chooses who they want. We aim to continue to expand this model. We have found that high-growth businesses want to co-invest in their own growth.

Why are account managers important?

Account managers can understand the specific needs of each scaleup. It will be the job of the account manager to help the business select whatever is right for that business – for example, some may be suitable for national programmes such as Goldman Sachs 10,000 Small Businesses UK or London Stock Exchange’s Elite programme. Crucially, the account manager is not a business adviser, rather a curator and sounding board.

You are a member of the Government’s Scaleup Taskforce. What has been your experience to date?

It is doing what a Taskforce should. The experience has been focused, enjoyable and looks to be very productive. We have been able to apply our collective experience to what works best and be pragmatic about what we are learning. I hope its work will inform and influence government policy in this area.
CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

LIVERPOOL CITY REGION LEP

FOSTERING SCALEUPS THROUGH LEP LEADERSHIP

The Liverpool City Region LEP is providing strong leadership to accelerate the growth of scaleups across the area. It is planning to support 100 local businesses to accelerate growth through the provision of dedicated ‘Scale up Managers’ and from local Business Leaders serving as ‘Strategic Mentors’. The intention is to create the first fully integrated high growth programme for the City Region.

BACKGROUND

ONS data of 2015 shows there are 550 scaleups in the Liverpool City Region: 200 are classified as scaleups due to rapid growth in their workforce, 430 are classified as scaleups due to rapid growth in their turnover and 80 are scaleups that are increasing both employment and revenues simultaneously.

Liverpool City Region recognises that scaleups are already playing an incredibly important role in helping the area to reach its full potential. The region is growing some hugely exciting scaleups who are trading globally and able to innovate quickly. They are seen as vital for working in partnership with the local ecosystem but also challenging it from within by driving economic, environmental and educational changes. The ‘Driving Economic Growth through Scaleup Ecosystems’ course helped shape the LEP’s scaleup programmes in the region, allowing the participants to take time out to listen and learn from peers in other local areas. Information based on global case studies and discussion of best practice applicable to their local area provided the knowledge to help build an effective programme for their high growth businesses.

“Scaleups need different support at different stages of growth. They will need to find support, investment and partners at different times and in multiple places. Collaboration is crucial because businesses at this stage of the cycle need to experiment and access different networks, technologies and skillsets quickly.”

ANNA HEYES
Managing Director,
Active Profile Ltd
SCALEUP PROGRAMMES

A key part of the programme will involve City Region business leaders acting as Strategic Mentors working alongside Functional Mentors (advising on sales, systems and finance). Scaleup Managers will help businesses diagnose issues and plan for accelerated growth, particularly focused on key growth sectors. The LEP will raise the profile of business mentors through recognition of their key role in networking and community building. The ambition is to grow a stronger, more local business network.

Following extensive consultation, Liverpool’s programme has been designed to have four strands of support with an overarching goal of realising the growth potential and ambition of businesses.

Each strand has a specific remit and will be delivered by the LEP and other private sector partners:

The core elements are

- **Scale Up Leadership Programme** – leadership capacity building
- **Scale Up Export Programme** – focus on accessing new markets working with DIT
- **Scale Up Innovation Programme** – working with local universities
- **Scale Up Voucher Scheme** – to unlock the potential in the planned scaleup programmes by providing financial support for up to 50 businesses to access identified activities to increase their growth potential.

EXPECTED IMPACT AND RESULTS SO FAR

- 250 businesses to be given initial diagnostic
- 100 businesses to be selected for intense support
- Increased exports and access to international markets - at least 20%

FUTURE PLANS

Liverpool’s planned scaleup programme is designed to be a substantive pilot that will be an entry point for scaleup businesses. Liverpool will continuously evaluate and monitor the programme to identify its impact and gaps.

“Scaleups need different support at different stages of growth. They will need to find support, investment and partners at different times and in multiple places. Collaboration is crucial because businesses at this stage of the cycle need to experiment and access different networks, technologies and skillsets quickly.”

**ANNA HEYES**
Managing Director, Active Profile Ltd

“These businesses are driving behavioural change and inspiring other business leaders to raise their ambitions and grow their businesses. Their impact on their local environment and economic regeneration will continue to be vitally important in a world of highly disruptive change”

**MATT JOHNSON**
Managing Director, Form

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Managing Director, Form
CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

LONGITUDINAL ANALYSIS

According to ScaleUp Institute analysis of data received directly from ONS for years 2013-2015, the following picture emerges on the local environment.

![Longitudinal Analysis Graph](image)

Local authorities located within the Liverpool City Region LEP had a moderate to low density of scaleups, the trend between 2013 and 2015 reveals that most of the local authorities showed significant decreases in the number of scaleup businesses, while several showed an increase in scaleup density.

SCALEUPS BY DENSITY: NEEDS IMPROVEMENT

The vertical axis shows where local authorities located in this LEP stand compared to the rest of the UK: Only 1 of the 6 has an above median density of scaleups measured by employee growth while 2 of 6 have an above median density of scaleups measured by turnover.

SCALEUP TRENDS OVER TIME: NEEDS IMPROVEMENT

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: 4 of the 6 local authorities are below median growth when it comes to scaleups by turnover, 5 of the 6 local authorities are below median when it comes to scaleups by employment.

