



National Policy Statement on

# Entrepreneurship in Ireland

2014



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## Foreword by An Taoiseach, Enda Kenny TD



As we move into a period of economic growth following one of the darkest periods in the history of the State, entrepreneurship has never been more important to the country, its people and its future.

Home-grown business ideas that display innovation and creativity will enable us to grow jobs, challenge for market share and demonstrate our capability to adapt in an ever more challenging global economic climate. We have to depend on our entrepreneurs to provide innovative products, processes and knowledge based solutions that will enable us to preserve our hard earned progress, build our international reputation, improve our living standards and our employment creation.

This Government will continue to concentrate efforts on employment retention and creation, and a reinvigoration of entrepreneurial spirit will play a strong role in driving this agenda. Entrepreneurial initiatives, mind-sets and skills have been fostered in all areas of the economy, and played no small part in building our economic recovery.

This policy statement clearly identifies the actions we need to take to consolidate our achievements over the last three years. It is not, however, a look backwards. It is a forward looking document with a clear list of actions that can and will be delivered to ensure we are seen as among the most entrepreneurial nations in the world and acknowledged as a world class environment in which to start and grow a business.

The Statement is the fruit of an amount of collaborative work undertaken by academia, practitioners, agencies, individual citizens and government Ministers and Departments and I would like to publicly thank all concerned for their input in this work.

The challenge is now to deliver and I am sure that under the direction of my colleague Richard Bruton TD Minister for Jobs, Enterprise and Innovation this segment of economic activity will continue to make a significant contribution to our wellbeing in the future.

**Enda Kenny TD**

Taoiseach

September 2014

# Foreword by the Minister for Jobs, Enterprise and Innovation, Richard Bruton TD



To build on the recovery we have started to see recently, Ireland needs more entrepreneurs starting high quality new businesses that will develop innovative products, conquer new markets and create more jobs. In the Action Plan for Jobs 2014, we placed a strong emphasis on entrepreneurship. We set out our ambition for Ireland to be among the most entrepreneurial nations in the world and acknowledged as a world class environment in which to start and grow a business. Growing the number of successful entrepreneurs and startups is, and will continue to be, hugely important for Ireland's economic development and wellbeing.

This Policy Statement is key to delivering on that ambition. Building on the work done by Sean O'Sullivan and the Entrepreneurship Forum, this Policy Statement presents the six overarching elements I believe are essential drivers of entrepreneurial success. Crucially, it also sets out the approach that we are taking across Government to improve them. There has been wide stakeholder engagement over the last two years to support the development of this Policy Statement through public consultation, the work of the Entrepreneurship Forum and direct contact with academics and entrepreneurs.

The Statement details some of the immediate key actions which we will take to support our ambition and confirms our commitment to continue to identify new approaches which will enhance and strengthen the entrepreneurial ecosystem and ultimately create jobs.

Essentially, the objectives are centred around three distinct aims:

1. Building the pipeline - Increase the numbers of entrepreneurs, who will actively engage in creating high quality business startups and jobs across the country;
2. Building entrepreneurial capability - Develop entrepreneurial skills among the general population and nurture entrepreneurial thinking and talent, and;
3. Building the right conditions - Ensure survival and growth of entrepreneurial startups.

The actions set out in the Policy Statement will be delivered and overseen through the Action Plan for Jobs process and the Department of Jobs, Enterprise and Innovation (DJEI) will monitor progress against key performance indicators to ensure delivery.

Our challenge now is to ensure that entrepreneurs of all backgrounds and all ages are encouraged and supported in their efforts to establish high quality businesses that are sustainable and can compete with the best in the world both on home and export markets. That is the only basis on which they can grow and create much needed employment. Previously I have said that Ireland is a country with great entrepreneurs but that we just don't have enough of them. This Policy Statement will help ensure that as well as having great entrepreneurs Ireland becomes a country with a great number of entrepreneurs.

A handwritten signature in blue ink that reads "Richard Bruton". The signature is written in a cursive, slightly stylized font.

**Richard Bruton**

Minister for Jobs, Enterprise and Innovation

September 2014



# Introduction - Vision for Ireland

Entrepreneurship<sup>1</sup> is a key element in the health and wellbeing of any thriving economy and will be central to Ireland's continuing recovery. Historically, two thirds of new jobs in Ireland have been created by companies in their first five years<sup>2</sup>. This is because new businesses drive change and are the source of creative ideas and new technologies. They are the quickest to adapt to new opportunities and to the shifts that disrupt markets and business models.

The purpose of this policy statement is to clearly identify the framework needed to make Ireland one of the most entrepreneurial nations in the world, acknowledged as a world-class environment in which to start and grow a business. Embracing and implementing the approach set out in this statement will result in Ireland having excellent support networks at local and national level and strong policy frameworks within which businesses can be born and flourish. Ireland, in turn, will gain a global reputation as a location for smart capital and as an entrepreneurial hub. It will become recognised as a place where good ideas can be transformed into excellent businesses and new jobs will be created as international investors and mobile entrepreneurs seek Ireland out as a location of choice.

Ireland can double the jobs impact of startups on our economy if we:

- 1. Increase the number of startups by 25%  
(3,000 more startups per annum)**
- 2. Increase the survival rate in the first five years  
by 25% (1,800 more survivors per annum)**
- 3. Improve the capacity of startups to grow to  
scale by 25%.**

This is a challenging but realistic ambition for the next five years.

The Entrepreneurship Forum, established by the Minister for Jobs, Enterprise and Innovation in May 2013 to examine the ecosystem from the perspective of entrepreneurs and to make recommendations to support entrepreneurship, has described what a strong startup community in Ireland could look like. It emphasises that the creation of a strong start up ecosystem requires entrepreneurial leadership at a grassroots level, with continuous activities and events designed to engage entrepreneurs. The Entrepreneurship Forum has highlighted some excellent examples of this. Activate Dublin, Startup Ireland, Startupweekend, Bizworld, Startups.ie, IT@Cork and Smallbusinessadvice.ie all involve citizens and entrepreneurs working together to create an environment in which startups can truly thrive.

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- <sup>1</sup> Defined as an individual's creative capacity to identify an opportunity and pursue it in order to produce new value or economic success.
  - <sup>2</sup> Research published by the Central Bank of Ireland in 2013 concludes that 67% of new job creation comes from companies within their first five years. Research from the Kaufmann Institute in the United States also indicates that new and young businesses are the primary drivers of net job creation.

The Entrepreneurship Forum has also urged that existing entrepreneurs and industry leaders should help drive the entrepreneurship agenda through mentoring, networking, electronic interaction and dissemination of information. It has argued that Ireland must leverage its existing talent base and entrepreneurial networks if it really wants to promote and stimulate a strong culture of high quality entrepreneurship. Private sector engagement must be the driver and catalyst for entrepreneurial excellence, building on existing frameworks and initiatives.

In its report, however, the Entrepreneurship Forum is emphatic that the Government's role in this should be one of facilitation, not leadership. Government should primarily focus on removing obstacles, implementing required solutions and maintaining a business environment that is fit for purpose. The Entrepreneurship Forum has noted that the Government has a key role to play in facilitating a supportive policy framework conducive to entrepreneurial success. A wide range of public support programmes are already available to entrepreneurs and startups in Ireland<sup>3</sup>. What is needed now, the Entrepreneurship Forum has suggested, is an overall vision of how the State can best support the startup community.

This Policy statement sets out the Government's strategic objectives in its role as a facilitator within the Irish entrepreneurship ecosystem, covering all the key areas that affect entrepreneurs and startups. It also signposts the focus of public policy in the coming years. A clear programme of specific actions for each year, delivered through the Government's Action Plan for Jobs, will ensure delivery of these strategic objectives. The Department of Jobs, Enterprise and Innovation (DJEI) will carefully monitor progress against key performance indicators and work with its partners in enterprise to achieve this ambition.

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<sup>3</sup> 'Entrepreneurship in Ireland - Strengthening the Startup Community', 2014, <http://www.djei.ie/enterprise/smes/EntrepreneurshipForumReport2014.pdf>





## **Entrepreneurship Environment – Key Elements**

Entrepreneurship requires a range of skills and attitudes, aspirations, activities, supports and networks. To achieve the ambition set out in this Entrepreneurship Policy Statement, we must benchmark ourselves against the best in each area and promote improvement across the system. This Entrepreneurship Statement sets out how this can be done. It will require working across Government Departments. But more than this, it will involve challenging and encouraging others to engage and become actively involved. As the Entrepreneurship Forum highlighted, Government alone cannot develop the many varied intertwining elements that are necessary for success. Many different parts of our society will have a role to play in this initiative.

**The key elements that make up an ecosystem for entrepreneurship in Ireland are<sup>4</sup>:**

- 1. Culture, human capital and education**
- 2. Business environment and supports**
- 3. Innovation**
- 4. Access to finance**
- 5. Entrepreneurial networks and mentoring**
- 6. Access to markets**

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<sup>4</sup> Following consideration of the various models from the OECD, World Economic Forum, Babson College, Massachusetts and the Report of the Entrepreneurship Forum.





For the entrepreneurship environment to be truly effective, these elements must be mutually reinforcing, forming a coherent whole and supporting entrepreneurs throughout the entrepreneurship lifecycle. Looking at the broader picture, the first influence on the lifecycle of an entrepreneur is the attitude of society towards enterprise and the **cultural values** and emphasis on entrepreneurship in the education system. Society's culture and attitude directly influences the individual's capacity for creative thinking and attitude to risk. The **business environment** has a similar role, affecting both the obstacles the entrepreneur may encounter and the rewards they hope to achieve. Taxation, business regulation and the difficulties encountered in starting a business and in exiting, should it fail to achieve its anticipated progression, also influence the decisions of both established and potential entrepreneurs.

The quality of supports available from public institutions is also a critical factor in whether potential entrepreneurs will proceed and is an influence on the potential outcomes if they do. Public bodies can provide financial support in the difficult startup phase and offer advice and expertise to avoid pitfalls. For many high potential entrepreneurs the accessibility of the **innovation system** to help drive forward fledgling ideas is crucial.

Often the need for **access to finance** goes well beyond the capacities of those involved in a startup. For some entrepreneurs this may be because unemployment or debt has drained their resources or negatively affected their credit ratings. For others, potential funding institutions may be risk averse. That is why the provision of a broad spectrum of finance options, matching the different stages of an enterprise's development, is essential.

However, the role and influence of the State should not be over emphasised. The support **networks** formed between entrepreneurs and between entrepreneurs and investors can be equally important, arguably even more important, sources of essential support for startups. Business networks, angels, mentors, entrepreneurship hubs and hotspots all provide sources of practical experience and advice, contacts and interaction, helping entrepreneurs to avoid or overcome difficulties and to realise their potential.

Finally, young companies need **access to markets**, to clients and customers, to suppliers and distribution channels. Identifying potential customers in both the public and private sectors at an early stage is crucial to strengthening and building out the sales footprint. First time exporters also need support to develop the skills and resources they need to compete in global markets and to achieve ambitious revenue targets along the way.

## Strategic Objectives

This Entrepreneurship Policy Statement sets out a number of strategic objectives that are based on a careful evaluation of Ireland's existing position and an assessment of international best practice. They address each of the elements that make up the framework for entrepreneurs and are specifically designed to help them grow and flourish.



Key performance indicators and actions have been identified for each of the strategic objectives and these will be reviewed and further developed as part of a process of continuous improvement, working with all the potential participants and influencers in the public and private sectors and the broader society.

Crucially, this Entrepreneurship Policy Statement is designed to translate our ambition in the area of entrepreneurship into a clear direction for policy in future years.



# Strategic Objectives

## 1 Culture, Human Capital and Education

- › Make entrepreneurship an integral part of our ambition as a nation. Support its development in our education system, in our communities and in corporate behaviour.
- › Celebrate and reward successful entrepreneurs.
- › Ensure that greater numbers of people, particularly in underrepresented cohorts such as females, youths, migrants and older persons start and run their own business.
- › Improve the quality and range of ICT professionals domestically to make Ireland a hub for technology startups.

## 2 Business Environment and Supports

- › Create a business environment in Ireland where it is easy to start up and grow a new business in terms of Company Law; Tax; Regulation; Licensing and where it is one of the most attractive environments in Europe.
- › Promote best in class standards across the network of Enterprise Ireland and Local Enterprise Offices which fully exploit the enterprise assets of their community and foster new thinking in the enterprise area.
- › Stimulate and support high levels of quality entrepreneurial ventures with high growth, export, wealth and job creation potential.

## 3 Innovation

- › Make Ireland a location of choice for high quality international startups.
- › Develop the best infrastructure to support technology transfer into commercialisation as a new business opportunity (Knowledge Transfer Ireland; Campus Incubators; Commercialisation Fund; Technology Centres).
- › Develop a support framework where innovative startups can reach their full potential.

## 4 Access to Finance

- › Expand the range of access to finance instruments to match our ambition as a startup hub so that all viable businesses have the opportunity to access sufficient finance to meet their needs.
- › Attract more angel and international venture capital investors and continue to develop the domestic venture capital sector.
- › Ensure that the banks develop the skills and focus necessary to deliver appropriate financial instruments to startups and early stage entrepreneurs.

## 5 Entrepreneurial Networks and Mentoring

- › Improve the impact of mentoring as a tool to support entrepreneurship.
- › Increase the levels of peer networks for mentoring, angel finance and problem solving that sustain entrepreneurship.
- › Build world class entrepreneurial hubs and achieve greater regional spread of such hubs, facilitating entrepreneurial leadership.

## 6 Access to Markets

- › Encourage local and national private enterprises to commit to offer opportunities for fledgling businesses to find a market.
- › Encourage public local and national authorities to commit to offer opportunities for fledgling businesses to find a market.
- › Ensure startups have clearly identified customer/market segments and clearly developed value propositions and where appropriate are export oriented in their thinking early in their development.



# Entrepreneurship in Ireland

CSO data indicates that in 2011 there were almost 190,000 trading enterprises in Ireland. In the same year there were fewer than 12,000 startups. Dominated by microenterprises, over 90% of all startups were in the services, distribution and construction sectors. In 2011 startups represented a little over 5% of the existing population in construction and distribution but in services and financial services the startup rate was just over 7%.

Startups 2011	Number	% of Existing Enterprises in Sector
Industry	725	5.2
Construction	1,976	5.3
Distribution	2,335	5.4
Services	6,429	7.1
Finance & Tourism	372	6.8
Total	11,847	6.2

Source: CSO Business Demography 2011

Enterprise startup activity was severely dampened by the recession. According to the CSO, enterprise births fell by a third between 2006 and 2010, from 16,700 in 2006 new enterprises to 11,200 in 2010. The attrition rate over this five year period was high. Of those started in 2006, only 51% survived five years. Enterprises starting business after 2006 have experienced even poorer survival rates at each yearly milestone. Of the 13,461 enterprises birthed in 2007, just 6,513 or 48.4% survived to 2012<sup>5</sup>. Not surprisingly, construction has experienced the greatest fall off in startups and the greatest attrition rates.

Despite the economic difficulties, enterprises that had started in the five years up to 2011 employed 93,000 people by 2011. This was a substantial employment gain over a period in which longer established enterprises had shed 400,000 jobs. Even in that very difficult time for enterprise, therefore, startups were a dynamic source of opportunity and drivers of economic revival.

The Global Entrepreneurship Monitor (GEM), which provides useful international comparative information on entrepreneurship, reflects the difficulties for entrepreneurship which Ireland has experienced in recent years. The GEM measure of total early-stage entrepreneurial activity<sup>6</sup> (TEA) peaked at 9.8% in 2005 but had fallen back to 6.1% by 2012. Over this period Ireland fell from midway in the European TEA League table to close to bottom. There was, however, a significant recovery in 2013, when the TEA rate in Ireland rose to 9.2% – the highest level since 2005. Ireland was ranked second across the EU-15 and ninth across the EU-28 for TEA by GEM in its 2013 report. This means that almost one in 11 of the adult population in Ireland had started or is in the process of starting a new business within the preceding 42 months. The 2013 GEM report also revealed a significant improvement in attitudes towards entrepreneurship. It showed that 50% of Irish adults considered entrepreneurship to be a good career choice, compared to 45% in 2012.

5 CSO, Business Demography 2012, 18 June 2014.

6 Total early stage entrepreneurial activity refers to the total rate of early stage entrepreneurial activity among the adult population aged 18-64 years inclusive. It includes individuals in the process of starting a business and those running new businesses less than 3 1/2 years old.

As might have been expected, diminishing perceptions of opportunity, increasing fear of failure and the dwindling number of successful role models were all characteristics of the recession years, combining to undermine entrepreneurship activity. Early indications of recovery are characterised by very high “necessity driven” entrepreneurship – people seek to start a business because they have reduced employment options. However, there is also a very encouraging upturn in the number of people indicating they want to start a business within the next three years (up over 80%). A higher percentage of migrants (5.4%) have recently started a business compared to the non-immigrant population (3.4%). More immigrant early stage entrepreneurs are motivated by necessity (32%), than is the case for non-immigrant entrepreneurs (17%).

Furthermore, a higher proportion of Irish early stage entrepreneurs expect to become employers (85%) than their counterparts in Europe as a whole (72%) and those in all OECD countries (71%). Aspiring to growth is not the same as achieving it, but it is a good place to start. One in five of these entrepreneurs expect to grow their new business beyond a micro enterprise and to employ at least 10 people.