The ScaleUp Institute will continue to monitor this closely in the coming years to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to [www.scaleupinstitute.org.uk](http://www.scaleupinstitute.org.uk)

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The vision of the North East’s Strategic Economic Plan, coordinated by the North East LEP is to increase the density of scaleups by 50% and create 100,000 more jobs by 2024. The LEP, together with its partners, has piloted a number of programmes that have tested different approaches designed to turn scaleup potential into scaleup performance. A ‘Scaleup Leaders Academy’ and ‘Entrepreneurial Mentoring’ scheme are major elements. A sector-specific programme also offers manufacturing businesses a tailored programme with the central ambition of embedding a scaleup mindset.

BACKGROUND

ONS data of 2015 shows there 700 Scaleups in the North East Region: 265 are classified as scaleups due to rapid growth in their employees, 575 are classified as scaleups due to rapid growth in their turnover and 140 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period from 2013 to 2015 that the density of scaleups had increased at an annual rate of 1.4 per 100,000 of population between 2013 and 2015. However, this is below the median which was 1.94 per 100,000 of population.

The North East LEP is clear that the ‘Driving Economic Growth through Scaleup Ecosystems’ course was instrumental in developing its thinking on how to cultivate a local scaleup ecosystem and enabled them to focus on developing their delivery model. Important lessons included how to drive demand, selecting companies through profiling and eligibility screening, and keeping a “laser sharp focus” on delivery quality. The North East has also taken a clear partnership approach to underpin scaling up.

SCALEUP PROGRAMMES

The North East Scaleup programme’s initial focus has been on three approaches:

- **Growth through Mentoring** connects businesses with scaleup potential with business leaders who have an established track record in scaling businesses.

- **A Scale-up Leaders Academy** is delivered by the Entrepreneurs Forum and provides a structured-action learning-based programme aimed at developing scaleup leaders and turning scaleup potential into scaleup performance.

“As businesses in the North East grow they create new jobs stimulating growth in the wider regional economy. To help realise the full potential of these businesses the North East LEP is supporting their leaders by providing the help they need to help them scale up, in the form of training, mentoring and access to business advice and finance.”

MARK THOMPSON, North East LEP business growth board Chair, Managing Partner, Ryder Architecture
CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

IMPACT AND RESULTS SO FAR

• 72 companies are participating in the 2017/18 programme of which 31 have completed it.

FUTURE PLANS

Scaleup North East will be launched in early 2018, framed around the ‘6C Scaleup Ecosystem’ model, incorporating Cash, Capability, Connectivity, Customers, Capacity and Convening (depicted above).

The service will be delivered via the North East Growth Hub and will provide scaleups with access to high calibre scaleup partners all of whom have a track record in scaling businesses. Central to the vision is that they will develop deep, trusting and long-term relationships with existing scaleup businesses as well as those with scaleup potential.

Scaleup partners will have access to a range of proven and flexible tools to draw on to develop bespoke solutions for their clients such as access to business mentors, non-executive directors, scaleup experts, the Scale-up Leaders Academy and a wider scaleup community. The programme will include workshops, masterclasses and peer exchange events designed to nurture the ongoing development of the North East’s scaleup leaders.

“Manufacturing Growth Programme (MGP) is delivered by the Business Enterprise Group and targeted at manufacturing businesses. It is structured around the ‘Improvement Architectures Brain’ model, it provides one-to-one advice from manufacturing growth experts.

The North East is in the process of expanding its scaleup programme having identified what works well.

JIM BEBBINGTON
Manufacturing Sales & Commercial Director, Roundel

“The Scaleup Leaders Academy has provided me with the opportunity to connect with other business leaders. We get to share our challenges and try out new ways to tackle common problems in a supportive environment with expert guidance.”

JOANNA FEELEY
CEO, Trend Bible

“The more personal support from Manufacturing Growth Programme advisers made us take the time out of our business to consider the future, then create a plan to deal with it. Their advice was so worthwhile. We now expect to continue our growth (17% projected for the next year) with development into new product sales.”

LUCY BATLEY
Co-Founder and Creative Director, JUMP

“The mentoring process was definitely the right thing for me. It was very bespoke and entirely useful. In terms of business impact, we’ve already seen a notable change within the senior management team – we’re now looking for value within every client opportunity. The programme is a great way of developing the knowledge you need to scale up.”
CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

LONGITUDINAL ANALYSIS

According to ScaleUp Institute analysis of data received directly from ONS for years 2013-2015, the following picture emerges on the local environment.

Local Authorities located within the North East LEP have a moderate density of scaleups, however, the trend between 2013 and 2015 reveals that some of the local authorities show significant decreases in the number of scaleup businesses, while others show a significant increase in scaleup density.

SCALEUPS BY DENSITY: NEEDS IMPROVEMENT

The vertical axis of this matrix shows where local authorities located in this LEP stand compared to the rest of the UK: Only 1 of the 7 local authorities covered by North East LEP have an above median density of scaleups measured by employment growth per 100,000 of population and only 2 of the local authorities have an above median density of scaleups measured by turnover growth per 100,000 of population.

SCALEUP TRENDS OVER TIME: NEEDS IMPROVEMENT

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: When it comes to ‘employment scaleups’, 5 of the 7 local authorities are above the median in term of increasing the density of scaleups but when it comes to ‘turnover scaleups’, 5 of the 7 local authorities show a relative decline in their scaleup density.