According to GEM 2013, Irish men are 1.9 times more likely than Irish women to be an early stage entrepreneur, with rates of early stage entrepreneurs at 12.1% for men and 6.4% for women. This has been steadily improving and although now level with the EU- 28 average of 1.9:1 and slightly higher than the OECD average of 1.7:1, it still shows untapped potential amongst female entrepreneurs in Ireland.

Rates of entrepreneurial activity are also influenced by age. Entrepreneurial activity is highest amongst those aged 35 – 44 years (12.6%); 25 – 34 (10%) and 45 – 54 (9%). It is lowest amongst those aged 18 – 24 (7.6%) and 55 – 64 (4.6%). This data suggests there is perhaps untapped potential amongst females, youth, seniors and migrants and that they should be encouraged to consider an entrepreneurial career. Entrepreneurial activity amongst those aged 18 – 24 in the U.S. is at 12.3%, and is 9.2% in Israel.

## Measuring Irish Entrepreneurship – International Benchmarks

Measuring a country’s entrepreneurial profile is not a straightforward exercise. Even at the individual level, there is no clear consensus on whether the definition of entrepreneurship should include self-employment and intrapreneurship (the creation of new corporate subsidiaries). The picture is even more complex at a national level due to the inherent complexity of economic systems. Despite these difficulties, it is only by measuring entrepreneurship activity, no matter how imperfectly, that we can begin to see where entrepreneurship is working and where it is not, and begin to understand the reasons for these differences. That understanding can then be applied to reducing the cultural, economic and institutional barriers that stand in the way of entrepreneurs.

Benchmarks are required to measure the impact of entrepreneurship and compare performance across a number of variables and between comparator countries. To date there has been no acceptance of a dominant variable or index to measure entrepreneurship internationally.

However, Ireland is performing well against a number of international benchmarks on various business environment indicators. The IMD World Competitiveness Yearbook 2013 ranked Ireland third for availability of skilled labour and first for flexibility and adaptability of workforce, attitudes to globalisation and investment incentives. Ireland took first place in the 2013 Forbes’ annual ranking of the Best Countries for Business. It was the only nation ranked among the top 15% of countries in each of the 11 metrics used by Forbes. The European Commission Innovation Union Scoreboard 2013 ranked Ireland first in Europe for the economic impact of innovation. Ireland ranked 19th overall and 13th in the regional ranking in the 2014 Global Entrepreneurship Development Index (GEDI), another positive indicator of Ireland’s performance on the international stage.

<b>IRELAND GEDI Benchmark or Indicator</b>	<b>Reference Point</b>
Size of population (million)	4,588,252
Per capita GDP Euro (PPP, World Bank)	40,375
Rank in Doing Business Index 2013	15
Rank in Global Competitiveness Index 2014	28
Rank in Economic Freedom Index 2014	9
GEDI 2014	19





However, while Ireland is clearly performing well, more detailed analysis provides insight into the strengths and weaknesses of the national entrepreneurship ecosystem and a better understanding of how it is performing relative to its most direct competitor countries in Europe and North America, using the Nordic states, the United States and Canada as exemplars.

## Entrepreneurship Index

Existing entrepreneurship indices are limited in their value because they either focus primarily on quantity or on quality. In the development of this Entrepreneurship Policy Statement considerable attention has been given to investigating the contextual nature of entrepreneurship in order to incorporate an element of quality. The Global Entrepreneurship & Development Index (GEDI) is useful because it was created to provide a more complete understanding of economic development by capturing the contextual nature of business formation, expansion, and growth. It is based on analysis of comprehensive data sets from more than 120 countries that marshal information about the “3As” of development: entrepreneurial attitudes, aspirations, and activity.

- 1.** Entrepreneurial attitudes (ATT) are believed to be influenced by the crucial institutional factors of market size, education, the riskiness of a country in general, the usage rate of the internet in population, and culture.
- 2.** The entrepreneurial activity (ACT) sub-index is principally concerned with measuring high growth potential startup activity. This high growth potential is approached by quality measures, including opportunity startup motives, belonging to a technology intensive sector, the level of education as well as the uniqueness of the offered product/service. The institutional variables used include the ease of doing business, the availability of the latest technology, the level of human development, and the freedom of business operation.
- 3.** The entrepreneurial aspiration (ASP) sub-index refers to the distinctive, qualitative, strategy related nature of entrepreneurial activity. The newness of the product and of technology, internationalization, high growth ambitions and finance variables are included in this sub-index. The institutional variables measure the R&D potential, the sophistication of business and of innovation, the level of globalization, and the availability of venture capital.

GEDI addresses many of the deficiencies of previous measures by combining some of the basic requirements. The index is sufficiently complex to capture the multidimensional nature of entrepreneurship and distinguishes between the qualitative and quantitative aspects of entrepreneurial activity by incorporating both individual-level and institutional variables. Altogether, the index construction integrates 31 variables, 16 from GEM and 15 from other data sources, into 14 pillars and three sub-indexes.

This index analyses such information as the amount of money available to finance new businesses, the level of risk-averseness in individuals and the proportion of new businesses started by women. The indicators are the basic building blocks of the sub-index, Entrepreneurial Attitudes, Entrepreneurial Activity and Entrepreneurial Aspirations. The Global Entrepreneurship Development Index, is the average of the three sub-indexes. (The 31 variables are listed in Appendix 3 of this Statement.)

The GEDI model suggests that attitudes, activity and aspiration interact; if they are out of balance, entrepreneurship is inhibited. The Index uses a Penalty for Bottleneck (PFB) methodology, thus improving the score of the weakest indicator will have a greater effect on the index than improving the score of stronger indicators.

## GEDI – 2014

The 2014 GEDI identifies America as the most enterprising large economy. The EU comes second, with the rest of the world, including India and China, lagging well behind. There are some unusual features of the index spots. Three of the five Nordic countries are in the top ten. This suggests that it is possible to combine enterprise with a big welfare state.

## GEDI 2014

Country	Rank	Score
United States	1	82.5
Canada	2	81.7
Australia	3	77.9
Sweden	4	73.7
Denmark	5	72.5
Switzerland	6	70.9
Taiwan	7	69.5
Finland	8	69.3
Netherlands	9	69.0
UK	10	68.6
Singapore	11	67.9
Iceland	12	67.5
France	13	67.2
Belgium	14	66.5
Norway	15	65.1
Chile	16	65.1
Germany	17	64.6
Austria	18	64.0
<b>Ireland</b>	<b>19</b>	<b>61.8</b>
Puerto Rico	20	61.7

Country	Rank	Score
Singapore	11	67.9
Iceland	12	67.5
France	13	67.2
Belgium	14	66.5
Norway	15	65.1
Chile	16	65.1
Germany	17	64.6
Austria	18	64.0
Ireland	19	61.8
Puerto Rico	20	61.7
Israel	21	59.7
Hong Kong	35	46.6
Japan	36	46.1
Saudi Arabia	46	43.5
China	47	41.6
Russia	70	33.2
Nigeria	74	31.6
India	76	31.3
Brazil	81	30.4
Bangladesh	121	13.8

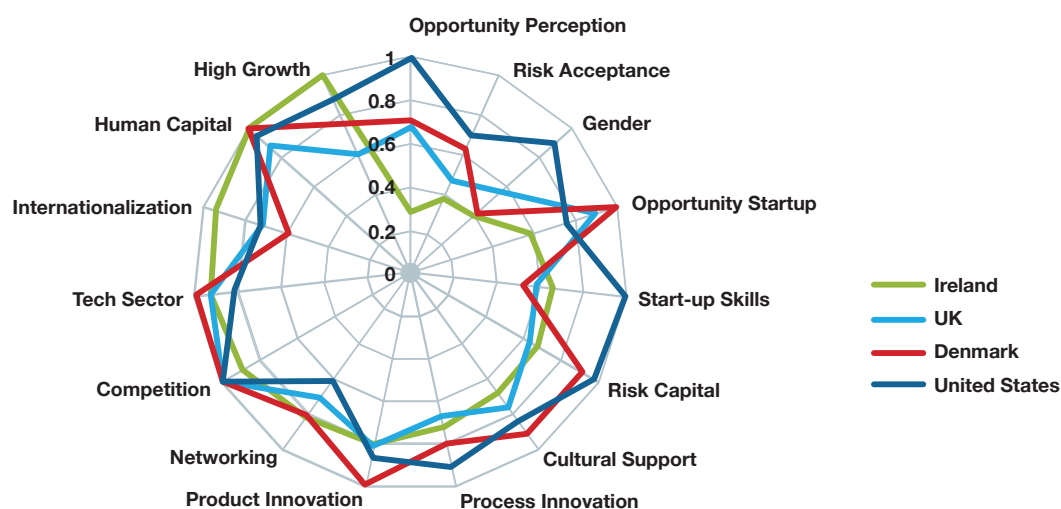
Using this entrepreneurship-related data to compare countries, the index provides a global picture of the entrepreneurship ecosystem. The index is particularly valuable in identifying local bottlenecks. A number of the larger EU countries, such as Britain (10th), France (13th) and Germany (17th), all perform below their potential because of a shortage of venture capital. Developing countries often perform inconsistently. Latin America's high scores on attitudes towards entrepreneurship are undermined by its poor scores on the ability to capitalise on those attitudes. China fares poorly when it comes to competition and the availability of startup skills, while India has a shortage of venture capital. The capital-rich Gulf States score very low on launching new products and on starting new companies.

Some countries rank lower than might have been expected. Israel, for example, is ranked 21st, despite having one of the world's most vibrant high-tech economies. Hong Kong comes 35th, despite being one of the largest business centres in Asia.

## Basic characteristics – Ireland

The GEDI spider diagram below compares Ireland's profile to those of UK, Denmark and the United States based on the GEDI 15 pillar values.

## GEDI Pillar Comparison





This analysis shows Ireland is performing relatively well in overall terms, with particular strength in such areas as human capital, internationalisation and encouraging high growth firms. In the introductory chapter of this Policy Statement (Strategic Objectives) the Government has confirmed its focus on maintaining these strengths. The DJEI is committed to enhancing Ireland's performance in these areas by setting the following high level objectives. We will:

- Improve the quality and range of ICT professionals domestically to make Ireland a hub for technology startups;
- Stimulate and support quality entrepreneurial ventures that have high growth, export, wealth and job creation potential.
- Ensure startups target clearly identified customer/market segments, supported by clearly developed value propositions. If appropriate, ensure they are export-oriented at an early stage.

This analysis also highlights areas that need to be addressed, including opportunity perception (the proportion of the population that can identify good opportunities to start a business), gender (the proportion of female entrepreneurs), cultural support and risk acceptance or fear of failure. As indicated the introductory chapter, actions will be taken under the following high level objectives to address these weaknesses. We will:

- Make entrepreneurship an integral part of our ambition as a nation. Support its development in our education system, in our communities and in corporate behaviours.
- Celebrate and reward successful entrepreneurs.
- Ensure that greater numbers of people, particularly in underrepresented cohorts such as females, youths and older persons, start and run their own business.
- Create a business environment, in terms of company law, taxation, regulation and licensing, which makes it is easy to start and grow a new business, making it one of the most attractive environments for entrepreneurship in Europe.

Further in-depth analysis will be undertaken to identify precisely what factors are influencing both high and low performances in the GEDI pillars. Using this data we will create an accurate picture of the entrepreneurship ecosystem in Ireland. We will then be in a position to identify the policies and initiatives that are delivering for entrepreneurs, the initiatives that could be doing more and the bottlenecks where intervention would improve the entrepreneurship ecosystem the most.

## National System of Entrepreneurship

A National System of Entrepreneurship is:

*"the dynamic, institutionally embedded interaction between entrepreneurial attitudes, activities, and aspirations, by individuals, which drives the allocation of resources through the creation and operation of new ventures."*<sup>7</sup>

All policy initiatives that are intended to stimulate or promote entrepreneurship and innovation are the basis of the national system for entrepreneurship in Ireland. The national system or framework consists of a number of sub-systems and components that interact to produce system performance. It is critical that relevant index/indicators are used to measure and inform analysis of the system as a whole.

As emphasised by GEDI, a country's level of development has important implications for the approaches and policies it adopts in respect of entrepreneurship. Factor-driven economies need to focus on entrepreneurial attitudes, to stimulate initial activity and subsequently begin the process of enabling entrepreneurial aspirations. The focus of efficiency-driven economies, however, should be squarely on promoting entrepreneurial activity. However, here too, it is important to continue efforts to improve attitudes towards entrepreneurship and to develop entrepreneurial aspirations.

Given that Ireland is performing strongly across international entrepreneurship benchmarks, as measured by GEDI, Ireland's entrepreneurial profile is that of an innovation-driven economy. The innovation-driven stage is biased towards high value added industries in which entrepreneurial activity is important. In innovation-driven economies, the key focus should be on aspirations - the newness of the product and of technology, internationalisation, high growth ambitions and finance variables are included in the aspirations sub-index.

## GEDI

Level of Development	Attitudes	Activity	Aspirations
Factor Driven Economy	Key Focus	Develop	Start Enabling
Efficiency Driven Economy	Continuous Improvement	Key Focus	Develop
Innovation Driven Economy	Continuous Improvement	Continuous Improvement	Key Focus

The implied key focus for Ireland, therefore, is to identify the areas where the national entrepreneurial performance may be held back by such bottlenecks as restricted product innovation, process innovation and limited availability of risk capital.

For an innovation driven economy, opportunity perception potential is a prerequisite to recognising and exploring novel business opportunities. To exploit these opportunities, it is critical to have the proper startup skills and personal networks. Even when both opportunity recognition and startup skills exist, attitudes such as fear of failure may prevent a potential entrepreneur from ever starting.

High growth potential is also critical and is determined by quality measures, including opportunity motivation for startups that belong to a technology-intensive sector, the entrepreneur's level of education, and the level of competition. The institutional variables include the freedom to operate a business, the capability to absorb technology, the extent of staff training, and the dominance of powerful business groups.

For Ireland's national system for entrepreneurship to function effectively it will be essential to measure and monitor entrepreneurial activity at all stages of the process.

## Key Actions: Benchmarking/Measuring Entrepreneurship in Ireland

- Conduct a comprehensive profile analysis of the national entrepreneurship ecosystem in Ireland to assess current national performance against international comparators. This assessment should take the form of an in-depth analysis to assess the individual indicators and data for Ireland compiled across international benchmarks. This analysis will reveal the particular conditions that are driving high or low scores across the internationally recognised indicators for entrepreneurship and identify areas in which policy improvements would improve the entrepreneurship ecosystem the most. (DJEI)
- Develop a consistent benchmark index for Ireland that will measure and track trends across the national entrepreneurship system. This comprehensive analysis should assist in identifying strengths, weaknesses and opportunities across the ecosystem and will form the basis of an annual report to the Minister for Jobs Enterprise & Innovation. (DJEI)
- The National Competitiveness Council will support the DJEI in examining entrepreneurship indicators as a measure of competitiveness. (NCC, DJEI)

# 1

# Culture, Human Capital and Education

**Promoting a national spirit and culture of entrepreneurship is essential if we are to facilitate a strong pipeline of future business startups**

Promoting a national spirit and culture of entrepreneurship is essential if we are to facilitate a strong pipeline of future business startups. Education plays an essential role in shaping attitudes and culture – from the primary school level up. The earlier and more widespread the exposure to entrepreneurship and innovation, the more likely it is that students will consider becoming entrepreneurs in the future. We also must ensure that the system supports young people and adults to acquire the skills enterprise needs now and to prepare them to both take up and to create the jobs and workplaces of tomorrow.

From the GEDI pillar comparison on page 17, opportunity perception, risk acceptance and percentage of female entrepreneurs are all areas where Ireland shows weakness compared to Denmark, the US and UK.

## 1.1 Culture

Entrepreneurship is a powerful driver of economic growth and job creation. It creates new companies and jobs, opens up new markets, and nurtures new skills and capabilities. It is vital, therefore, that it be seen as an attractive and viable career option. We need to foster a culture within which successful entrepreneurs are celebrated, recognised and rewarded for their endeavours, not least because this will help legitimise the entrepreneurial career path. The role of the education system in re-enforcing positive perceptions of entrepreneurship is essential to bring about cultural change.

Practical and positive actions that promote the value of entrepreneurs to society and highlight the career opportunities afforded by new business creation or acquisition are important in helping to change the perception of entrepreneurs.

## 1.2 Human Capital

Certain demographic groups tend to be underrepresented within the entrepreneurial population, especially females, young people, migrants and seniors. Increasing entrepreneurship levels amongst underrepresented groups will require policy interventions that are transparent and inclusive and tailored to meet their needs. Much work is being undertaken by the Government to promote entrepreneurial role models, foster positive attitudes to risk taking, teach basic business management and financial literacy and address skills gaps.

The gap between the numbers of males and females starting their own businesses each year has narrowed (the ratio is currently 1.9 males: 1 females)<sup>8</sup> but there is scope for further progress. A gender breakdown of Enterprise Ireland high potential startups (HPSUs) in recent years shows a far larger gap between the numbers of male-led HPSU companies to female-led companies. Analysis undertaken in 2012 of the previous 10 years of HPSU companies in Enterprise Ireland's

client base indicates an average of only 5% of HPSU startups were led by female entrepreneurs. In 2012, female led enterprises accounted for just 7% of HPSU investments. Enterprise Ireland conducted research in 2012 which showed the following challenges specific to female entrepreneurship:

- **Fewer role models;**
- **Less access to finance and lower levels of risk taking;**
- **Low self-confidence;**
- **Limited female networking opportunities; and**
- **Lack of technical expertise.**

It is essential that potential female entrepreneurs are made aware of the significant range of support programmes that have been put in place by the various enterprise agencies to address these challenges and to encourage and inspire an increase in female-led businesses. Targeted actions have shown positive change. In 2013, 57% of participants attending core training programmes in Local Enterprise Offices (LEOs) were female. In 2013, Enterprise Ireland invested in 103 HPSUs and 41 of these young companies were female-led projects, up from 16 in 2012. The focus now must be to help these young companies to realise their full potential to achieve significant scale and become major international businesses in markets across the globe.

The Entrepreneurship Forum noted the need to address the entrepreneurial needs of the significant number of unemployed people in Ireland, many of whom are young. Few business development support schemes in the past have specifically targeted youths. This issue is now being addressed with new initiatives. As part of the Action Plan for Jobs, the Local Enterprise Offices launched a competition in 2014 to identify Ireland's Best Young Entrepreneur. Open to people under 30 years of age, the competition has a total prize fund of €2 million available to reward young entrepreneurs. Winners at county level will be eligible for an investment in their businesses of up to €25,000, while winners at national level can receive additional investments of up to €50,000 each. Mentoring, marketing and other supports will also be available to participating businesses at various stages of the competition.

The youth cohort is a vast resource that is significantly underused. It is important that support is targeted at groups with the greatest potential, in particular those unemployed youths who already possess professional skills and competences that could be transferred through business coaching and mentorship to self-employed businesses.

Gaeltacht areas are some of the most remote in Ireland, creating particular challenges for enterprise stimulation and job creation. While generally positive in tone, a recent IBEC Economic Update (28 July 2014) showed a drop of between 2% and 4% in youth population in the BMW regions (vis-à-vis the national average), which comprises large tracts of Gaeltacht areas in Donegal, Mayo and Galway. Policy initiatives should seek to address this trend amongst 20 – 34 year olds by improving the entrepreneurial ecosystem of the west to make it more attractive to young entrepreneurs.

Graduate entrepreneurship is also important. A new targeted programme to encourage entrepreneurship among graduates was launched by Enterprise Ireland in May 2014. The main purpose of the Graduate Competitive Start Fund is to provide up to 15 graduates with the critical early stage funding to enable them to reach key commercial and technical objectives that will in turn ensure delivery of their product or service and help them reach key funding milestones.

Action has also been taken by Enterprise Ireland to roll out an enhanced Student Enterprise Awards initiative targeting a greater number of students from the third level sector and increasing the quality of applications.

Early-stage entrepreneurship is higher among immigrants (11%) than among the non-immigrant population (8.8%). It is important that policies to encourage entrepreneurship in Ireland take full account of the entrepreneurship potential of immigrants. In particular, support measures and policy initiatives should help attract to Ireland talented entrepreneurs intending to create global companies.

With the median age of the population in Ireland expected to rise significantly in coming decades, older people are a potentially valuable resource for entrepreneurship. This cohort has experience and knowledge and it is essential that support programmes harness this resource. The national system of entrepreneurship must engage seniors in both business creation and in supporting new and existing entrepreneurs. This will maximise the wealth of experience they possess that can be lost on retirement and ensure effective knowledge transfer.

Initiatives such as 'Senior Enterprise' encourage motivated older people to serve as voluntary mentors, potential buyers of or investors in businesses, or as temporary managers to assist startups or businesses in transition.



## 1.3 Education

The Department of Education and Skills supports enterprise in schools through the development of a basic understanding of scientific principles and methods and of business. It also encourages active and collaborative learning, the development of ICT skills in the revised primary curriculum and good arts education, all of which foster creativity, innovation, risk-taking and other key elements in entrepreneurial thinking and action.

Skills underpinning entrepreneurship are also central to the new Framework for Junior Cycle and there are many examples of good work being undertaken in many schools at transition year in mini-company formation and other projects designed to foster entrepreneurship.

The education and training system will continue to play a critical role in developing Ireland's enterprise and innovation infrastructure. It is currently undergoing an unprecedented level of structural reform. Ensuring that the system supports young people and adults in the acquisition of skills that are needed in the workplace is a key objective of this reform process. There is a particular emphasis, too, on the development of higher-order thinking skills, the ability to observe, collate and evaluate evidence, to question, summarise, analyse and interpret and the development of problem solving skills.

All of the above skills, allied with the attainment of competence in a second modern language, form an important basis for lifelong learning and for creating a culture of enterprise. These education initiatives need to be further developed over the coming years. Good practice models will be mainstreamed and successes recognised. Audits and peer reviews can help embed stronger support for entrepreneurship.

In a number of European countries (eg. Denmark, Estonia, Lithuania, the Netherlands, Sweden, Norway, Wales and the Flemish part of Belgium) specific strategies have been introduced to promote entrepreneurship education. The EU Commissions *Entrepreneurship Education at School in Europe* report in 2012 noted that there is no specific national strategy for Ireland in entrepreneurship education in general education, although there are ongoing initiatives.

Encouraging and promoting an enterprise culture among the student population is an important area of activity for the Local Enterprise Offices. Over 20,000 students a year now participate in the various LEO supported programmes implemented in the education sector at both primary and secondary level including:

- **Student Enterprise Awards - Second Level**
- **Exploring Enterprise - Second Level**
- **Bi Gnothach Enterprise Programme - Primary Level**

A strategy for the Further Education and Training sector has been developed by SOLAS and includes education for entrepreneurship skills. The Higher Education Authority (HEA) is developing an enterprise engagement strategy, within which entrepreneurial education will be an important part. This strategy will set out performance indicators and measures to benchmark entrepreneurial activity in Irish higher education. A range of modules in commercialisation are now being offered across Higher Education Institutes (HEIs) at undergraduate and postgraduate levels, while structured PhDs have commercialisation, innovation and entrepreneurship embedded into programme provision.

Enterprise needs to play a more central role in education to help HEIs provide an environment supportive of entrepreneurship. Some models currently in use can be developed further. For example, Accelerated Campus Entrepreneurship (ACE) has supported eight HEIs embed entrepreneurship within their curriculums, and develop an extensive range of programmes to promote entrepreneurship education. An Enterprise and Entrepreneurial Learning Module has been adopted by 17 different higher education institutions and in June 2014 ACE rebranded itself as CEEN (Campus Entrepreneurship Enterprise Network), marking its transition to a national network. CEEN is available to all HEIs interested in developing entrepreneurship education<sup>9</sup>. The evolution of this programme will be vital in developing future entrepreneurship education in Ireland.

The Department of Education and Skills is currently considering how best to promote entrepreneurship in schools. As an initial initiative, the Department hosted a conference in September 2014.

## Key Actions: Culture, Human Capital & Education

### **Make entrepreneurship an integral part of our ambition as a nation**

- Develop guidance for schools to enhance enterprise in education. (DES)
- Work with education stakeholders across the education system to identify best practice and to mainstream successful programmes wherever feasible. (DES)
- Examine the Entrepreneurship in the Schools activity in each LEO area and develop strategies to increase participation and impact. (LEOs, DJEI)
- Develop a programme engaging entrepreneurs in exposing students to the excitement and opportunity of entrepreneurship, starting with a pilot across LEOS. (EI, LEOs, DES, ÚnaG)
- Map relevant entrepreneurship activities in higher education institutions as part of the overall strategy for higher education engagement with enterprise and embed entrepreneurship support within the HEI System Performance Framework. (DES)
- Develop an enterprise engagement strategy for higher education to include entrepreneurial education as an important part of the national framework for enterprise engagement. (HEA)
- Set out performance indicators and measures to benchmark entrepreneurial activity in Irish higher education. (DES, HEA)
- Develop an Entrepreneurial PhD programme with a view to training more scientists in SFI supported research teams to launch their own businesses. (SFI, Irish Research Council, with relevant stakeholders)

### **Celebrate and reward successful entrepreneurs**

- Develop existing entrepreneurship award schemes to ensure specific categories of untapped potential are promoted and to promote emerging entrepreneurship networks, clusters and accelerators. (EI, LEOs)
- Work with other award giving initiatives to increase public awareness of entrepreneurship successes. (DJEI, EI)
- Develop new measures within the Gaeltacht to recognise local entrepreneurs, building on Gradam Gnó na Gaeltachta (Gaeltacht Business Award). (ÚnaG)

### **Ensure that more people have an equal opportunity to start and run their own business**

- Work with the Department of Social Protection to promote the Back to Work Enterprise Allowance, and support these startups with appropriate interventions e.g. mentoring, micro-loans. (LEOs, INTREO)
- Develop dedicated calls under LEO, Údaras na Gaeltachta and EI programmes to target underrepresented cohorts. (EI, LEOs, ÚnaG)
- Evaluate the Ireland's Best Young Entrepreneur Fund with a view to building on the success of the 2014 scheme and increasing the number of youth entrepreneurs accessing support systems. (LEOs, EI, ÚnaG)
- Ensure that entrepreneurship is recognised as a career option in the roll out of the new apprenticeships system. (DES)
- Promote female entrepreneurship through identification and promotion of female role models, targeted events and awards, support for female entrepreneur networks and promotion of a dedicated area on corporate websites. (LEOs, EI, ÚnaG)

### **Improve the quality and range of ICT skills domestically to make Ireland a hub for technology startups**

- Deliver the ambitious plan to increase the availability of ICT skills from Irish Education Institutes. (DES)
- Increase the attractiveness of STEM subjects to a larger cohort of Leaving Certificate students. (DES)
- Develop a web portal to attract international talent with in-demand skills to Ireland. (EI, IDA, D/Social Protection, D/Foreign Affairs, Irish Software Association, ICT Ireland)
- Develop Junior Cycle short courses in Digital Media Literacy and Coding. (NCCA)
- Facilitate the issuing of up to 2,000 employment permits per year to experienced ICT professionals with skills in high demand. (DJEI)



# 2

## Business Environment & Supports

There is a range of framework conditions and policies that can affect both first time entrepreneurs and serial entrepreneurs. These include tax rates and incentives, education and training, regulation, legislation, the climate for R&D, immigration, trade, infrastructure and Government funded enterprise supports. Well-functioning, appropriate and stable framework conditions, incentives and supports form the basis of a good entrepreneurship ecosystem.

Public authorities regulate in the public interest to achieve a variety of goals. They try to ensure a fair and competitive marketplace, to protect health, to promote safety and to stimulate innovation. Regulation is a tool for delivering policies and meeting citizens' expectations. However, it is essential that entrepreneurs are not inhibited or discouraged by red tape and unnecessary bureaucracy.

The high attrition rate among new companies highlights the importance of ensuring that the framework conditions and targeted actions support the sustainable growth and long term survival of high quality businesses. Ongoing focused work will be required in such policy areas as access to finance, tax, reward for risk, administrative and regulatory burdens, exporting, advisory & counselling services and education.

In designing policies, laws and regulations, the Government and its agents must adopt the best approaches possible, optimising opportunities for economic and social progress and minimising potential negative effects. They must also listen carefully to the views of people affected by these instruments.

The Commission for the Economic Development of Rural Areas (CEDRA) report, *Energising Ireland's Rural Economy*, published in April 2014, identified that the recent downturn in economic activity has had a greater detrimental impact on rural areas than on urban ones. Since 2008 unemployment and emigration levels disimproved by 192% and 27% respectively in the countryside, compared to 114% and between 15% and 17% in urban areas. Equally significant, rural areas are not experiencing the same level of economic rebound as their urban counterparts. This is of major national significance as rural areas account for 57% of Ireland's total population.

An increase in entrepreneurship in rural areas is essential to rural economic development and wellbeing. The development of Local Enterprise Development Plans will identify new initiatives and opportunities to support this agenda. It is also essential that rural areas have the capacity to benefit from the mechanisms proposed within this Policy Statement. The poor level of internet/broadband access and capacity in many rural areas is a handicap to their strategic development.

Irish arts & culture has had significant achievements on the international stage and represents an important area of opportunity for entrepreneurial led growth. There are also significant entrepreneurial opportunities in the heritage sector, particularly in more peripheral areas. Opportunities range from traditional heritage tourism products to new opportunities in such areas as adventure tourism, outdoor sport & recreation, ecological and wildlife tourism. Agri-food entrepreneurship can also be built on a strong commitment to sustainability and protection of natural assets. These are all areas offering significant growth potential.

**Well-functioning, appropriate and stable framework conditions, incentives and supports form the basis of a good entrepreneurship ecosystem.**

Food tourism is developing fresh dimensions as a new generation of craft brewing and distilling entrepreneurs is developing products with an emphasis on quality, provenance and innovation and also investing ancillary businesses such as visitor centres and food and drink trails. Investments in distilling range from €5-10 million to hundreds of million euro in the case of existing players. Four new distilleries are in operation and 20 more are planned. At present some 33 microbreweries are in operation; a further 17 are in development and by end 2014 some 21 counties are expected to have a craft brewery. Internationally the market for Irish Whiskey is one of double digit growth and craft beers are increasingly associated with their individual story and associated good food match. The development of the Wild Atlantic Way and other themed trails is an opportunity for the growth of small food and drink business clusters, which generally have a greater multiplier effect than single businesses. The potential for artisan food and tourism to create value and employment has been noted in the CEDRA report.

Tourism continues to be one of Ireland's most important economic sectors. Entrepreneurship within this sector has significant potential to play a further role in Ireland's economic renewal. A broad range of business sectors draw part of their revenue stream from tourists. These sectors include transport, retail, pubs and restaurants, accommodation, entertainment venues, visitor attractions, tour guides and parts of the education sector. Research by Fáilte Ireland indicates that up to 200,000 jobs are supported by the tourism sector. The Department of Transport, Tourism & Sport and Fáilte Ireland will continue to work to identify and exploit opportunities for convergence between tourism and other areas of enterprise and entrepreneurship. The provision of support by LEO's and Local Action Groups to startup and developing tourism enterprises will be aligned with the Local Authorities tourism objectives and plans for their areas.

Ireland has a good reputation as a place where it is easy to start a business.

Some of the well-recognised strengths are:

- Availability of talent
- Low rate of corporate tax
- Availability of R&D tax credits
- Low rates of non-wage add-ons to labour costs
- Ease of establishing an enterprise
- Flexible labour

Some less well known strengths are:

- The availability of seed and venture capital funds
- The availability of tax breaks under various startup tax reliefs
- An expanding suite of easy-to-use regimes that take unnecessary compliance costs out of the requirement to meet regulatory standards

However, in the 2013 public consultation on entrepreneurship, various stakeholders highlighted areas for improvement, including:

- Many of the supports for startups are difficult to understand and complex to use
- The legislation to allow people whose initial venture failed a second chance is underdeveloped
- Irish permissions and licensing are sometimes not as responsive as those of our competitors
- Some elements of the tax code create unintended consequences for entrepreneurship in areas such as Capital Gains Tax (which is seen as unfavourable for entrepreneurs).

Work has already started in making improvements in many of these areas. The suite of tax policies that affect entrepreneurs is being reviewed. New examinership and personal insolvency regimes have recently been put in place. A new licensing regime is being piloted in the retail sector with a view to it being made more widely available. A new Company Law bill, which will greatly simplify incorporation of an enterprise, is currently before the Oireachtas.

The Department of Social Protection provides support for unemployed people to start a business in the form of the Back to Work Enterprise Allowance. To support job creation, a range of employment supports are also available. These include a free recruitment service through the Jobs Ireland service, the JobBridge internship scheme, financial assistance through Jobs Plus and a range of workplace support schemes to support employers who employ a person with a disability. An Employer Pack, available on the Department of Social Protection's website, contains more details on these supports and services.

The Social Inclusion and Community Activation Programme (SICAP) will seek to further address poverty and social exclusion through front-line interventions and the provision of self-employment, community and social enterprise supports as potential routes towards addressing long term unemployment and socio-economic disadvantage. This work and its contribution towards self-employment is set out in detail in the Pobal report “Supporting Inclusion through Self-employment.” In the main, this work has been undertaken by Local Development Companies, who are supported via the assistance of the Department of Social Protection Back to Work Enterprise Allowance (BTWEA) scheme.

It is clear that an integrated approach is needed which combines the full range of services in supporting the development of an entrepreneurial culture in Ireland. The new Social Inclusion and Community Activation Programme as well as the LEADER programme will play a valuable role in driving our ambition. These programmes have a remit for working in disadvantaged communities across the country. Local and Community Development Committees (LDCs) have been established in each local authority area and will be responsible along with the local authority for the drafting of a Local Economic and Community Plan (LECP). The LECP will seek to address community and local development responses to employment, self-employment and social enterprise.

The Local Enterprise Offices (LEOs) are required to draft an annual plan for boosting enterprise which should be complementary to the LECP. It is also essential that all sources of funding in support of enterprise are fully complementary and avoid duplication. Therefore, strong co-operation and consistency among all of the actors is vital in support of enterprise in each county.

To achieve the objectives of this Policy Statement, a set of actions will be developed in each of the coming years to enhance the business environment and supports for entrepreneurs.

## **2.1 Taxation**

The tax environment for entrepreneurs and investors in Ireland has become more challenging, particularly when compared with the UK’s tax rates. It is critical that Ireland should remain competitive as a location for both home-grown and internationally mobile entrepreneurs.

As emphasised in the Action Plan for Jobs 2014, the right conditions for entrepreneurship to thrive include fiscal policy, with both tax rates and tax incentives supporting entrepreneurship and influencing investment decisions. Taxation has an important role to play in developing Ireland’s entrepreneurship ecosystem to meet the highest international standards and facilitating the growth of startups into enduring companies offering sustainable long-term employment.