The ScaleUp Institute will continue to monitor this closely in the coming years to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk

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CHAPTER 2 LEADING PROGRAMMES

BREAKING DOWN THE BARRIERS FOR SCALEUPS

ONE TO WATCH

SCALE-UP LEADERS’ ACADEMY

The Scale-up Leaders’ Academy offers targeted support in a programme that complements events and peer-to-peer mentoring organized by the North East’s Entrepreneurs’ Forum. It focuses specifically on helping high-growth business owners to scale their business through mentoring, coaching and practical workshops. Its first cohort of 12 entrepreneurs joined in February 2017.

The programme was devised following participation in the ScaleUp Institute’s Driving Economic Growth through Scaleup Ecosystems’ course in Manchester. Members of the group included educational institutions, entrepreneurs and the North East LEP, all of whom continue to support its development.

The Academy is currently open to qualifying members of the Entrepreneurs’ Forum and to business owners from all sectors based in either the North East or Tees Valley LEP areas. Participants must have more than ten staff and seen turnover grow by at least 10% each year during the past three years.

Spread over a ten-month period, participants explore six key topics and draw up plans to implement change within their business. Each then reports back on their success and learning around the following subjects: developing a high-growth mindset; improving leadership capability; enhancing sales skills; accessing and managing the right finance options for growth; recruiting, retaining and developing staff; and branding & marketing.

Help is provided through a mix of inspirational/role model-led events, practical workshops, certified scaleup coaching, peer-to-peer mentoring support and group action-based learning sessions.
SCOTLAND CASE STUDY

COMBINING SCALEUP FORCES: PUBLIC AND PRIVATE SECTOR PARTNERS COLLABORATE TO BRING BENEFITS TO SCALEUPS

In Scotland, the Government’s Programme for growth and recent Enterprise and Skills Review\(^2\) called upon both public and private sectors to stimulate more businesses to realise their growth ambitions and scale up. In order to create significant economic, growth, jobs and wealth across Scotland.

BACKGROUND

ONS data of 2015 shows that there are 2,290 Scaleups in Scotland: 830 are classified as scaleups due to rapid growth in their workforces, 1865 are classified as scaleups due to rapid growth in their turnover and 405 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period 2013 to 2015 the density of scaleups had increased at an annual rate of 3.2 per 100,000 of population between 2013 and 2015. This is well above the median which was 1.94 per 100,000 of population.

A collaborative movement involving a partnership of the public, private and industry sectors is driving forward Scotland’s scaleup ambition. Entrepreneurial Scotland is using its convening power to facilitate the Scotland CAN DO Scale movement. It has been further honed by working with the ScaleUp Institute, participating in the first cohort of its ‘Driving Economic Growth through Scaleup Ecosystems’ course as well as through working with customers, partners and other stakeholders.

SCALEUP PROGRAMMES

In establishing Scotland CAN DO Scale the intention is to create a high-growth entrepreneurial movement to bring about cultural change. It is driving this by creating an environment in which ambitious entrepreneurs have the skills and connections to grow to scale and are provided with appropriate levels of support and challenge from the ecosystem.

While still in the early stages of development, the strength of the movement will come from the collaboration of both public and private sectors and the focus on the scaling business’ leadership team. Various initiatives have started to emerge including Strathclyde Business Schools Growth Advantage Programme, the new ScaleUp Scotland leadership programme and the ‘Scale’ summer school run by Scottish Enterprise (SE), Highlands and Islands Enterprise (HIE) and the Scottish Funding Council.

“Tackling international markets with innovative products requires a wide range of skills and expertise. Scottish Enterprise’s support has been fundamental to Deltona in developing the organisational capability to develop and grow exciting new propositions and it’s great news the organisation has enhanced its service which will add even more value for similar fast-growing companies.”

MARK ROBINSON
Chief Executive of Edinburgh-based games analytics company

“Attending Scottish Enterprise’s strategy retreat provided a great opportunity for our leadership team to spend time together working on the business rather than in the business. It really helped us to focus on the most attractive opportunities and make the right strategic choices as we continue to grow our business. This is exactly the kind of support which can add real value to a company which makes this enhanced service great news for ambitious Scottish companies.”

CALLUM BASTOCK
Chief Executive of Troon-based CCL Logistics

CONTINUED

SE and HIE – as the Scottish Government’s economic development agencies – continue to enhance their assistance to companies to achieve fast growth and scale through programmes such as the Entrepreneurship Development Programme with MIT.

SE has delivered a differentiated approach to account management since 2014 and specifically delivers support to scaleups as part of that service. SE directly delivers a variety of services and programmes through a comprehensive account management service that provides strategic engagement and access to a wide range of specialists, products and services to over 2000 companies. The newly-launched Start2Scale brings together this support providing an end-to-end service for scaleups.

Businesses receive support to access talent, infrastructure and investment as well opportunities to develop their leadership capacity and develop new international markets. SE provide this directly and through collaboration with private partners. SE’s one-to-one service is underpinned by access to themed networking events, master classes, coaching programmes and tailored learning journeys. These are delivered in a way that encourages peer-to-peer support with the sharing of challenges, experiences and learning.