The effective tax rate, rather than the nominal rate, is regarded as one of the most important measures of the competitiveness of a country’s tax system. Ireland’s effective corporate tax rate, which is low, certain and affords favourable treatment of investment in research, is competitive and transparent. It has been a key attraction for international investment and will continue to be in the future.

### **2.1.1 Startup Company Relief**

Startup Company Relief provides relief from corporation tax for new startup companies for the first three years of trading in respect of profits from a new trade and chargeable gains on the disposal of assets used in the trade. Such relief applies if the total corporation tax payable for an accounting period does not exceed €40,000. Marginal relief is available if the total corporation tax payable is between €40,000 and €60,000. The value of the relief in each of the three years is capped at the amount of employers’ PRSI paid by a company.

### **2.1.2 Start Your Own Business**

The Start Your Own Business (SYOB) scheme provides relief from income tax for people who were long-term unemployed (unemployed for 12 months or more and in receipt of social welfare support/training) immediately before starting a business. The scheme provides an exemption from income tax up to a maximum of €40,000 per annum for a period of two years for qualifying individuals. This relief applies to income tax and does not extend to Universal Social Charge or Pay Related Social Insurance. The relief is available in respect of unincorporated businesses set up between 25th October 2013 and 31st December 2016. Data on take-up of the scheme is not yet available.

### 2.1.3 Share Based Remuneration in Private Companies

Share based employee remuneration can significantly reduce fixed labour costs and capital requirements, thereby providing significant cash-flow benefits to an enterprise, particularly a high potential startup. The extent to which a company can avail of tax efficient share based employee remuneration relief in Ireland, compared to other countries, plays a significant part in this country's attractiveness to entrepreneurs.

Irish tax legislation allows for many types of schemes which facilitate employers who wish to allocate shares, or grant options to buy shares, to their employees. These include share option schemes, 'save as you earn' share option schemes, approved profit sharing schemes, restricted share schemes and employee share ownership trusts.

The current tax treatment of share options, however, is considered to be less competitive than that available in other countries and this is having a negative effect on the ability of Irish startups to attract world class talent. The perceived problems concern the timing of tax liabilities, the administrative costs involved and the high rates of capital gains tax. This creates a particular challenge for businesses seeking engineering or executive level talent to fill such roles as chief executive officer, chief operating officer and chief financial officer.

In practice, because of the immediate tax liabilities triggered, the use of share based employee remuneration by private companies in Ireland is limited. In addition, for smaller companies the administrative burden of setting up such schemes is unduly high. This puts Irish-based private companies at a distinct competitive disadvantage compared to stock exchange listed companies when competing to attract and hire suitably skilled staff from the global talent pool.

### 2.1.4 Seed Capital Scheme & Employment and Investment Incentive

The Seed Capital Scheme (SCS), in conjunction with its associated scheme, the Employment and Investment Incentive (EII), are tax relief incentive schemes. The EII provides tax relief to unrelated private investors for investment in certain corporate trades. The SCS provides for a refund of income tax already paid to those who are or were in employment which was subject to PAYE and who establish and work full time in their own company when that individual makes a relevant investment in a qualifying company.

Neither the SCS nor the EII is used extensively, indicating that reforms are probably required to improve the promotion and uptake of these measures. Both schemes are currently being reviewed by the Department of Finance ahead of Budget 2015.

### 2.1.5 Capital Gains Tax

Investment and reinvestment of capital are essential to enterprise development. Following a number of capital gains tax (CGT) rate increases in recent years, Ireland's CGT rate has increased to a relatively high rate in international terms of 33 per cent, without any indexation allowance to compensate for the effects of inflation. These increases in CGT rates create a challenge for Ireland's competitiveness. They have been made during a period in which many other countries have gone in the opposite direction, enhancing their competitiveness as a location for entrepreneurial activity by significantly improving their tax treatment of capital gains.

Subject to EU State aid clearance, Budget 2014 introduced a targeted CGT relief designed to encourage business people to re-invest the proceeds of previous asset disposals into new business ventures. The benefit of this incentive is restricted in the current fiscal circumstances, but it will be reviewed with a view to improving it in the light of experience and other developments.

## 2.2 Business Registration

The quickest country in which to register a new business is New Zealand, where it takes just half a day, according to the World Bank's 'Doing Business' Survey 2013. In Ireland it takes 10 days, putting the country in 10th place internationally. The global average time for business registration is now around 30 days – a significant improvement on the average of 50 days recorded in 2005. It is notable that many of the countries with the fastest new business registration services, i.e. New Zealand, Australia, Singapore, Canada and Denmark, offer electronic registration.

Work is ongoing to significantly reduce the time and cost of company incorporations in Ireland. Over the past three years alone the Companies Registration Office (CRO) has reduced processing time by three days and the cost of registration by one third, achievements due to augmenting its online business registration facility. The CRO intends to reduce the average length of time required to register a new business to eight days in 2014 and to seven days in 2015.

With regard to registering for tax, customer service standards for business tax registration require that 100% of such applications are completed within five working days, with the exception of 10 working days for VAT registration applications. There is scope to continue to improve these registration processes.

## 2.3 Reducing Administrative Burdens

The High Level Group on Business Regulation is a standing dialogue of officials, business and union representatives, chaired by the DJEI, which is responsible for identifying ways of reducing the burden of red tape on business. The Group encourages business to bring key regulatory burdens and unnecessary process complexity to its attention along with proposed solutions that might be pursued by the Group in order to improve the way Government agencies interact with business.

An easy to use web portal ([businessregulation.ie](http://businessregulation.ie)) for all key business regulatory compliance issues has been introduced to help reduce the regulatory burden on the enterprise sector. Launched in June 2012, the portal brings together in one place information on regulations imposed by over 30 Government bodies and how companies can best comply with them.

An integrated licensing system is also to be introduced. This will provide businesses with a single web portal through which businesses will be able to apply for and renew a wide range of licences. The new system will be developed for the retail sector in the first instance and subsequently rolled out to other sectors of the economy.

Much effort has already been put into streamlining Company Law obligations and compliance obligations to make them easy to understand and execute for compliant enterprises. The Companies Bill 2012 restructures, consolidates, simplifies and modernises company law in Ireland, with the ultimate aim of improving Ireland's competitive position as a location for business investment. It provides a state-of-the-art framework for all businesses operating in Ireland, both domestic and foreign based, and will be enacted in 2014.

To assist with compliance, simplification tools will be provided. BeSMART is one example of this. Introduced by the Health and Safety Authority, this free on-line risk assessment tool is aimed specifically at Small and Medium Enterprises and has the potential to bring about €50 million in compliance cost savings for business.

Work will continue to drive efficiencies in many of the necessary interactions of new businesses with the State e.g. turnaround time for work permits, more online facilities and first stop shop services.

## 2.4 Supports

Ireland has developed an extensive range of supports for startups. The direct spend on these programmes is over €100 million per annum. A sample of the scale and cost of various programmes are summarised below and further details are provided in Appendix 1.

Programme	€m 2013	Participating Enterprises 2013
High Potential Startups	21.7	104
Competitive Start	4.3	60
HPSU Feasibility Study	2.6	212
Competitive Feasibility	1.0	43
New Frontiers	6.1	144
EI - Mentoring	0.6	513
LEO Grants	10	776
LEO - Mentoring	2.0	6,500
Startup Training	4.0	3,800
Seed & Venture Capital	55.0	186
Commercialisation Fund	15.7	64
Incubation Centres (26)	2.0	355

The supports available range from startup training and feasibility study grants to direct support, access to seed and venture capital and various levels of mentoring and capacity building. Of the 12,000 startups each year the DJEI enterprise agencies provide direct support to approximately 1,200 and soft (i.e. non-financial) support to over 4,000. Direct support is only made available to enterprises with the capacity to export, an approach which remains an important policy principle. Recent reorganisation of the Local Enterprise Offices into a 'First Stop Shop' for all business supports has made it much easier for businesses and potential entrepreneurs to access the wide range of services provided by the different government agencies.

The business support programmes offered are subjected to rolling evaluation. To date these evaluations have been positive, identifying good benefit to cost ratios. Where appropriate, recommendations for improvements have been made as a result of these evaluations. A wider range of performance indicators will be developed on foot of this Policy Statement to benchmark progress and compare best practice at home and abroad. A set of challenging performance targets will also be set for all agencies involved in the provision of business supports.

Early intervention by the Local Enterprise Offices and Enterprise Ireland continue to play an important role in helping people to establish businesses, accelerate their business development and to build up the skills and contacts needed to successfully start and grow. These interventions are provided through various channels such as business planning support, mentoring, feasibility funding, competitive start funding, innovation vouchers, entrepreneur development programmes such as New Frontiers, workshops, networks and incubation and accelerator programmes.

To improve the performance of startups further, one of the aims of this Policy Statement is to increase the emphasis placed on the quality of interventions. The mix of programmes and the resources allocated to them will be closely tracked to ensure optimum impact. Areas offering potential for improvement include:

- The number of HPSUs achieving scale
- The number of LEO clients' progressing into overseas markets and into EI programmes
- The range and quality of mentoring, the level of access to new support providers and the level of choice given to entrepreneurs
- Better integration of the Community Enterprise Centres into the Local policy for entrepreneurship
- The opportunity to make greater use in an integrated way of the supports across government
- Opportunities to work with other stakeholders to develop hubs for entrepreneurship and sectoral clusters to support startups
- Delivery of greater commercial impact by the innovation system
- The capacity of startups to evaluate the financial aspects of their businesses and to present this information in a credible way to potential funding sources

Basic business skills are essential for all potential entrepreneurs. Between 2005 and 2010, 18,899 individuals participated in one of the Start Your Own Business training courses provided countrywide by the LEOs. Year on year the number participating grew by an average of 7.5 per cent. Analysis indicates that at least half of all course participants go on to start a business, while 10 per cent use what they have learned to enhance their management of an existing business. Benchmarking the quality and outcomes of these courses against best international practice is an important requirement for the providers of these Start Your Own Business courses.

The attrition rate for new companies within the first five years is high (52% failed within five years of starting up, according to CSO data for the period 2007 to 2012). This suggests there is a strong need to ensure that the framework conditions and targeted actions for entrepreneurship support the long term survival and sustainable growth of high quality businesses. This Policy Statement, therefore, seeks to put as much emphasis on new startup sustainability as it does on facilitating increases in the numbers of startups. Entrepreneurs need to be encouraged to recognise quickly if a business idea is not working, to learn from their experience and to try again. Appropriate supports bear fruit in terms of survival rates. Overall, the survival rate for enterprises that are State supported (in existence after five years) is high. This ranges from 68% in LEO supported enterprises to over 85% for Enterprise Ireland's High Potential Startups (HPSUs).



## 2.5 Local Enterprise Offices (LEOs)

Promoting entrepreneurship at local level is a key objective of this policy statement. The new Local Enterprise Office (LEO) structure combines the expert knowledge of the former County and City Enterprise Boards (CEBs) and the business development expertise of the Local Authorities. This new structure will be overseen by the dedicated National Centre of Excellence in Enterprise Ireland which will ensure that best-practice will prevail across the LEO network. All 31 LEOs opened for business on 15th April 2014 following the legal dissolution of the CEBs. The model will ensure that support for the startup and micro-enterprise sector will be considerably enhanced by offering easy access to a wider range of supports by tapping into the potential for local authorities to use their reach to open up opportunities and solutions for startups, and by testing and developing innovative approaches.

The role of the Enterprise Ireland Centre of Excellence is to provide strategic, administrative and technical supports to the LEOs. The aim is to optimise the effect of the LEOs on the development and growth of the micro and small business sector at local level, with a cumulative positive effect at national level. There will be close oversight of the performance of programmes through service level agreements and evaluations. Given the stronger connectivity of the LEOs to Enterprise Ireland from both a policy and practical perspective, the progression of appropriate LEO supported businesses to becoming EI supported businesses will become more structured and coherent. In particular, the Centre of Excellence will develop and manage a formal client transfer mechanism and play a lead role in linking high potential LEO clients to the Potential Exporters Division in Enterprise Ireland. In addition, the development of robust and targeted metrics for the LEOs as part of their Local Enterprise Development Plans will help them prepare their clients for a more seamless transition to becoming EI clients.

The LEOs will also have a particular focus on female and youth entrepreneurship through such initiatives as the Women in Business Networks, National Women's Enterprise Day, the Student Enterprise Awards scheme and the recently launched Ireland's Best Young Entrepreneur Competition. However, the LEOs will also be key drivers of entrepreneurship across society through both formal interventions and initiatives such as workshops, seminars and promotional activities. Their higher local, regional and national profile, the new tripartite partnership with the Local Authorities and Enterprise Ireland and the new relationships and linkages with other State Agencies and Bodies will all contribute to this broad societal focus.

## 2.6 North/South

InterTradelreland is tasked by the Irish and UK Governments to boost North/South economic co-operation to the mutual benefit of Ireland and Northern Ireland. By encouraging better use of our collective resources, InterTradelreland helps to expedite trade and business growth across the island and create an environment in which it is easier to do business. A cross-border approach to entrepreneurship offers an opportunity for the entrepreneur to access resources such as capital, labour and technology that can spark new ideas. It also facilitates growth and enables them to gain valuable export experience that can lead to export activity further afield.

InterTradelreland runs a range of initiatives and programmes for startups and SMEs on both sides of the Border to help those companies develop their capability particularly in the areas of innovation, sales and marketing. These supports include advice on capacity building, public procurement, export development, technology transfer as well as assistance on research, development and innovation initiatives. InterTradelreland support SMEs across the island to identify and develop North/South trade and innovation opportunities through business programmes, research and statistics and networks and partnerships.

The main supports provided by InterTradelreland are:

### **Sales & marketing**

- > Acumen (sales & marketing support)
- > Elevate (sales development support for small business)
- > Go-2-Tender (tender workshops, training and mentoring)
- > Trade accelerator vouchers
- > Trade statistics website

### **Innovation & Collaboration**

- > Fusion (technology transfer through company graduate-academic partnership)
- > Challenge (business transformation and strategic planning)
- > Horizon 2020 supports – voucher scheme and information service

### **Equity Finance**

- > Business Angel networks
- > All-Island Seedcorn Investor Readiness competition

The work of InterTrade Ireland, which is co-funded by the Department of Jobs, Enterprise and Innovation, is designed to build capacity and scale and encourage entrepreneurship in a cross-border context. The challenges for developing SMEs in the Border Region and in developing linkages and cooperation between businesses on both sides of the border generally, to develop business and trade, are closely aligned with our wider ambitions for developing entrepreneurship. A huge opportunity exists to build synergies between enterprises in both jurisdictions for mutual advantage and to help overcome the challenges which have built up over recent decades. The achievements of Intertrade Ireland, in terms of getting entrepreneurs engaged in business development and job creation fully fit with the Government's wider enterprise strategies.



## Key Actions: Business Environment & Supports

- Create a business environment, in terms of company law, taxation, regulation and licensing, which makes it is easy to start and grow a new business and makes Ireland one of the most attractive environments for entrepreneurship in Europe. (DJEI and other relevant Depts)
- Review and consider further amendments to the Employment and Investment Incentive (EII) scheme to fulfil its potential as a non-bank (equity) source of funding for SMEs. (D/Finance, Revenue)
- Review and consider further amendments to the Seed Capital Scheme (SCS) to encourage and support individuals to establish and work in their own companies. (D/Finance, Revenue)
- Develop an integrated licensing application service to help reduce the regulatory burden on the enterprise sector. (DJEI)
- Streamline Company Law obligations and compliance obligations so they are easy to understand and execute. (DJEI)
- Make it easier for a company to qualify for audit exemption. (DJEI)
- Increase business types for which BeSMART is available to include construction and agriculture. (HSA)

### **Promote best-in-class standards across the network of Enterprise Ireland, Local Enterprise Offices and Údaras na Gaeltachta to exploit fully the enterprise assets of their community and foster new thinking in the enterprise area**

- Each LEO will develop a Local Enterprise Development Plan for boosting enterprise. Key targets in the local plan will be new business startups, business expansions and jobs created or sustained as well as wider economic impacts such as exports, mentoring, training and enterprise promotion. (LEOs)
- Local authorities and Local Community Development Committees (LCDCs) will make 6 year Local Economic and Community Plans which will seek to promote economic development and address social exclusion and economic disadvantage in local authority areas. The LECIP will seek to address community and local development responses to employment, self-employment and social enterprise. (Local authorities, LCDCs, DECLG)
- Each Leo will identify how it can facilitate hubs where startups can be established in a supportive network before moving on to accommodate for the next cohort of emerging enterprises. A key approach will be to build on the 100+ Community Enterprise Centres across the country by implementing local protocols to ensure the LEOs are fully integrated into the enterprise development plans of each county. (LEOs)
- The Centre of Excellence in Enterprise Ireland will develop a competitive fund to promote innovation within and across LEO's to enhance the support environment for startups, with a particular emphasis on regions that have struggled to achieve employment growth. Enterprise Ireland will also publish a report each year on the startup environment across the LEOs network, identifying areas of excellence and areas for improvement and innovation. (EI, LEOs)
- Initiatives will be developed at local and regional levels to encourage business to work with LEOs and Údaras na Gaeltachta to support more startups establish, survive and grow (e.g. through mentoring or networking). (LEOs, ÚnaG)
- Initiatives will be developed to increase the flow of LEO and Údaras na Gaeltachta supported enterprises progressing into Enterprise Ireland's Potential Exporters Division. (EI, LEOs, ÚnaG)

- Údarás na Gaeltachta will implement measures to support early stage business development with a particular focus on regional competitive advantage in specific sectors, including cultural tourism, audiovisual and digital technology, marine resources, niche manufacturing, food & beverages and creative language-based services. (ÚnaG)

**Stimulate and support high levels of quality entrepreneurial ventures which have high growth, export, wealth and job creation potential**

- EI will aim to increase its overall level of startup clients by 12% to 550 over the 2014-2016 strategic period. (EI)
- Údarás na Gaeltachta will aim to increase its overall level of startups by 10% over the period 2015- 2017. (ÚnaG)
- Work with all supported enterprise centres (CECs, BICs etc.) to set out ambitions for the cultivation of startups and to publish performance metrics. (DJEI)
- Conduct an audit and evaluation of the quality and outcomes of the Start Your Own Business Courses offered across the country. Benchmark the quality and outcomes of these courses in Ireland against international best practice. (DJEI and other Depts./Agencies)
- Vigorously promote the full range of supports to startups under the Action Plan for Jobs brand to ensure startups are aware of and avail of the full range of available supports. (DJEI)
- The CEDRA Interdepartmental Group and other agencies will develop entrepreneurial activities in rural areas. (CEDRA, LEOs, EI)

# 3

## Innovation

**There are huge inter-dependencies between entrepreneurship and innovation policies**

There are huge inter-dependencies between entrepreneurship and innovation policies. Entrepreneurs need access to innovative ideas, products, processes and services. Equally, innovative products, processes and services need entrepreneurs who are prepared to take risks and develop appropriate business strategies to bring ideas to market. Both entrepreneurship and innovation are associated with “doing something new” and policies can be mutually reinforcing in re-creating economic dynamism. Therefore, maintaining and increasing our capacity for innovation requires fundamental support for entrepreneurship and entrepreneurial innovation.

Enterprise Ireland works with entrepreneurs and innovative startups at all stages of growth, partnering with the LEOs, the universities and the Institutes of Technology to bring together the State’s support structures in a way that works for the entrepreneur.

The Government funds Campus Incubation facilities on every university and Institute of Technology and these accommodate over 350 companies and over 1,500 people.

Increasing company participation in industry/academic collaborative projects continues to be a challenge. Creating a collaborative environment between industry and academia is an important element in the entrepreneurship ecosystem.

### 3.1 Innovation Supports

Entrepreneurs can access a range of pre-investment supports from Enterprise Ireland or their Local Enterprise Office which enable them to investigate the viability and potential of a business idea and to develop their business proposition. Supports available to entrepreneurs include:

› **New Frontiers Programme**

A national incubation programme hosted by the Institutes of Technology that offers participants a package of supports to help accelerate their business development and to equip them with the skills to successfully start and grow a company.

› **Competitive Feasibility Funds**

Aimed at assisting entrepreneurs to investigate the viability of a new growth orientated business that can succeed in global markets. The focus is on developing new businesses that can move beyond the domestic market and demonstrate real potential for internationalisation.

› **HPSU Feasibility Study**

Used to investigate the viability and potential of an innovative/high potential startup and the development of an Investor-ready Business Plan.

When companies have a well-developed business plan and are “investor-ready” they can also access the following supports to facilitate the implementation of company business plans:

### > **Competitive Start Fund**

In the initial phase, early-stage startup companies can face difficulties in raising external financing. The CSF aims to assist startups to bridge this gap and quickly validate their market.

### > **Innovative HPSU Programme**

Allows Enterprise Ireland to offer equity investment to HPSU clients on a co-funded basis to support the implementation of a company's business plans. First time and follow-on equity investments in HPSUs are supported under this offer. Enterprise Ireland can help companies by providing information on the main sources of private investment.

These are all important programmes which can also be used to foster more diversity of entrepreneurial activity eg. by targeting calls for females, specific industry sectors and age cohorts.

Encouraging and supporting innovation and research collaboration is a core mission driven by a range of programmes designed to meet company needs at various stages of development, from Innovation Vouchers worth €5,000 to Innovation Partnerships worth €250,000. These schemes help Irish-based companies that are working with Irish research institutes to access the expertise and resources they need to develop new and improved products, processes, services, and to generate new knowledge and know-how.

Enterprise Ireland has committed to redeveloping its Innovation Partnership Programme with a view to encouraging additional smaller collaborative research projects between companies and researchers in HEIs by facilitating smaller 'right-sized' projects for companies to address specific individual industry needs.

## **3.2 High Potential Startups**

High Potential Startups, also known as High Growth Innovative Startups, are a global phenomenon. There has been an explosion in the number of startups worldwide and countries and cities are competing to attract the best. There is also a growing debate internationally amongst business founders, venture capitalists and Governments about how to scale this generation of startups.

The Irish experience of growing companies from foundation to scale is that it is a relatively slow process, with the journey to €5 million turnover being the longest stretch, even for high-tech startups. While the 'high-tech Silicon Valley' model suggests a much faster trajectory is possible, few high-tech startups conceived outside the U.S. – more specifically, outside Silicon Valley – have evolved into even medium size global companies within short timeframes. Enterprise Ireland is responsible for supporting HPSU companies. HPSUs are startup businesses with the potential to develop an innovative product or service for sale on international markets and the potential to create 10 jobs and €1 million in sales within three to four years of starting up. Quite a high proportion of Irish HPSUs struggle to reach the revenue milestones and scale hoped for them. That said, Enterprise Ireland's experiences is that with appropriate mentoring and other supports, the length of time successful Irish startups are taking to reach key revenue milestones is reducing.

Enterprise Ireland is focussing on capability building post seed funding to accelerate the number of companies achieving key revenue milestones and the speed at which these are achieved. It will devote more resources to those businesses demonstrating their potential to achieve scale within three to five years. These companies will receive a range of additional supports, including management development, peer-to-peer support and mentoring to build their capability to realise their scaling potential. These efforts are expected to deliver a significant increase in the number of HPSUs reaching sales of over €1 million within three years. The proportion of HPSUs achieving this goal is expected to rise from 20% HPSUs in 2013 to 30% by 2016.

## **3.3 Innovation in Services & Business Processes**

The Entrepreneurship Forum Report recognises that innovation is -

*“about continuously seeking to improve product, service, operations, people, or any other facet of a business that will add value for the customer and the workflow.”*

This was also recognised by the National Research Prioritisation exercise which identified Innovation in Services and Business Processes (ISBP) as one of the 14 priority areas for targeted funding and support.

Advances in technology have created new opportunities for companies to innovate their service delivery and business processes. These opportunities include new monetising models, new channels for service delivery and improved customer experiences. The vision for ISBP is to capture customer centric innovation that combines non-technological and technological know-how in order to conceive and develop new globally successful operating models, products and business services. Any gaps in the system will be identified and filled to ensure that ISBP in Ireland is aligned with international best practice.

### **3.4 Science, Technology & Innovation**

Irish Science, Technology & Innovation policy has evolved over recent years with an increase in focus on accelerating the economic and societal impact of public investment in research and greater emphasis on further increasing industry/academic collaborations and the commercialisation of research. This is reflected in a range of new initiatives, including:

- Targeting public investment in research in areas which demonstrate a clear industry need and competitive market opportunity.
- Extending Science Foundation Ireland's (SFI) mandate to include applied research and increasing industry participation in SFI centres (30% industry contribution, cash and in-kind)
- The introduction of SFI's industry Fellowship Scheme, which facilitates two-way exchanges between researchers and enterprise, and the Irish Research Council's Employment-Based Postgraduate Programme (PhD and Masters).
- The publication of an Intellectual Property Protocol designed to make it easier for business to engage with academics by providing clarity and certainty around how IP emerging from the research should be handled.
- The establishment of Knowledge Transfer Ireland (KTI) as a central reference point for entrepreneurs, investors and industry, signposting them to the wealth of technology opportunities and research talent that exist in Research Performing Organisations.

These initiatives are aimed at deriving improved impact from the substantial resources invested in the innovation policy area – research centres, technology centres, campus incubators etc. A key indicator of success will be an increased flow of new enterprises exploiting technological opportunities.

### **3.5 Horizon 2020**

The National Support Network for Horizon 2020 is focussed on ensuring that Ireland continues to perform strongly in the EU Research Programme for Research and Innovation. The National Support Network for Horizon 2020 is encouraging participants to seek participation in larger, more valuable projects. Ireland has set a target of winning €1.25 billion in EU research funding over the next seven years. This is double the level of funding secured by Irish-based researchers under the previous programme (FP7).

### **3.6 Intellectual Property – Contractual Issues**

The Entrepreneurship Forum identified contractual relationships as a challenge for industry and academics undertaking collaborative research projects. In response, KTI has published a first set of model agreements and guidelines on its web portal. Combined with the guidance notes also published, these should help companies enter into appropriate forms of contract with HEIs more easily and accelerate the transaction process. KTI has committed to engaging with stakeholders to consider the case for introduction of Easy Access IP into the Irish system for certain early-stage IP, which could prove particularly beneficial to early-stage companies.

This is intended to reduce the barriers to risk taking in order to transfer IP rapidly into the hands of companies well positioned to exploit it commercially. Other initiatives already underway to address the contractual issues identified by the Entrepreneurship Forum include:

➤ **Express Licensing**

DCU has piloted short form licensing to the ICT sector in situations in which speed to market and freedom to operate are the key IP drivers. KTI will consider how this process might be rolled out alongside the Easy Access IP model.

➤ **Research contracts for Graduate Student projects with industry**

KTI is working with the Irish Research Council to clarify how IP is treated in its Employment-Based Postgraduate Programme with the aim of increasing certainty and security for participating companies.

There is clearly a benefit in making contracting between companies and HEIs as swift and easy as possible. But changes to achieve this cannot be at the expense of contractual clarity about the deliverables of such engagement and how any benefits arising from the collaboration will be shared. Industry has indicated that guidelines issued by Enterprise Ireland through its Innovation Voucher and Innovation Partnership programmes are helpful and KTI will use these as a starting point to create collaboration guidelines specifically for startup businesses.

### **3.7 Increasing Inward Entrepreneurship**

International competition for mobile entrepreneurs is intense around the world, with a number of countries offering attractive incentives to very early stage entrepreneurs. Ireland has recently reformed the Immigrant Investor Programme (IIP) and the Startup Entrepreneur Programme (STEP) to further enhance their attractiveness to investors and entrepreneurs.

Enterprise Ireland has a dedicated team focussed on overseas entrepreneurship designed to bring in new sources of HPSUs. Since this initiative was launched Enterprise Ireland has supported 35 high potential start-ups that were led by overseas entrepreneurs and there is room for further growth.

Changes are proposed in the Employment Permits (Amendment) Bill 2014, currently before the Dail, which are designed to relax certain regulations on the issuing of employment permits. The Bill provides that the existing provision requiring that at least 50% of an enterprise's employees must be Irish or EEA nationals may be waived for enterprise start-ups on the recommendation of one of the State's enterprise development agencies.

The Employment Permits system also gives priority to skills listed on the Highly Skilled Occupations List (HSOL), which is closely aligned to the Expert Group on Future Skills Needs (EGFSN) analysis. These skills include all occupations relating to ICT, including actuaries and statisticians for the purposes of developments in Big Data and occupations in engineering, financial services, medicine and the sciences where specific skills shortages are identified.

Achievement of the Government's vision for entrepreneurship requires the development of a strong entrepreneurial culture and effective networks in the education system for commercialising ideas. These elements will play important roles in making Ireland an attractive location for immigrant students, investors and entrepreneurs. Efforts to promote Ireland as an attractive location for internationally mobile startup must be prioritised to ensure a strong flow of high potential technology startups by immigrant entrepreneurs.

## Key Actions: Innovation

### **Make Ireland a location of choice for high quality international startups**

- Develop an integrated marketing programme involving Team Ireland (EI, IDA, Embassy Network) to promote Ireland as a location for international startups. In particular to:
  - Develop the programme of Startup Ambassadors for Ireland.
  - Promote the newly reformed Startup Entrepreneur Programme,
  - Promote commercialisation opportunities and entrepreneurship bootcamps among high-tech targets,
  - Promote the temporary relaxation in permit rules for startups.

### **Develop the best infrastructure to support the commercialisation of technology as a new business opportunity (Knowledge Transfer Ireland; Campus Incubators; Commercialisation Fund; Technology Centres).**

- EI will develop an Innovation Partnership service for smaller projects seeking to address identified industry needs. (EI)
- The Innovation Services and Business Processes (ISBP) Advisory Group will address the recommendations made in the Forfás report *Assessment of Publicly Funded RD&I Supports for Innovation in Services and Business Processes* which identifies how Ireland can best support research development and innovation in ISBP under the auspices of the Research Prioritisation Action Group. (Research Prioritisation Action Group)
- EI will conduct an impact evaluation of the Campus Incubation Programme, including an analysis of international comparisons to ensure it meets best practice and identification of any unmet industry demands. (EI)
- EI will develop a startup module within the National Health Innovation Hub (which is being established) to support innovations emerging from the health system. (EI)
- EI will seek to increase the number of spinouts each year from Technology Transfer Offices by 25% over the three years to 2016 against the 2013 baseline figure. (EI)
- EI will seek to increase the number of licences from Technology Transfer Offices by 20% over the four years from 2013-2016 inclusive. (EI)
- SFI will target 120 licenses and 21 spinouts from the seven SFI Research Centres over the six funded years from 2013-2019. (SFI)
- Údarás na Gaeltachta will develop a Coastal Marine Innovation Hub in conjunction with relevant State bodies. (ÚnaG, B.I.M)

**Develop a support framework to assist innovative startups reach their full potential**

- > KTI will become a central reference point for entrepreneurs and industry, signposting them to the wealth of technology opportunities and academic talent that exist in Research Performing Organisations. (KTI)
- > KTI will create a searchable national database of licencing opportunities in order to increase the visibility of research opportunities to industry. (KTI)
- > KTI will consider implementing a national Easy Access IP model and the possible merit of rolling-out an “express licensing” model to transfer IP rapidly into the hands of companies well positioned to exploit it commercially. (KTI)
- > KTI will provide a suite of model agreements and supporting guidance notes for business including specific ‘HEI/Startup guidelines’ to facilitate the interaction between industry and HEIs, for inclusion in the IP Protocol. (KTI)
- > Maximise opportunities presented by Horizon 2020. (EI, SFI, IRC)



# 4 Access to Finance

A stable and appropriate supply of finance promotes growth, encourages startups and enables existing firms to expand by exploiting trade and investment opportunities. It also brings benefits to the economy by supporting business growth and market competition, thereby generating wealth and increasing the employment needs of businesses.

As the Entrepreneurship Forum identified, access to finance is always a critical issue for startups. To get their business started many Irish entrepreneurs rely on either on bank loans or on bootstrap finance – little if any equity, minimal borrowings and heavy reliance on immediately available cash flow generated by the business. Both approaches have been negatively affected by the recession and early-stage companies continue to experience difficulties gaining access to the funding they require to realise the visions of their founders. In many cases the lack of a first reference sale or credit history are key barriers to accessing bank finance.

**A stable and appropriate supply of finance promotes growth, encourages startups and enables existing firms to expand by exploiting trade and investment opportunities**

## 4.1 Access to bank lending

Banks will need to engage more deeply with individual sectors of the economy and develop both relevant expertise and financial products to support enterprises within these sectors. This includes improved access to working capital for exporting firms and the provision of trade finance to business. Banks also need to explore opportunities for increased co-operation with non-bank financial institutions as a way of ensuring that Irish startups and early-stage businesses have a spectrum of finance available to them that is as good as that available anywhere else in the world.

The Government has introduced legislation to establish the Strategic Banking Corporation Ireland (SBCI). Over €800 million in new credit is to be made available to Irish SMEs through the SBCI, which will develop financial products to fill gaps in the existing offerings by banks. The SBCI will be launched in quarter 4 of 2014 and will commence lending by the end of 2014.

Skillnets, which is funded from the National Training Fund (NTF) through the Department of Education and Skills (DES), launched the Building Financial Capability in SMEs programme in 2014 under its ManagementWorks initiative. This two day programme, which results directly from an initiative announced in Budget 2014, is intended to help SMEs develop the skills they need to improve their ability to secure business financing. The programme will be delivered nationwide to 1,000 participating businesses in 2014 and includes two days of workshops and two one-to-one mentoring sessions. The Department of Jobs, Enterprise and Innovation (DJEI) is funding the programme, which will be delivered by trainers and mentors with substantial experience of working with both SME owner managers, banks and other providers of business finance.

## 4.2 Alternative and innovative sources of financing

More diverse sources of finance are needed to realise our ambitions for entrepreneurship. The State has already undertaken a number of initiatives in this respect. For example, the seed and venture capital markets in Ireland have tripled in size in the past decade, with almost half of this finance coming from funds leveraged by Enterprise Ireland. Enterprise Ireland funds have increased the availability, in particular, of seed funding.

One of the biggest challenges for businesses seeking to raise equity finance is to become investor ready in order to increase their chances of success. In certain sectors investment funding is a particular challenge. For example, the funding environment internationally for companies in the cleantech and medical devices sectors is currently weak. Similarly, while there is an emerging focus on next generation manufacturing startups and a broad recognition of their potential, there are few experienced funders in the market to provide the risk capital needed to start and grow a manufacturing startup.