Another example of the use of private sector links is the scaling executive education programme. Lack of capacity and experience in the senior leadership team can hold back the speed of growth of a business and SE responds to this gap with the right training and support. This is provided through executive education programmes delivered by world-renowned business schools held at Strategic Retreats. Targeted at scaling companies at £10m+ turnover these retreats often result in positive behavioural change and improved strategic thinking. There are also opportunities for pipeline scaling companies to attend providing valuable peer-to-peer networking opportunities and access best practice academic thinking and toolkits.

Scaleups also receive help in accessing international markets through Scottish Development International and guidance on accessing and raising the right finance through Scottish Investment Bank to support growth.
IMPACT AND RESULTS

- SE’s Start2Scale service currently works with 180 companies but has ambition to grow this to 250 during 2018.
- Between June 2014 and March 2017 SE’s portfolio of scaling companies (£10m+) has grown from 17-60.
- 120 companies are currently in the scaling pipeline
- Companies with turnover of £10m+ have combined turnover totalling £1.9bn and have grown sales by circa £300m over the last two years.

LESSONS LEARNED

Businesses have been positive about the existing support they have received but would like stronger support on accelerating international sales, talent attraction and development, and raising ambition of scaleups in relation to their investment needs.

Whilst the journey for scale ups isn’t linear, having an end-to-end service offering which streamlines access to support also makes it easier for the customer to access the right support at the right time.

FUTURE PLANS

- SE has an ambition to increase the portfolio of the Start2Scale service from 180 to 250 and specifically grow the number of scaling companies from 60 to 100 within two years. Work will continue to develop the service so that the customer journey is integrated and seamless.
- Scotland CAN DO Scale is planning to explore a variety of interventions and support within a shared framework, recognising that a one-size-fits-all approach is not the solution for scaleups. It is working on widening the involvement of stakeholders in the movement to include banks and the advisory community and developing a communications plan that will boost engagement and raise the profile of scaleup companies.

“With the help and support from Scottish Enterprise high growth specialists, Causeway Therapeutics has secured £1 million investment that will allow the development of our ground-breaking therapy for tendon disease, TenoMiR. I can honestly say that this would not have happened without the support SE provides high growth start ups. The program service not only provided the funds to demonstrate proof of concept of TenoMiR but also crucially the commercial mentorship and business training that went along with it.”

DEREK GILCHRIST
Chief Executive, Glasgow-based Causeway Therapeutics

“It’s fair to say that the course has been fundamental in affecting our strategic approach to commercial development. We are progressing, at times slowly but nevertheless we are progressing, towards a more efficient profitable sales function. Our Scaling Account Manager and the Scaling Strategic Retreat were the catalyst for profound change within our business.”

CHRIS JUST
Browns Food Group
Commercial Director
LONGITUDINAL ANALYSIS

According to ScaleUp Institute analysis of data received directly from ONS for years 2013-2015, the following picture emerges for Scotland.

Local Authorities located within Scotland have a good density of scaleups, but the trend between 2013 and 2015 reveals some of the local authorities showing significant decreases in the number of scaleup businesses while others have a significant increase in scaleup density.

SCALEUPS BY DENSITY: MIXED

The vertical axis, shows where local authorities stand compared to the rest of the country: 10 of the 32 have an above median density of scaleups measured by employee growth while 11 of the 32 show an above median density of scaleups.

SCALEUP TRENDS OVER TIME: MIXED WITH EXTREME VARIATION

The horizontal axis, shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: 19 of the 32 local authorities are above median when it comes to increasing the density of their scaleups by revenue and 20 of the 32 local authorities are above median when it comes to increasing the density of scaleups measured by employee growth.

The ScaleUp Institute will continue to monitor this closely in the coming years to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk

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Scaleup businesses have been recognised as an important cohort in developing the local economy. Within Swindon and Wiltshire LEP, two scaleup programmes have been established in partnership with Inspire – a local Chamber of Commerce organisation.

Inspire – a Growth Hub Delivery Partner to the Swindon and Wiltshire LEP and now scaleup partner – has put peer-to-peer networking and a strong focus on scaleup account managers at the centre of its approach. There are two new interlinked networks for businesses: those already scaling (Inspire Elite) and those who aspire to scale up (Inspire Elevate).

**BACKGROUND**

ONS data of 2015 shows that there are 310 Scaleups in the Swindon and Wiltshire LEP: 115 are classified as scaleups due to rapid growth in their workforces, 255 are classified as scaleups due to rapid growth in their turnover and 60 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period 2013 to 2015 the density of scaleups had increased at an annual rate of 1.66 per 100,000 of population. However, it is slightly below the median which was 1.94 per 100,000 of population.

Inspire Elite was launched in October 2016 just five months after a team from Inspire attended the ScaleUp Institute’s ‘Driving Economic Growth through Scaleup Ecosystems’ course. The team was particularly influenced by the international case studies that demonstrated what worked in local environments to foster the growth of scaleup businesses and the evidence of the value of investment in fast-growing companies.

Inspire was motivated to plan, build and execute a scaleup programme based on peer-to-peer meeting and an account management model.

**SCALEUP PROGRAMMES**

The Swindon and Wiltshire vision is to build a self-sustaining ecosystem for scaleups across the South West which will gain the reputation in the business community and amongst all stakeholders, as a “go to” resource for scaleups.

Elements of the programme are:

- Quarterly meetings held to facilitate peer-to-peer knowledge sharing and learning. These meetings help businesses collaborate, share experiences, pursue joint ventures, find efficiencies and build expertise. Right from the start, businesses are advised that the peer-to-peer element is about supporting and learning from each other.
- A dedicated and experienced Account Manager for each business who conducts a detailed ‘fact find’ on the business, works with them to build a robust growth strategy and three to five-year plan, and provides introductions to relevant experts and programmes of support. Specific programmes include leadership development, access to finance and new markets along with skills development.
CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

IMPACT AND RESULTS SO FAR

Data is collected using the initial diagnostic as a baseline and then followed up by one to one visits when updated data is collected on areas such as turnover, profitability, employee growth. All data is stored on a bespoke CRM system and reviewed regularly by programme managers.

- 125 businesses supported since October 2016.
- 118 businesses pursuing a clear strategy for growth.
- 422 Referrals made: 36% to public sector bodies and 64% to private sector.
- Quarterly peer-to-peer meetings held, issues covered include leadership development and awareness raising of sector specific support available to scaleups.
- 34 businesses introduced to growth-oriented programmes such as Goldman Sachs 10,000 Small Businesses UK.
- Several complementary businesses have pursued joint ventures after being connected through the programme.

LESSONS LEARNED

- The best way to find and engage with scaleups is through building partnerships with professional service providers who hold those relationships already.
- Recruit the right account managers with great care and precision. It is essential to recruit individuals at the right level and with the appropriate skills to engage with bright, ambitious scaleup leaders. Look for experience in their sector and either of running their own scaleup or working with ambitious SMEs.
- Do not be tempted to allow businesses who are not truly dedicated to growth to join the group.
- Ensure each business has a robust and detailed growth strategy and if not, to help them build one.
- Only allow partners to support the group if their offering is exactly right and to a high professional standard.
- Flexibility is vital for businesses – no one size fits all programme for all scaleups and a sector specific focus is particularly useful in per to peer networks and other leadership development programmes.

FUTURE PLANS

Inspire’s main aim is to grow the cohort to around 250 in Swindon and Wiltshire. Inspire Elite is also expanding to the Bristol area in November 2017 with strong support from the local ecosystem in the West of England including the LEP, Local Authorities, Swindon and Wiltshire Growth Hub, the Mayor of Bristol, the University of the West of England and NatWest’s Entrepreneurial Spark.
CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

LONGITUDINAL ANALYSIS

According to ScaleUp Institute analysis of data received directly from ONS, the following picture emerges on the local environment.

Local authorities located within the Swindon & Wiltshire LEP have a moderate density of scaleups, however, the trend between 2013 and 2015 reveals a decrease in the number of ‘employment scaleups’ which is not countered by strong increases in ‘turnover scaleups’.

SCALEUPS BY DENSITY: MIXED

The vertical axis of the matrix shows where local authorities located in this LEP stand compared to the rest of the UK: 1 of the 2 local authorities covered by the Swindon and Wiltshire LEP have an above median density of scaleups measured by employee growth per 100,000 of population and both have an above median density of scaleups measured by turnover per 100,000 of population.

SCALEUP TRENDS OVER TIME: NEEDS IMPROVEMENT

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK. Unfortunately, the analysis shows that both local authorities are below median when it comes to ‘employment scaleups’. Likewise, both of the local authorities are at median when it comes to the density of ‘turnover scaleups’ over time.

The ScaleUp Institute will continue to monitor this closely in the coming months to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk

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CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

THAMES VALLEY BERKSHIRE EXEMPLAR
SCALEUP MAPPING. PROMOTING AND ENGAGING WITH SCALEUPS BY PUTTING THEM ON THE MAP

Thames Valley Berkshire (TVB) LEP is working to bring together resources from across its ecosystem to put scaleups on the map. Its new two-phase programme focuses on how the local area can engage with scaleups, develop their potential and promote their success. Proven best practice informs its local interventions, creating new opportunities for growth.

BACKGROUND

ONS data of 2015 shows that there are 570 scaleups in the Thames Valley Berkshire LEP: 215 are classified as scaleups due to rapid growth in their workforces, 465 are classified as scaleups due to rapid growth in their turnover and 110 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period 2013 to 2015 the density of scaleups had increased at an annual rate of 2.8 per 100,000 of population between 2013 and 2015. This is well above the median, which was 1.94 per 100,000 of population.

Given the strong performance of scaleups in the LEP area it is not surprising that many elements of scaleup service were already in place locally. However, TVB LEP was ambitious to do more to help scaleups achieve their growth potential. The ‘Driving Economic Growth through Scaleup Ecosystems Course’ – attended by both LEP members and partners – was instrumental in turning this ambition into a concrete plan of action.

Inspired by the course, TVB LEP wanted its programme to pull out best practice from other scaleup support models. Its aim was to focus on the activities which were central to the sub-region’s Strategic Economic Plan and critical to unlocking growth potential. Two scaleup roundtables brought together partners and other leading players from across the local ecosystem and helped to shape TVB’s new two-phase approach to maximise scaleup potential.

SCALEUP PROGRAMME

TVB LEP’s programme is focused on creating the right networks for scaleups and building the softer relationships instrumental to growth.