Research in other countries indicates there is considerable potential in Ireland to increase the range of alternative lending instruments available to startups, including peer-to-peer lending, supply chain finance and crowd funding. These alternative financing activities can be valuable sources of funding to startup enterprises, either as a complement to traditional bank funding or as an alternative if an application for bank credit is declined.

## 4.3 Microfinance Ireland & Credit Guarantee Scheme

Microfinance Ireland and the SME Credit Guarantee Scheme are State initiatives introduced in October 2012 to address two categories of business experiencing difficulties in obtaining conventional bank finance. The Credit Guarantee Scheme facilitates the provision of additional bank lending to commercially viable SMEs that either have insufficient collateral or operate in categories perceived by the commercial banks as being high risk. The scheme provides a 75% State guarantee to banks against losses on qualifying loans. Microfinance Ireland provides loans from the Microenterprise Loan Fund of up to €25,000 each to microenterprises that have been refused bank credit.

Take-up of these schemes by SMEs has not been as high as anticipated and a review of both initiatives is underway to identify the necessary actions to enhance the take up and impact of both schemes.

## 4.4 Venture Capital

Venture capital is an essential source of funding for innovative and internationally oriented startups seeking to achieve scale quickly. In the last 10 years Irish venture capital firms have invested €1.5 billion in Irish SMEs and leveraged a further €1.5 billion from international investors into the Irish market. The sizes of the venture capital funds have increased and the skill set of Irish venture capitalists has deepened considerably in recent years, thereby ensuring a sizeable pool of capital is available to early-stage Irish companies. However, a shortage of capital worldwide for venture investment is creating uncertainty about the level of future inflows to Ireland.

The National Pensions Reserve Fund (NPRF) has been working closely with EI on the development of Innovation Fund Ireland (IFI), a Government initiative designed to attract leading international venture capital fund managers to Ireland. Venture capital funds that receive an investment from EI have to invest a meaningful proportion of their fund in Irish companies or companies with significant Irish operations. By June 2014, Enterprise Ireland had made four investment commitments through IFI with a combined value of approximately €80 million, out of a total EI allocation to the fund of €125 million. By June 2014, the NPRF had made seven investment commitments through IFI with a combined value of approximately €116 million out of its €125 million allocation to IFI.

## 4.5 Access to Finance – Priorities under the APJ

Through the actions set out in the Action Plan for Jobs 2014, the Government is placing a strong emphasis on implementation, policy innovation, monitoring and learning and on active engagement with a diverse range of public and private participants in the finance arena. There will be a strong emphasis in the future on broadening the range of bank and non-bank finance mechanisms available to companies and increasing awareness of the supports available. Work will also continue to ensure a strengthening of the linkages between SME capability building, advice and access to finance.

Key challenges remain in terms of design features, which have limited the take up of a number of State supported finance initiatives, such as the Seed Capital Scheme, Employment Investment Incentive, Microfinance Ireland and the Credit Guarantee Scheme. The Government will prioritise work on improving existing supports and raising awareness, with a view to increasing the take-up of the State supported finance initiatives. The SME State Bodies Group, chaired by the Department of Finance, will continue to raise awareness of the schemes by promoting the “Supporting SMEs” online tool ([www.localenterprise.ie/smeonlinetool](http://www.localenterprise.ie/smeonlinetool)) in the relevant fora.

EI and the Business Innovation Centres (BICs) will continue to assist clients to become “investor ready” and guide them through the fundraising process to enhance their chance of securing funding. Efforts will be made to enhance Halo Business Angel Network (HBAN), a joint initiative between Enterprise Ireland, InterTradelreland and the Irish Business and Innovation Centres which is managed by Dublin Business Innovation Centre.

## 4.6 EU Initiatives

Two specific EU initiatives include elements aimed at increasing access to finance. These are the EU programme for the Competitiveness of Enterprises and Small and Medium-sized Enterprises (COSME) and Creative Europe. Both of these funds will offer opportunities for accessing financial guarantees, with the former open to all SMEs and the latter aimed at SMEs in the Culture and Creative Industries (CCI) sector, primarily the audio-visual sector and trans-European cultural co-operation projects.

Creative Europe was developed in response to a widely held view that SMEs in the CCI sector experience particular difficulties in assessing the economic value of such intangible assets as “novelty, soft innovation, copyright and creativity” and their failure to reflect this in financial accounts. One of the aims of this element of the programme will be to help financial intermediaries gain a better understanding of the creative industries sector.

The budget for COSME, while comparatively small in relation to other enterprise facing programmes, provides some opportunities for improving access to finance for SMEs and augmenting the important support service delivered by the Enterprise Europe Network (EEN) Ireland, managed by Enterprise Ireland.

The current support structure for SMEs seeking support in accessing EU funding programmes is provided by DJEI in conjunction with Enterprise Ireland (National Support Network – 32 National Contact Points drawn from ten agencies). As stated above, the EEN Ireland office is funded through COSME and will be a constituent member of the National Support Network.

The rationalisation of this support structure across the two programmes will avoid an overly disparate approach and should ensure a consistent/coordinated structure to secure additional funding.

## Key Actions: Access to Finance

### **Expand the range of access to finance instruments to match our ambition as a startup hub so that all viable businesses have the opportunity to access sufficient finance to meet their needs**

- Improve monitoring of the supply and demand for bank credit within the SME sector, particularly, the high rate of refusal among micro enterprises, taking account of developments across the European Union. (D/Finance)
- Evaluate the Skillnets pilot Building Financial Capability in SMEs support programme with a view to expanding the scheme. (State Bodies Group, DES)
- Review the operations of Microfinance Ireland with a view to enhancing its positive influence on the microfinance environment. (Microfinance Ireland, DJEI)
- Remove the obstacles that prevent the Credit Review Office (CRO) from reviewing bank refusals to establish better approaches by both borrowers and lenders and to ensure bankable projects have a fair opportunity for funding. (D/Finance, CRO)
- Promote the Loan Guarantee Scheme as an option for innovative startups. (DJEI, EI, LEOs)
- Undertake a rolling review of new and innovative sources of funding for entrepreneurs, including crowdfunding etc. (State Bodies Group – D/Finance & DJEI)
- Maximise the drawdown of funding instruments under COSME and Creative Europe. (DJEI, EI, EEN Ireland, D/AHG)
- Launch six Competitive Start Funds in 2014, including schemes targeted specifically towards female entrepreneurs, the aviation and manufacturing sectors and, for the first time, towards graduates. (EI)
- Build on the success of the Competitive Feasibility Funds and launch three regionally targeted Competitive Feasibility Funds (Cork, South East and Midlands) and roll out Competitive Regional Feasibility funds to the agri-food sector. (EI)

### **Attract more angel and international venture capital investors and continue to develop the domestic venture capital sector**

- Double the volume of angel funding over the next five years through such actions as reforming the Employment Investment Incentive. (DJEI, Intertrade Ireland, BICs)
- EI and the NPRF (ISIF) will continue to manage the Innovation Fund Ireland programme to support investment by international VCs in Irish companies and companies with a significant presence in Ireland. (EI, NPRF)
- EI will issue a second call for expressions of interest under the Seed and Venture Capital Scheme 2013-2018. (EI)

### **Ensure that the banks develop the skills and focus necessary to deliver appropriate financial instruments to startups and early stage entrepreneurs**

- The Strategic Banking Corporation Ireland will make over €800 million available to SMEs in the first phase of its' operations, using funds from the German bank KfW, the European Investment Bank and the Irish Strategic Investment Fund. (SBCI, D/Finance)
- Drawing on international good practice, the Department of Finance will continue to work with banks to improve their internal review mechanisms and enhance the quality of feedback to SMEs on credit application decisions. (D/Finance)
- Raise the awareness of enterprises about their rights to obtain feedback from banks and develop an agreed approach to providing this information. (D/Finance)

# 5

## Entrepreneurial Networks & Mentoring

The Entrepreneurship Forum stressed the importance of encouraging entrepreneurs to create their own networks to help sustain startups. The Forum members advocated a strong emphasis on collaborative peer mentoring, entrepreneurial networks, investor-backed accelerators and the evolution of new co-working spaces. They said entrepreneurs should be challenged to establish such networks with support from the State.

The Irish business mentoring ecosystem is highly diverse with a wide variety of providers when compared to other countries. It is largely State-funded and provided through State agencies. While most mentoring is broadly based, many approaches are tailored to meet sector specific needs.

Mentoring ranges from 'light touch' standalone mentoring, such as Vodafone's Speed Mentoring initiative, to more intensive and structured approaches. These include mentoring which takes place over a defined period of time and with defined objectives (e.g. Enterprise Ireland, County Enterprise Boards), mentoring to support entrepreneurs in advance of seeking angel investment (eg. StartupBootcamp Dublin) and mentoring as a core component of intensive management development programmes (e.g. Bord Bia, Management Works Skillnet, CEB Accelerate Programme)<sup>10</sup>.

To further facilitate the development of mentoring for SMEs and start ups, the DJEI will develop a simple open database to attract new mentors. A working group will implement changes to broaden its scope (particularly including mentoring to help enterprises scale), to professionalise its delivery and feedback and to develop innovative approaches, including an interactive and searchable self-service portal for firms considering mentoring.

**The Entrepreneurship Forum stressed the importance of encouraging entrepreneurs to create their own networks to help sustain startups**

### 5.1 Networks

Business networks play an important role in supporting growth and innovation. Value creating networks benefit companies by maximising peer learning and providing access to skills and expertise.

The LEOs operate a number of standing networks. These include:

- > Startup entrepreneur networks
- > General business networks
- > Women in business networks
- > Owner-manager networks

The most common are networks focused on women in business. These address the particular issues facing women entrepreneurs and operate mainly peer-to-peer by business owners/managers meeting as a group to discuss issues and share information. The promotion of successful female entrepreneurs as role models and building the confidence of newly emerging female entrepreneurs are two important aspects of networking.

Enterprise Ireland launched Ireland's first peer-to-peer online networking platform for female-led companies in January 2014. The platform facilitates greater communication and connectivity to help the network's members exploit opportunities. EI will roll out online networks to other client groups in coming months.

Skillnets training networks combine the benefits of high quality, relevant learning experiences with those of networking by companies in the same sector or region to share knowledge, ideas and best practice. The 60 Skillnets networks throughout the country engage with over 10,000 businesses each year. Networking events include structured training programmes and a wide range of less formal occasions for briefings, seminars and social gatherings. Ensuring that startup businesses are aware of these networks and are encouraged to take full advantage of them is a priority for Skillnets.

## 5.2 Evaluation of Mentoring in Ireland

When mentoring in Ireland was evaluated in 2013, it was found that 176 organisations were involved reaching about 21,000 businesses at an estimated total cost of €9 million (€5.3 million Exchequer, €1.1 million EU). The key findings were:

- Most mentoring in Ireland is provided at the startup stage. About 14,000 business mentoring assignments each year are with businesses in either their pre-start or startup phase.
- The number of mentoring assignments is higher than the number of total startups each year, indicating a significant level of activity in the pre-start phase.
- Existing programmes are generally effective and generate greater impact when mentoring forms part of an overall package of supports.
- About 15 per cent of businesses in Ireland appear to have benefitted from mentoring from more than one source, availing of different expertise as they face different business challenges/needs.

There is a strong consensus on what good mentoring entails: a time bound programme with agreed SMART goals, clear responsibilities for both parties, structured feedback and the recruitment of experienced entrepreneurs with the skills necessary for mentoring. The quality of mentoring oversight and the metrics of performance are not yet well developed. Volunteer mentors make up less than 10% of the total of mentoring services.

The 2013 evaluation of mentoring made a number of recommendations that will be progressed by DJEI. The objectives for developing early-stage mentoring services in Ireland are to:

- Improve the service quality, consistency and professionalism of all mentor service engagements
- Increase the scope of mentoring for established companies and the provision of specialist mentoring, particularly for micro and small enterprises
- Establish metrics and develop the capability to measure the impact of business mentoring.

The key measures of success for mentoring interventions should be evidence of:

- Strengthening enterprise capability at the firm level to deliver increased sales and jobs
- Increased focus on competitiveness and productivity to deliver sustained results
- Improved sustainability and resilience of Irish businesses
- Increased ambition to think globally, to innovate and to internationalise.

## 5.3 Approach to Partnership

This Policy Statement acknowledges that no single Government Department can address the multifaceted challenges facing startups in the 21st century. Developing solutions to address these and to support a truly entrepreneurial Ireland requires collaboration amongst all stakeholders, across and within the public sector, industry representative bodies, the business sector and even, in terms of cultural change, society as a whole.

This approach also acknowledges that people in business are increasingly demonstrating their willingness to do more, directly and indirectly, to support the startup community and to enhance the spirit of entrepreneurship within every region in Ireland. The increasing desire and capability of the main stakeholders to support other entrepreneurs and to act collectively presents many opportunities and signals a new era for entrepreneurship in Ireland.

Through this Policy Statement, the Government underscores its commitment to reinvigorate entrepreneurship and to support collaborative actions to promote a strong entrepreneurial mind-set, which will in turn increase economic opportunity, business creation and employment. Strengthening the linkages between the main stakeholders and supporting and identifying mechanisms for cooperation and knowledge sharing will be a key focus of our efforts.

The Government will support the constructive evolution of collaborative approaches between the private sector and the public sector to facilitate peer learning and knowledge sharing with the aim of developing entrepreneurial capacity. To this end, we have identified a number of specific actions which can be driven by the private sector in association with industry representative organisations.

### 5.3.1 Business Innovation Centres

The Irish EC-Business and Innovation Centres (EC-BICS) are specialist providers in the Government's portfolio of supports to Irish Industry. The BICs deploy services from the regional capital cities (Cork, Derry, Dublin, Galway and Waterford), delivering the key enablers for job creation in the innovative startup and early stage SME market to an EC Accredited Quality Standard. The Irish BICs support the validation and "investor ready" business planning needs of Irish startups. To date they have developed:

- Over 150,000 square feet of networked incubation infrastructure across the country in Derry, Donegal, Dublin, Galway, Mayo, Roscommon and Waterford.
- Ireland's National Business Angel Programme, which to date has seen 157 deals completed with a total of €75 million invested, of which €27 million was private investment through HBAP angels.
- The private sector supported Seed and Venture Capital framework in Ireland, including the current AIB Seed Capital Fund, managed by DublinBIC.

The BICs have found that holistic and entrepreneur-centric support systems work best, with solutions tailored to meeting the specific needs of the startup. But in general terms the following requirements need to be met:

- Coaching to help validate proposals with private sector capability
- Incubation and connectivity with low access thresholds
- Timely and flexible access to startup and growth capital
- An investor-grade business planning support service
- Low cost, timely introductions to intelligent global networks.



### 5.3.2 Accelerators

In response to the popularity and demand for accelerators among startups, work will also be undertaken on developing and implementing a strategy to support the development of commercially managed accelerators. The key challenge is to develop the regional spread of startup activity by enhancing the startup environment outside Dublin. This will include working with local partners to develop targeted accelerators where gaps exist to enhance the quality of startups, with a particular focus on the regional startup ecosystem.

Founders now have much improved access to best practice through accelerators and networks of founders (e.g. NDRC, Wayra, Propeller, Dogpatch, and Health XL) and co-working spaces such as the Digital Hub and the Guinness Enterprise Centre. Companies such as Google, SAP, Microsoft, Facebook, Dell and IBM are emerging partners with EI in supporting startups. Through EI, the Government funds Campus Incubation facilities at every university and Institute of Technology. These incubators house over 350 companies and over 1,500 people.

### 5.3.3 Co-working Space

The Entrepreneurship Forum highlighted the importance of the availability of co-working spaces to support entrepreneurs. It recommended the establishment of a working group to develop a policy for the promotion of the co-working model that would use unoccupied public and NAMA-controlled buildings, and to work with the private sector to implement a pilot programme in 2014 to roll out five 10,000 square foot co-working spaces in Dublin, Cork, Galway, Limerick and Waterford.

Following discussions with various stakeholders, there was an expressed desire not to establish a formal government led working group around this issue in light of the competing position of various providers and potential providers of co-working space in Ireland. Instead an informal network which includes representatives from the private and public sectors, including NAMA has emerged which is helping to advance the concept of co-working space.

The priority remains to explore the potential for current and potential providers of enterprise space to participate in various national efforts aimed at promoting entrepreneurship with the aim of further promoting the co-working space concept and business model across Ireland, and to gain further traction with both entrepreneurs and potential providers of suitable property.

Examples of sustainable co-working need to be demonstrated. Using available private and public locations and existing enterprise centres, incubators and Business Innovation Centres may be of some value in this.

### 5.3.4 Private Sector/Representative Bodies

As the Entrepreneurship Forum has highlighted, supporting a new wave of entrepreneurs and improving the spirit and culture of entrepreneurship in Ireland does not lie solely within the confines of State support systems. Nurturing, connecting, inspiring, supporting, celebrating, promoting and expanding the entrepreneurship eco-system requires a collaborative effort.

There are many creative and innovative ways that the business environment for entrepreneurs could be supported by different individuals and organisations across the country to complement State activities. Indeed, many business people, entrepreneurs, companies and organisations are already actively engaged in initiatives which support entrepreneurship. As the Forum said in its report:

*“It is through swarms and swarms of entrepreneurial leaders and their teams that we will grow our economy. This battle will not be led by government, by one person or by a handful of great industrialists. This battle must be championed by many and acknowledged and supported by all.*

*“The most effective experience in starting and building businesses is held by practitioners, and Ireland is blessed by having a wealth of experienced entrepreneurs who have started and run multi-billion euro industries and innovations<sup>11</sup>.”*

Successful entrepreneurship in the longer term positively feeds back into the ecosystem, as seasoned entrepreneurs often become mentors, advisors, angel investors, venture capitalists, philanthropists, award winners and public speakers that serve to support and inspire others. The strength of the entrepreneurship ecosystem will depend on an ongoing commitment from these ‘champions’.