Scaleup Mapping: TVB LEP used a wide variety of sources to develop a list of independent, UK-owned high growth and high growth potential firms operating locally. They initially used Companies House data (accessed via the ScaleUp Institute Map, MINT/FAME and DueDil) to ascertain the main trading address of scaleup companies (using the OECD definition) in Berkshire. They also identified Berkshire-based, UK-owned, high-growth and high-growth potential companies with fewer than 250 employees using a variety of other data sources.

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Using their increased knowledge of the TVB scaleup community they have stepped up the promotion of these companies on Twitter, particularly when they achieve a placing on prestigious listings (such as the Sunday Times Fast Track lists). Shining a light on these successful companies brings their achievements to the attention of other local firms.

ScalingUp Berkshire is a year-long project to be delivered by Oxford Innovation Services in partnership with TVB LEP, Biz Utd and the Henley Centre for Entrepreneurship.

Launched at the 2017 Brittlestand Symposium for wealth-creating businesses, the first phase of the ScalingUp Berkshire project will secure insights into the specific needs of high-growth, scaleup businesses via a series of interviews and roundtables. Existing support will be mapped against these needs and any gaps in provision will be highlighted. Suggestions on how to fill these gaps will inform future scaleup provision.

The project will increase knowledge of TVB scaleups and potential scaleups, help to raise awareness of these companies and their achievements and promote TVB as a great location to scale a business.

SKILLS AGENDA

Working with Founders4Schools through the Careers and Enterprise Company has enabled TVB LEP to connect schools and colleges with businesses in the local area.

- Approximately 300 business leaders in TVB are listed on the F4S website.
- 41 business leaders accepted teachers’ invitations to visit classrooms to improve their student’s employability.
- 10 schools in TVB utilised the service.

FUTURE PLANS

- **ScalingUp Berkshire: Phase 2** (currently at initial application stage of an ERDF Call) will build on the findings of the initial phase; it is designed to enhance support for scaleups though the development of a strong local entrepreneurial ecosystem and account management structure. Specific action will be targeted at securing more inward investment and helping innovative companies with exports.

- A scaleup mentoring network will be established, building upon and complementing the Biz Utd offering. Leaders of existing scaleup businesses have already expressed an interest in mentoring future scaleups and participating in the development of the mentoring network.

- Case studies on successful scaleups will be produced and promoted across multiple channels, including the Business Growth Hub, to raise the profile of scaleups in the sub-region and inspire other businesses to emulate their growth.

“The ScalingUp Berkshire project will pave the way to enhance the competitiveness of small and medium sized enterprises in Thames Valley Berkshire. Oxford Innovation Services will [also] be able to provide expert guidance and assistance to shine a light on the scaleup community and support them to the next level of growth.”

ROBIN BARNES
Director and Enterprise Lead,
Thames Valley Berkshire LEP

“Following the success of the Thames Valley’s Brittlestand Symposium, an event aimed at middle-sized and scaleup businesses, it’s fantastic that these companies will be supported by this project.”

CHRIS DODSON
Director, Biz Utd
LONGITUDINAL ANALYSIS

According to ScaleUp Institute analysis of data received directly from ONS for years 2013-2015, the following picture emerges for Thames Valley Berkshire LEP.

Local authorities located within the Thames Valley Berkshire LEP have an excellent density of scaleups, however, the trend between 2013 and 2015 reveals some of the local authorities showing significant decreases in the number of scaleup businesses while others show a significant increase in scaleup density.

SCALEUPS BY DENSITY: EXCELLENT

The vertical axis of this matrix shows where local authorities located in the TVB LEP stand compared to the rest of the country: All 6 local authorities have an above median density of ‘employment scaleups’ and ‘turnover scaleups’.

SCALEUP TRENDS OVER TIME: MIXED

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: 4 of the 6 local authorities are decreasing the density of scaleups by employment and 5 of the 6 are increasing the density of scaleups by turnover.

The ScaleUp Institute will continue to monitor this closely in the coming years to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk

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The West of England’s vibrant and diverse ecosystem provides a wealth of opportunity for scaling businesses. West of England delivery partner Engine Shed, together with the region’s newly appointed Scaleup Enabler, are working to bring together the region’s leading scaleup players to help scaleups make the most of the opportunities the ecosystem offers and to create the right dynamic for their success.

BACKGROUND

ONS data of 2015 shows that there are 635 Scaleups in the West of England LEP: 255 are classified scaleups due to rapid growth in their workforces, 520 are classified as scaleups due to rapid growth in their turnover and 140 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period 2013 to 2015 the density of scaleups had increased at an annual rate of 3.61 per 100,000 of population. This is well above the median which was well above the median, which was 1.94 per 100,000 of population.

The ‘Driving Economic Growth through Scaleup Ecosystems’ course was a catalyst for the West of England’s scaleup programme. The course challenged existing beliefs and thinking, creating new ambition for their plans. Importantly, it also highlighted the value of collaboration which became the driving force behind their programme, and furnished them with a common language with which to engage others.

The West of England has a vibrant and diverse ecosystem with a wealth of opportunities for scaling businesses. Engine Shed wanted to design a programme that built on this and maximised the opportunities this dynamic environment offers scaleups. Their approach combines collaboration and action across the business ecosystem to bring down barriers and respond to challenges faced by scaleups.