One such example of feeding back into the ecosystem is OfficeHours.ie, a business-led effort in partnership with StartupIreland to increase the current rate of volunteer mentoring in Ireland. Officehours.ie is a database of experienced Irish entrepreneurs who voluntarily give their time to advise startups. Each mentor sets a regular time aside each week in their calendar, and startups can book through a free online calendaring tool for a “once-off” advice session. In just the first few months of establishment in 2014, 24 highly successful entrepreneurs have hosted over 50 office hours of advice sessions with startups.

The business representative bodies can also play a strong role in driving initiatives to leverage our existing talent base of seasoned entrepreneurs to further stimulate the support networks and mentoring of startups in Ireland and reinforce a positive culture.

Another important way for businesses to enhance a supportive culture is to sign up to the private sector Prompt Payments Voluntary Code of Conduct, which is currently being established by the Business Representative Bodies in Ireland, supported by the Department of Jobs, Enterprise and Innovation. Those who opt to sign the code will pledge to pay suppliers on time, within the terms of contract, give clear guidance to suppliers on payment procedure, and promote the adoption of the code. The State certainly has a role to play in developing supportive tax, financing, and immigration policies, providing accessible and reliable information, and aligning existing education and social welfare supports to be conducive to entrepreneurial development. However, the active engagement of existing entrepreneurs and the business representative bodies is essential to forge and sustain a dynamic and productive entrepreneurial ecosystem in Ireland.

# Key Actions:

## Entrepreneurial Networks & Mentoring

### **Improve the effect of mentoring as a tool to support entrepreneurship**

- Establish a Working Group to implement reforms in mentoring (DJEI), specifically to:
  - Create a simple mentors database to which new types of mentors (volunteer entrepreneurs or serving executives) would be attracted. (DJEI)
  - Test market on a regional pilot basis the establishment of an interactive searchable portal for mentors accessible to all enterprises. (DJEI)
  - Broaden mentoring services to support the challenges of scaling and under-represented specialist expertise (sectoral, market, technical, internationalisation etc.). (DJEI)
  - Improve the consistency and quality of mentoring against smart performance metrics. (DJEI)

### **Increase the number of peer networks for mentoring, angel finance and problem solving which sustain entrepreneurship**

- Develop founder and entrepreneur networks working with the alumni of programmes such as HPSU and LEO, and private sector initiatives such as the Entrepreneur of the Year programme. (EI, LEOs, ÚnaG)

### **Build world class entrepreneurial hubs and achieve greater regional spread of such hubs to facilitate entrepreneurial leadership**

- Develop and implement a strategy for commercially managed accelerators to support the quality of startups and increase the number of innovative startups. (EI)
- Work with enterprise and the wider communities and public authorities to develop new sources of co working spaces and “hotspots”. (EI, LEOs, ÚnaG)
- Use competitive funds available to the LEOs to seek proposals for entrepreneurship hubs at regional level. (LEOs)
- Údarás na Gaeltachta will identify and develop a number of pre-commercialisation units for startups moving from incubation phase to market. (ÚnaG)
- Údarás na Gaeltachta will provide property solutions to enterprises at their different stages of development and invest in the redevelopment of the existing portfolio of enterprise space to facilitate modern infrastructure and support services to build local capacity. (ÚnaG)

### **Private Sector/Representative Bodies**

- Grassroots efforts by entrepreneurial leaders to encourage continuous activities and events that engage entrepreneurs will help develop a strong startup ecosystem. (Entrepreneurs)
- Business Representative Bodies should promote and celebrate entrepreneurship and commend entrepreneurs who have achieved success, particularly those to whom people can relate and aspire to emulate. (Business Representative Bodies)
- Business Representative Bodies should ensure active engagement in coaching and mentoring programmes (public and private). (Business Representative Bodies, EI, LEOs)
- Existing entrepreneurs should actively engage with state agency/business representative bodies platforms for networking, forums for exchange of expertise, entrepreneurship promotional events etc. (Business Representative Bodies, State Agencies)
- All companies should be encouraged (by state agencies and business representative bodies) to commit to the Prompt Payments Code of Conduct to ensure responsible payment practices across enterprise in Ireland. (Business Representative Bodies, DJEI)
- Business Representative Bodies should leverage resources from the entrepreneurial community in Ireland for the promotion of initiatives to celebrate entrepreneurs (competitions, conferences, internships). (Business Representative Bodies)

# 6 Access to Markets

Ireland offers entrepreneurs a small domestic market in one of the most open economies in the world. Trade, tourism and investment are crucial to future prosperity. Although the international environment remains challenging, there is significant potential to increase activity in each of these areas.

Particular issues do need to be addressed, however, to support this activity. One is a shortage of experienced people with international sales and marketing experience. Furthermore, Irish exports are concentrated in a relatively small number of sectors of business activity (albeit these are major sectors) and in a relatively small number of export markets.

The Review of the Government Trade, Tourism and Investment Strategy, 2010 – 2015, published in February 2014, developed a focus on key sectors of competitive advantage for Ireland in line with the Action Plan for Jobs. This Review provides a refocused action plan under three key themes – reputation, facilitating & enabling and winning business and jobs.

The Winning Abroad initiative under the Action Plan for Jobs 2014 will facilitate greater coordination of Embassies and State agencies abroad, ensuring that we maximise the impact of State resources in priority markets, giving them and Irish companies the best possible platform to win business overseas.

Ireland has well recognised strengths and an international reputation for excellence in a number of sectors, including media, computer gaming, food, education and design. It is important to build on those strengths to encourage more entrepreneurs, businesses and organisations to invest and to promote Ireland's talents and reputation internationally as part of our enterprise and innovation culture.

## 6.1 First-time Exporters

State aid rules prevent the Government from directly supporting any export-related activities such as sales or marketing. However, support is provided to companies that are undertaking market research, feasibility studies or who are participating in trade fairs.

We need to ensure that new companies learn to develop products with global appeal and start marketing them internationally very early on in the product development cycle. Since 2012 Enterprise Ireland has sought to replace general trade missions with sector specific missions whenever possible. These targeted trade missions allow companies to engage in peer learning while also facilitating targeted networking events that enable clients to develop and build relationships with international customers.

**We need to ensure that new companies learn to develop products with global appeal**

In 2012 EI established its Potential Exporters Division (PED). This division is focused on engaging with Irish companies that are either seeking to enter overseas markets or to grow in exports. It supports individual client companies which are at various stages of preparing to export. Companies engage with PED through workshops and awareness events and are supported in the development of a market plan for their priority target market.

## 6.2 Clustering Programme

Enterprise Ireland's pilot clustering programme was established in 2012 to encourage groups of businesses to collaborate to achieve specific business objectives, improve competitive advantage and create mutual financial gain. Projects involved a minimum of five companies working together to undertake feasibility work and to conduct market research. There is also scope for startups and small businesses themselves to examine the potential for joint initiatives by groups of companies exporting to the same market to share or reduce entry costs.

## 6.3 Public Procurement

Access to public contracts remains a challenge, particularly for startup companies. Access to contracts from older indigenous companies and MNCs which are established in Ireland and their supply chains is also a challenge for younger companies.

Enterprise Ireland, Intertrade Ireland and the Office of Government Procurement are working with the SME sector to facilitate and maximise the opportunities available from the public sector. The primary focus is to raise awareness of the innovative solutions provided by Irish companies to the public sector in Ireland, to primary contractors and to global government organisations, such as the EU and the United Nations. EI is also helping companies identify procurement opportunities in overseas markets and build their capability to compete for contracts.

In many cases the lack of a first reference sale is a key barrier to accessing funding at an early stage. Public procurement can be an important source of business for companies. The Government is focused on a drive to encourage public contracting authorities to become more open to procuring new and innovative products. The Irish public sector also presents market opportunities as a reference site to enable companies to tender for and secure contracts overseas.

### 6.3.1 Small Business Innovation Research (SBIR) in Ireland

In the Action Plan for Jobs 2013, the Government committed to assessing the feasibility of introducing a Small Business Innovation Research (SBIR) type programme across Government to develop the concept of 'Ireland as a Test-Bed'. The SBIR programme is a two stage pre-commercial procurement scheme aimed at procuring the development of products and services to address public sector challenges and needs in a market where there is not a ready-made appropriate solution available. The purpose of the SBIR programme is to offer an opportunity for businesses, particularly early-stage companies, to develop and demonstrate technology, supported by a Government entity which acts as a key reference customer.

Operating under EU procurement rules, SBIR programmes provide a funding stream to facilitate the engagement of industry with the public sector, and in doing so, acts as a driver of innovation. SBIR programmes have the double aim of increasing the innovation capabilities and capacity of the enterprise sector, in particular that of SMEs, while at the same time providing the public sector with new, cost effective solutions, developed in a risk free environment, to meet their needs. From the perspective of firms, SBIR programmes allow the development and piloting of new products and services. It gives firms, especially early stage companies, valuable reference sites with major government customers which in many cases can be leveraged to enter international markets.

The Sustainable Energy Authority of Ireland (SEAI), in co-operation with Enterprise Ireland and ESB, launched Ireland's first Small Business Innovation Research (SBIR) competition on 30th June 2014. The competition's first target is smart solutions for charging Electric Vehicles (EVs) in communal parking areas such as apartment blocks for which up to €200,000 will be made available to develop the prototype.

Any proposed solution should be adaptable to cater for underground, multi-storey or other privately run car park developments where EV owners will require access to charging facilities. ESB is currently installing home charge points in private driveways for EV owners. However, challenges have arisen where EV owners live in apartment dwellings with parking spaces remote from the meter point. This SBIR competition aims to develop an innovative solution in this area.

The competition will be run in two phases. Phase one opened on 30th June 2014, and up to four feasibility studies and contracts will be awarded in quarter 4 of 2014 (with a budget of €25,000 each). Successful applicants will be asked to provide a robust, evidence based case for the viability of their proposed solution (for example a desk based feasibility study with some supporting practical work/data). In phase two, up to two successful studies (with a proposed budget of €100,000 to €200,000) will be invited to participate in a prototype demonstration in Spring 2015 with monitoring to take place over a 6-12 month period.

## 6.4 Private Sector support

Established companies can play a key role in the support of early stage companies' access to markets. There is a role for larger companies to help small firms secure contracts directly with them or within their supply chain. Established companies can also provide early stage companies with access to distribution channels, which can help startups leverage such channels for market validation and endorsement.

Tesco Ireland's programme with Bord Bia, for example, supports the agri-food sector by ensuring that more Irish products reach shelves in both the domestic and overseas markets. Participating companies receive tailored support and guidance to help them secure, grow and maintain a listing with Tesco stores in Ireland and overseas. Since its 2012 launch, 33 companies have completed the programme, achieving €16 million worth of sales to Tesco stores, of which over a quarter was generated from purchases by UK stores.

## 6.5 Global Sourcing Project

The Global Sourcing project has been a major area of focus for the EI-IDA senior management teams since its establishment in early 2012. In addressing the objectives of the Action Plan for Jobs, the team has guided an in-depth strategic assessment of the opportunities presented by global sourcing, and the development of a joint agency strategy to outline the core actions required by EI and IDA to advance this agenda.

This joint strategy identified the key sectors which can be addressed, while the ongoing engagement of EI and IDA with clients is helping to identify those companies with procurement models which represent the most addressable opportunities in the short to medium term and those companies with the supply capability sufficient to meet these needs. The ultimate objective is to focus on the routes to market which have the best chance of converting to sales (and therefore increased employment) in the least amount of time.

The Global Sourcing project is intended to help build a pipeline of opportunities for EI client companies to sell into MNCs in Ireland and, based on potential, scale and suitability, sales to the global supply chain of these MNCs. Over time, this increase in sales will have a positive effect on the sustainment and growth of employment in Irish companies. Additional benefits are likely to arise in the form of increased innovation between procurers and suppliers, while increased integration of Irish companies into the MNC base may further embed foreign direct investment in Ireland.

EI and IDA Ireland will continue to explore ways of encouraging the further engagement of established companies in support of fledgling businesses' access to markets.

## 6.6 Online Trading

It is important that entrepreneurs take full advantage of the efficiencies and advantages afforded by the digital economy. Some sectors, such as travel, accommodation, electronic goods and services, have already been transformed by digital trading. However, other sectors have been slower to adapt to the revolution being brought about by online consumption.

Only 23% of small Irish companies are engaged in e-commerce sales, implying that many others may be missing important opportunities for increased competitiveness, growth and jobs. Startup and smaller businesses operating in the domestic economy need to be encouraged to access a wider market, both domestically and internationally, through online trading.

Taken together, the National Broadband Plan and the National Digital Strategy will assist and incentivise greater use of online trading to access global web-based markets.

Trading online is a key initiative within the National Digital Strategy. A set of integrated actions has been identified to encourage Irish based small businesses to become active on-line in 2014 and 2015. A target of 2,000 micro and small businesses will be supported to develop their business by trading online over this two year period. It is expected that an additional 3,200 jobs will result from this programme.

The scheme was launched nationally in July 2014 and is being rolled out through the Local Enterprise Offices, who have been supported by industry in the development of the programme. It is expected that 1,000 companies will be supported in 2014.

## 6.7 North/South

InterTradeIreland provides three trade generation programmes focused on supporting companies to access markets across the island of Ireland: Elevate Acumen and Go-2-Tender.

- Elevate is focused on helping established micro enterprises take their first steps in exporting and exploring opportunities in a new cross-border market.
- Acumen is designed to stimulate cross-border business for small and medium enterprises that already have a proven track record in their home market.
- Go-2-Tender provides businesses with the confidence, knowledge and skills to tender successfully for public sector contracts.

In addition to these, all companies, including startups, are helped to access markets through the Trade Accelerator Voucher scheme. This voucher can be redeemed against the cost of practical advice provided by participating expert providers in Northern Ireland and the Republic of Ireland to a company considering trading across the island.

## Key Actions: Access to Markets

### **Encourage local and national private enterprises to make a commitment to provide market opportunities for fledgling businesses**

- Promote the expansion of programmes through which retailers and other enterprises can provide support to new businesses (e.g. to reach supply standards and access exposure or shelf space. (Business Representative Bodies, EI, NSAI)
- Develop global and local sourcing initiatives, particularly within clusters and continue to work to attract international buyers to Ireland to source Irish goods and services. (EI, IDA)
- EI and IDA Ireland will explore and facilitate innovative ways for established indigenous and foreign enterprises to collaborate in support of early stage companies in various sectors. (EI, IDA)

### **Encourage local and national authorities to make a commitment to provide market opportunities for fledgling businesses**

- Encourage local authorities to support startups by providing display space, promotional events and procurement opportunities. (DJEI, EI, LEOs)
- A pilot Small Business Innovation Research (SBIR) programme will be introduced in 2014 which will provide opportunities for innovative solutions to be developed to meet the needs of public bodies. (EI)
- Examine practical ways of highlighting the merits of the public procurement of innovative products and services. (EI, OGP)

### **Ensure startups are export oriented in their thinking early in their development**

- Develop a pipeline of enterprises to enter the Potential Exporters Programme. (EI)
- Promote a major expansion of online trading from the early stage of an enterprises life. (DCENR, DJEI)
- Roll out the Trading Online initiative nationally to support 2,000 companies over 2014 and 2015. (DCENR)
- Develop an industry-led awareness campaign to promote the development of online trading capability by small businesses. (Business Representative Bodies, DCENR)

# Implementation & Monitoring Progress

Entrepreneurship has been identified as a key 'disruptive reform' under the Action Plan for Jobs 2014. These reforms are high-impact measures with highly ambitious deadlines implemented in partnership with senior industry partners and selected because of their potential to have a significant effect on job creation.

It is vital that action is taken to optimise the role of entrepreneurship as an essential source of wealth creation and employment, thereby positioning it as a key element in the economic growth agenda. This Policy Statement has set out the core objectives and signposts in order to achieve our ambition for Ireland to be among the most entrepreneurial nations in the world and acknowledged as a world-class environment in which to start and grow a business.

To drive this process an Implementation Group will be established, chaired by Department of Jobs, Enterprise & Innovation, with membership drawn from the enterprise agencies and the key collaborative departments (Department of Education & Skills, Department of Finance etc.). This Group will have formal, structured engagement with industry partners and the National Competitiveness Council. It will meet quarterly, with sub-groups exploring certain issues or delivery as required.

The Group will report annually to the Cabinet Committee on Economic Recovery and Jobs.

## Tracking Action Delivery

Considerable work has been undertaken in recent years to support entrepreneurs and startups and the actions identified in this Statement will strengthen existing supports. In view of the significant inputs of financial and human resources from the State to support entrepreneurship, it is essential that the progress and effect of these actions be regularly monitored and evaluated. The National Competitiveness Council will support the Department of Jobs, Enterprise & Innovation in tracking the various indicators that taken together define the competitive position of the national system of entrepreneurship in Ireland.

To this end, a number of different performance indicators have been identified across the system. The data for these indicators will be collated by DJEI in collaboration with the relevant agencies. The attached tables of indicators are not exhaustive and will be supplemented as work is undertaken on each objective area.