SCALEUP PROGRAMMES

The Engine Shed programme identifies gaps in the ecosystem, proposing potential solutions and bringing together partners with the expertise and foresight to create new opportunities. Its current priorities are:

- **Ecosystem awareness** – exposing existing initiatives and plotting the gaps
- **Investment activity** – generating greater levels of investment activity and successful scale-up investment
- **Grow-on space** – unlocking premises in the city to enable growth of our scale-up community

CONTINUED

"Business West’s 21,000 members encompass a variety of business purposes and types, all contributing to Bristol’s economy. However, we applaud The Scaleup Institute’s fascination with businesses that provide the fizz in our city and Business West is delighted to join the Institute and Engine Shed in spawning and nourishing these catalysts of growth."

PHIL SMITH
Managing Director, Business West
CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

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“As manager of a new science and tech innovation space, the monthly Bristol & Bath Networks group initiated by Engine Shed helps me connect effectively with key players locally and provide a great platform for sharing news and views. Of all the regional innovation ecosystems I have participated in across the UK, this has the most collaborative culture; it’s very special.”

ELAINE MCKECHNIE
Centre Director, Future Space, UWE
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CONTINUED

- **Leadership** – identifying ways to increase availability of ‘Scaleup Ready’ non-executive directors to help businesses scale

Engine Shed’s new Scaleup Enabler – a role co-funded with Business West, the University of Bristol and the LEP – facilitates collaboration and action across the ecosystem to address challenges faced by scaleups. The Enabler will map the current state of the ecosystem, identify businesses that need scaleup support and signpost existing activities as well as design new ones to help them grow.

Deliberate focus on the scaleup community and strengthening the ecosystem in which they operate has allowed the Engine Shed and the Scaleup Enabler to optimise positive outcomes for scaleups. Major focus areas have been identifying opportunities for new funding streams, supporting the design and conception of new programmes and facilitating unexpected beneficial collaborations.

New networks and briefing events foster engagement between the scaleup community and supporters and match potential investors with scaleups to explore investment options both nationally and locally.

**IMPACT AND RESULTS SO FAR**

The focus of the Engine Shed and the Scaleup Enabler is on the growth of local ecosystem rather than individual businesses.

- After 1 year of trading Engine Shed had added £7.99m to the local economy3.
- In 2013/14, Engine Shed provided business accommodation for over 300 people.
- In 2015/16 20,000 people used Engine Shed meeting rooms and a further 2,500 used the space and opportunities of the Business lounge. A further 7,500 were visiting tenants in the building.
- 30,000 people are estimated to have visited the building in 2015/16
- 480 jobs created and £104m raised in finance through hosted accelerator programmes (Oracle and Bristol SETsquared Centre).

See Chapter 2 for a more detailed case study on Engine Shed

**LESSONS LEARNED**

Two recurrent challenges face scaleups in the region and will be the focus of future work. These are:

- A historically opaque investment community and lack of entrepreneurial knowledge about the best finance sources for scaleup businesses
- Lack of flexible office and workshop premises for 10-50 person businesses.

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3 Source: Zeta Economics, a Bristol-based economics consultancy.
FUTURE PLANS

A 12-month strategy is concentrating on improving intelligence and invigorating growth. Its three strands are:

- to better know our community of scale-up businesses;
- to invigorate the existing ecosystem;
- to inspire action amongst businesses and their supporters.

A new ecosystem map will help scaleup businesses identify vital services, and help providers identify gaps in the existing provision. Insights revealed by the map due to be launched in November 2017 will inform the development of future solutions.

Ongoing support will be targeted towards financial investment, office space and leadership development in line with the major challenges identified by local scaleup businesses.

The launch of Engine Shed 2 will offer greater physical space for businesses and projects that support the region’s investment, scaleup, diversity and entrepreneurship agendas.

“The University of Bristol is pleased to co-fund the Scaleup Enabler for West of England. Engine Shed scale-up activity is already driving greater collaboration and activity in the region which will continue to make the City and its business community one of the most innovative and exciting places to work, study and live in Europe.”

PROFESSOR NISHAN CANAGARAJAH
Pro Vice-Chancellor (Research and Enterprise), University of Bristol
LONGITUDINAL ANALYSIS

According to ScaleUp Institute analysis of data received directly from ONS for years 2013-2015, the following picture emerges on the local environment. Local authorities in the West of England are a scaleup success story.

Local Authorities located within the West of England LEP have a good density of scaleups, the trend between 2013 and 2015 reveals most of the local authorities showed increases in the number of scaleup businesses.

SCALEUPS BY DENSITY: GOOD

The vertical axis shows where local authorities located in the this LEP stand compared to the rest of the UK: 3 of the 4 local authorities have an above median density of scaleups measured by employee growth per 100,000 of population while all have an above median density of based on turnover per 100,000 of population.

SCALEUP TRENDS OVER TIME: EXCELLENT

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: 3 of the 4 local authorities are performing above median when it comes to increasing the density of their scaleups measured by turnover and 2 of the 4 local authorities are above the median when it comes to increasing the density of scaleups measured by employee growth.

The ScaleUp Institute will continue to monitor this closely in the coming years to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk

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THE MARCHES EXEMPLAR
PRIORITISING RURAL SCALEUP SECTORS AND COMBINING LEP CLUSTER NETWORKS

The Marches has started to prioritise locally-important sectors and is packaging support into sector campaigns to generate stronger results. It is also working alongside other partners to develop cluster networks for each priority sector which will provide peer-to-peer support, shared learning opportunities, targeted events as well as assist supply chain development and awareness of market opportunities.

BACKGROUND

ONS data of 2015 shows that there are 300 Scaleups in the Marches LEP: 100 are classified as scaleups due to rapid growth in their workforces, 240 are classified as scaleups due to rapid growth in their turnover and 40 are scaleups that are increasing both employment and turnover simultaneously.

The ONS data reflects that across the three-year period 2013 to 2015 the density of scaleups had increased at an annual rate of 1.48 per 100,000 of population. This is slightly below median which was 1.94 per 100,000 of population.

The Marches participated in the first cohort of the ‘Driving Economic Growth through Scaleup Ecosystems’ course, alongside colleagues from Worcestershire LEP and Stoke and Staffordshire LEP, through which they were able to develop their scaleup plan for delivery in 2017/18 via the Marches Growth Hub.

SCALEUP PROGRAMMES

Leaders of the Marches LEP have chosen to work in close partnership with a number of organisations and neighbouring LEPs to overcome the specific challenges they face.

The Marches LEP is a key partner in the Midlands Engine and one of the strands arising from this strategy is the Midlands Engine Investment Fund (MEIF). The £250m fund, a joint agreement between the British Business Bank (BBB) and eleven LEPs including the Marches, aims to boost the region’s economy and support the growth ambitions of its scaling businesses. Now active since August 2017, this serves as a vehicle to provide a suite of business loan options to companies across the Marches.

Following a successful pilot to support scaleups in the food and drink manufacturing sector, a bespoke programme was set up in 2017 by the Marches LEP alongside Worcestershire, Stoke and Staffordshire and Cheshire Warrington LEPs. The Agri Tech West partnership will support scaleups in the food processing, packaging and manufacturing sectors. This project is based at Harper Adams University but is also supported by Reece Heath, Rodbaston and Pershore Colleges working closely with the respective Growth Hubs.
"In a very short space of time, Champion & Reeves has gone from a kitchen enterprise to a company manufacturing from a commercial kitchen and exporting their products overseas. It’s great that the Marches Growth Hub has been able to play a part in that success story."

AMY FARLEY
Marches Growth Hub, Shropshire

“We’ve received significant funding support not once, but twice, through the Marches LEP and Marches Growth Hub. We’re now based in a new state-of-the-art food processing facility and investing in new equipment to improve productivity.”

IVAN WATKISS
Managing Director, Coopers Gourmet Food

“Support from the Marches Growth Hub saw us not only access £24,000 of funding to extend our manufacturing offer, we were also signposted to specialist help to create an app to track equipment out on hire.”

HARISH CHANDER,
New Cabinet Division Director, Bond Group

CONTINUED

Another programme, the Agri-tech Growth and Resources for Innovation (AGRI), delivered by the LEP alongside Harper Adams University and Aston University, is concentrating on removing barriers to growth for scaling companies in the agri-food industry across the Marches. The programme involves a combination of workshops and one-to-one business advice, which may include assistance with technology development or application.

Skills gaps facing local scaleups in the advanced manufacturing sector are being addressed by the Marches Centre of Manufacturing & Technology (MCMT), an employer-led high-tech training facility. Led by the Marches LEP alongside a consortium of partners, the objective of MCMT is to deliver ‘2020 learners by 2020’ through a combination of apprenticeships and specialist training delivered by engineering experts to upskill existing staff.

FUTURE PLANS

The Marches LEP is developing a network for peer advice and SME collaboration through events held at the Agricultural Engineering Precision Innovation Centre (Agri-EPI) funded by the national strategy for Agricultural Technologies and based at Harper Adams.

The MEIF will be used as a tool to help identify and target scaleup projects. Following the formal launch, a regional event within the Marches will take place to which identified pre-scaleup, scaleup businesses and the business support network will be invited.

The Marches LEP joined Worcestershire in the Midlands Engine outward and inward cyber security trade missions to Baltimore and Maryland in the USA.

An events programme for 2017/18 is planned to further enable the LEP to celebrate and engage with scaleup businesses.
CHAPTER 3 THE LOCAL SCALEUP ECOSYSTEM

LONGITUDINAL ANALYSIS

According to ScaleUp Institute analysis of data received directly from ONS for years 2013-2015, the following picture emerges on the local environment.

Local Authorities located within the Marches LEP have a moderate density of scaleups, however, the trend between 2013 and 2015 reveals most of the local authorities showing decreases in the density of scaleup businesses, while only one shows an above median increase in scaleup density.

SCALEUPS BY DENSITY: MODERATE

The vertical axis shows where local authorities located in this LEP stand compared to the rest of the UK: When it comes employment scaleups, all the local authorities have below median density. When it comes to turnover scaleups, two of the three local authorities are above the median.

SCALEUP TRENDS OVER TIME: NEEDS IMPROVEMENT

The horizontal axis of this matrix shows whether the density of scaleups has increased or decreased over time relative to the rest of the UK: None of the local authorities are above median when it comes to employment scaleups. Only one of the local authorities is above median when it comes to turnover scaleups.

The ScaleUp Institute will continue to monitor this closely in the coming years to track whether the initiatives described above move the dial in the right direction for increasing the density of scaleups.

For the detailed analysis behind this please refer to www.scaleupinstitute.org.uk

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