## Benchmarking/Measuring Entrepreneurship

A comprehensive profile analysis of the national entrepreneurship ecosystem in Ireland will assess current national performance against international comparators. This assessment will identify the most relevant indicators and data for Ireland compiled across international benchmarks.

Many of the performance indicators listed below focus on output. The benchmarking exercise will identify all relevant indicators that assess the quality and quantity of entrepreneurial supports available in Ireland. We can then use this information to address the cultural, economic, and institutional barriers that hinder progress.



## Performance Indicators

General Business Indicators			
Metric	Source	Baseline - 2013	Output - 2014
Number of Startups	CSO	12,551 (year 2012)	
Number of Business Deaths	CSO	18,076 (year 2011)	
Number of Incorporations	CRO	15,506	
Number of Liquidations initiated	CRO	1,967	
Survival Rates for enterprise at 5 years	CSO	48.4%	

The performance indicators identified above are not exhaustive (for example the data on startups and business deaths should be broken down by sector). Further indicators will be added from international benchmarks such as the Global Entrepreneurship & Development Index (GEDI).

## Culture, Human Capital & Education

The Global Entrepreneurship Monitor (GEM) provides an annual assessment of the entrepreneurial activity, aspirations and attitudes of individuals across a wide range of countries, including Ireland. GEM measures the involvement of individuals in entrepreneurial activity through a number of stages, from aspiring entrepreneurs to nascent entrepreneurs and new business owners.

Participation rates of traditionally under-represented cohorts in programmes will be monitored.

Participation and progression rates in entrepreneurship modules in HEIs will be tracked to ensure best practice and to support the expansion of successful programmes.

### Performance Indicators

Culture, Human Capital & Education			
Metric	Source	Baseline - 2013	Output - 2014
<b>CULTURE</b>			
Aspirational Entrepreneurs	GEM	14.7%	
Nascent Entrepreneurs	GEM	5.5%	
Total Early Stage Entrepreneurial Activity	GEM	9.2%	
Public Attitude to Entrepreneurship	GEM	50%	
Participation rates in competitions/awards	Agencies		
Student Enterprise Awards applications from third level institutions	EI	400	
Participation in LEO Best Young Entrepreneur	LEO	N/A	
Participation in LEO Student Enterprise	LEO		
- Number of schools		780	
- Number of students		29,359	
% of Females attending Core Training Programmes	LEO	57%	
<b>HUMAN CAPITAL &amp; EDUCATION</b>			
Numbers in Entrepreneurship Modules across HEIs	DES	Unavailable at date of publication	
Performance across STEM	DES	Unavailable at date of publication	

## Business Environment & Supports

A wide range of framework conditions and policies can affect entrepreneurship, ranging from tax rates and incentives, regulation, legislation, immigration, infrastructure and State-funded enterprise supports. It is essential that the performances of these framework conditions, incentives and supports are measured.

Ireland has developed an extensive range of supports for startups involving a direct spend of over €100 million a year. Performance indicators will be developed to benchmark progress, to compare best practice at home and abroad and to set stretch targets. These indicators will include:

### Performance Indicators

Business Environment & Supports			
Metric	Source	Baseline - 2013	Output - 2014
<b>BUSINESS ENVIRONMENT</b>			
Ease of Doing Business	World Bank	10	
EII Scheme Activity	Revenue	Unavailable at date of publication	
SCS Scheme Activity	Revenue	Unavailable at date of publication	
<b>SUPPORTS - ENTERPRISE IRELAND</b>			
Participation in EI Entrepreneur Programmes	EI	485	
Number of HPSUs and Startups	EI	189	
% of HPSUs reaching €1m revenue <3 years	EI	21% Average since 2004	
% of HPSUs reaching €3m revenue <5 years	EI	10% Average since 2004	
Participation in New Frontiers Programme	EI	144	
% of New Frontiers leading to a startup	EI	Unavailable at date of publication	
<b>SUPPORTS - LEOS</b>			
LEO Accelerate			
- Number of programmes	LEO	20	
- Number of participants		250	
LEO Hi-Start			
- Number of programmes	LEO	2	
- Number of participants		40	
LEO Mentors			
- Mentors assigned to startups	LEO	1,318	
- Development mentors		1,326	
LEO Start Your Own Business	LEO	3,366	
<b>ÚDARAS NA GAELTACHTA</b>			
Number of startups supported by Údaras na Gaeltachta	ÚnaG	56	

## Innovation

Over the past decade and a half Ireland has invested significantly in science and technology to create an environment in which innovation and entrepreneurship can flourish. This investment in scientific excellence continues to have many positive effects, including encouraging an innovative and enterprising economy, creating high-value jobs, attracting, developing and nurturing business, scientists and talented people, and ensuring Ireland is connected and respected internationally.

The recent evolution of Science, Technology and Innovation policy has brought a focus to accelerating the economic and societal impact of public investment in research and increased emphasis on industry academic collaboration and commercialisation of research that will support a culture of innovation and entrepreneurship in Ireland.

### Performance Indicators

Innovation			
Metric	Source	Baseline - 2013	Output - 2014
HPSUs – Innovative Startups	EI	104	
Number of Spinouts from Technology Transfer Offices	EI	34	
Number of licenses from Technology Transfer Offices	EI	115	
Number of Spinouts from SFI Research Centres	SFI	0	
Number of Licences from SFI Research Centres	SFI	0	
Horizon 2020 – Startups Supported	EI	N/A	

## Access to Finance

A stable and appropriate supply of credit promotes growth, encourages start-ups and enables established firms to grow by exploiting trade and investment opportunities. Lending rates from banks, state backed schemes and angel funding will be tracked to assess if the necessary funding is available to entrepreneurs to develop and achieve their vision.

### Performance Indicators

Access to Finance			
Metric	Source	Baseline - 2013	Output - 2014
Banks - Lending to startups - Refusal rates - Support to startups from EIB	CSO	New survey to be developed by the CSO in 2014	
Microfinance Ireland Loans to Startups	MFI	77	
Loan Guarantee Scheme Guarantees for Startups	DJEI	11	
Volume of Angel Funding - Cumulative number of deals - Direct Angel Investment - Number of angels registered in HBAP	BICs	148 25,878,000 600	

## Entrepreneurial Networks & Mentoring

The strength of the entrepreneurship ecosystem will largely depend on the level of commitment shown by the private sector and industry representative bodies to its development. This commitment can best be demonstrated through tangible initiatives, such as leveraging the existing talent base to support others and grassroots efforts by entrepreneurial leaders to encourage continuous activities and events that engage, inspire and support entrepreneurs.

The active engagement of existing entrepreneurs and their business representative bodies is essential to forging and sustaining a dynamic and productive entrepreneurial ecosystem in Ireland.

### Performance Indicators

Entrepreneurial Networks & Mentoring			
Metric	Source	Baseline - 2013	Output - 2014
Number of startups in accelerators, hubs	Agencies	tbc	
Number of private sector support networks	Industry Bodies	Unavailable at date of publication	
Mentoring	Agencies		
Mentors assigned to startups	EI	513	
	LEO	1,318	
Monitor private sector commitment to voluntary prompt payment code	DJEI	N/A	
		new initiative	

## Access to Markets

Because Ireland has a small domestic market and one of the most open economies in the world, trade is crucial to our economic growth. It is important to encourage more entrepreneurs, businesses and organisations to “think global” and to promote internationally Ireland’s talents and reputation as a strong enterprise and innovation culture.

### Performance Indicators

Access to Markets			
Metric	Source	Baseline - 2013	Output - 2014
Numbers of participants in export awareness programmes	EI	655	
Companies engaging with Potential Exporters Division	EI	383	
Number of startups accessing trade acceleration vouchers	ITI	20	
Number of companies participating in ITI Trade Generation Programmes	ITI		
- Elevate		61	
- Acumen		59	
- Go-2-Tender		216	
Numbers accessing Business On-Line Vouchers	D/CENR	25	



# Appendices

# Appendix 1:

## Enterprise Ireland Entrepreneurship Supports

	Programme/Fund and Objective	Number of Projects	Funding	Areas of strategic Focus 2014-2016
Developing the Proposition	<b>EnterpriseSTART Workshops:</b> Provide entrepreneurs with comprehensive information to understand the business development process including the key success factors and potential pitfalls as well as an outline of financial supports available from Enterprise Ireland and Local Enterprise Office.	2011: 264 participants 18 workshops	2011: €90,000 (€5,000 per workshop)	EnterpriseSTART 2 developed in conjunction with the Business Innovation Centres to help entrepreneurs to progress to developing a business proposition.
		2012: 162 participants 18 workshops	2012: €90,000 (€5,000 per workshop)	
		2013: 185 participants 18 workshops	2013: €90,000 (€5,000 per workshop)	
	<b>New Frontiers Programme:</b> National incubation programme launched in 2012 that offers participants a package of supports to help accelerate their business development and to equip them with the skills to successfully start and grow a company.	2013: 144 Participants, 11 Programmes <i>(Programme commenced 2013)</i>	€6.1m paid (June 2014) <i>(Programme commenced 2013)</i>	Based on the success of the programme in 2013 €12.65m is now being invested for the next three years of New Frontiers.
	<b>Mentor Programme:</b> Mentors provide advice, guidance and support, to help clients grow and build capability. Mentors are business people, founders and entrepreneurs with strong commercial, international experience who volunteer to advise clients.  2012 Evaluation found that businesses with EI mentor support move on and develop more quickly than businesses without a mentor.	367 one to one assignments; 288 with EI clients and 79 with non-EI clients	2011: €506,000 approved (2,892 individual visits)	Work with DJEI and other stakeholders to implement the recommendations of the Forfás Review of Business Mentoring Services in Ireland.  Need to ensure that sufficient resources are in place to implement recommendations of the Review.
		490 one to one assignments; 439 with EI clients and 51 with non-EI clients	2012: €531,000 approved (3,034 individual visits)	
		513 one to one assignments; 462 with EI clients and 51 with non-EI clients	2013: €571,000 approved (3,263 individual visits)	
	<b>Competitive Feasibility Funds:</b> Aimed at assisting entrepreneurs to investigate the viability of a new growth orientated business that can succeed in global markets. The focus is on developing new businesses that can move beyond the domestic market and demonstrate real potential for internationalisation.	2012: 70 projects approved (5 calls)	2012: €1.2m approved	Continue to provide CFF support as part of the multi-stage funding model.
		2013: 43 projects approved (4 calls) <i>(Programme commenced 2012)</i>	2013: €1.0m approved <i>(Programme commenced 2012)</i>	

	Programme/Fund and Objective	Number of Projects	Funding	Areas of strategic Focus 2014-2016
Getting Investor Ready	<b>HPSU Feasibility Study:</b> Used to investigate the viability and potential of an innovative/high potential startup and the development of an Investor Ready Business Plan.	2012: 138 projects supported	2012: €1.7m approved	Continue to provide HPSU Feasibility support as part of the multi-stage funding model.
		2012: 212 projects supported <i>[Programme commenced 2012]</i>	2013: €2.6m approved <i>[Programme commenced 2012]</i>	
	<b>Competitive Start Fund:</b> Aims to address the needs of early-stage client companies. In this initial phase, companies can face difficulties in raising external financing in the startup and market-launch process. The CSF aims to assist startups to bridge this gap and quickly validate their market.	2011: 55 early stage companies supported	2011: €2.85m approved	Continue to provide CSF support as part of the multi-stage funding model.
		2012: 60 early stage companies supported	2012: €3.05m approved	
		2013: 85 early stage companies supported	2013: €4.3m approved	
	<b>Innovative HPSU Programme:</b> Enterprise Ireland offers equity investment to HPSU clients, on a co-funded basis to support the implementation of company business plans. Any Enterprise Ireland investment needs to be matched by at least a similar amount of investment by the promoters and/or other investors. Enterprise Ireland can help companies by providing information on the main sources of private investment.  HPSUs must achieve commercial traction very quickly, in order to grow.	2011: 93 new HPSUs	2011: €20.4m approved	Roll out a new approach to driving scale in startups, to speed-up their growth and consolidate their long-term viability
		2012: 97 new HPSUs	2012: €22m approved	
		2013: 104 new HPSUs	2013: €21.7m approved	





	Programme/Fund and Objective	Number of Projects	Funding	Areas of strategic Focus 2014-2016
Spin Outs from Research	<b>Commercialisation Fund:</b> Drives the commercialisation of research from higher education research institutions by supporting the development of innovations at all stages of the commercial pipeline to the point where they can be commercialised as new products, services and companies.	2011: 79 Projects	2011: €15.9m approved	Pilot 'entrepreneurs in residence' program on-campus to encourage and mentor aspiring entrepreneurs and to support projects under the 'Commercialisation Fund'.
		2012: 105 Projects	2012: €22.4m approved	
		2013: 64 Projects	2013: €15.7m approved	
	<b>Incubation Centres:</b> Foster entrepreneurship and campus company activity by providing an essential transitional space between the research and business worlds.	355 Companies	2011: €1.6m approved	Over 1,500 are people employed directly in incubator companies. A review of the Incubator programme is currently underway to evaluate the impact of this investment to date and to identify any unmet industry demands in this area.
2012: No approvals				
2013: €2.0m approved				

Programme/Fund and Objective	Number of Projects	Funding	Areas of strategic Focus 2014-2016
<b>Community Enterprise Centres:</b> Provide entrepreneurs with business space in a supportive environment with the aim developing entrepreneurship in both urban and rural locations.  CECs accommodate 1,214 companies employing 6,051 staff.	167 centres have been approved for financial support (of which 117 have been completed)  <i>(*10 centres were not supported by EI for a capital build)</i>	€64m approved over 4 schemes since 1989	Additional measures are under review, however a key approach being introduced is to build on the existence of the centres by ensuring protocols are in place at local level with LEOs to ensure they are fully integrated into the enterprise development plans for each county.
<b>Seed &amp; Venture Capital Scheme:</b> Aims to increase the availability of risk capital for SMEs to support economic growth through the continued development of the Seed and Venture Capital Sector in Ireland to achieve a more robust, commercially viable and sustainable sector.	2011: 116 investments; of which 82 in Irish companies	2011: €42m invested in Irish companies. The cost to the exchequer under the SVC schemes was €12m	Enterprise Ireland is working to close funds and support them to commence investment under the first call for expressions of interest under the Seed and Venture Capital Scheme 2013-2018.  Further calls will be issued over this period and work will commence to define the sectoral and stage of development focus of those calls for expressions of interest in the near term. A public consultation exercise has concluded.*
	2012: 135 investments; of which 84 in Irish companies	2012: €54m invested in Irish companies. The cost to the exchequer under the SVC schemes was €14m	
	2013: 153 investments; of which 94 in Irish companies	2013: €59m invested in Irish companies. The cost to the exchequer under the SVC schemes was €15m	

\* Enterprise Ireland makes commitments to VC funds under the Seed and Venture Capital Schemes and minimum of those commitments are invested in Irish companies. The funds do however also make non Irish investments.

## Appendix 2: Local Enterprise Offices Entrepreneurship Supports

<b>LOCAL ENTERPRISE OFFICES ENTREPRENEURSHIP SUPPORTS</b>		
	<b>CEB total 2013</b>	<b>LEO total 2014 (target)</b>
<b>Employment</b>		
Jobs Created		1,522
Jobs Sustained		20,478
<b>Total Employment new portfolio</b>	<b>20,478</b>	<b>22,000</b>
<b>Grants (M1 &amp; M2)</b>		
Feasibility Applications approved (number)	188	156
Feasibility Applications approved (value)	€1,449,059	tbd
Priming Grant application approved (number)	414	413
Priming Grant application approved (value)	€8,661,395	tbd
Expansion Grants approved (number)	320	310
Expansion Grants approved (value)	€6,244,565	tbd
Cost per job (av)	€6,114	€7,848
<b>Start Your Own Business</b>		
Numbers run	235	244
Participant numbers	3,366	2,875
% Business starts (estimate post EI evaluation feedback)	n/a	n/a
<b>Accelerate</b>		
Numbers run	20	32
Participant numbers	165	259
Business development impacts (EI evaluation feedback)	n/a	n/a
<b>Hi-Start</b>		
Numbers run	1	2
Participant numbers	14	43
No. of investment ready business plans target 2014		6
<b>Export Awareness Initiatives</b>		
Numbers run	58	30
Participant numbers	257	263
<b>Lean for Micro</b>		
Participant numbers		26
Evaluation feedback obtained		35



<b>LOCAL ENTERPRISE OFFICES ENTREPRENEURSHIP SUPPORTS</b>		
	<b>CEB total 2013</b>	<b>LEO total 2014 (target)</b>
<b>Mentors</b>		
Start-up Mentors assigned (number)	1,464	1,318
Business Development mentors assigned (number)	759	1,326
<b>Marketing and Networking events undertaken</b>		
Individual	779	1,387
Group	233	324
<b>Pathway Progression</b>		
Client Transfers (number)	n/a	47
Client Transfers from EI (number)	n/a	30
<b>EI Services Accessed</b>		
Market Research Centre (referral numbers)	n/a	45
Overseas Office (referral numbers)	n/a	26
Innovation Vouchers (approved numbers)	n/a	150
<b>MFI Loan Applications Assessed/Recommended</b>		
MFI Applications received	41	91
No. Applications Assessed/Recommended	12	63
<b>Female Participation</b>		
Number and % attending core training programmes	16,293 (57.1%)	4,912 (54.39%)
Numbers starting own business	n/a	n/a
<b>Student Enterprise</b>		
Schools participating (number)	780	593
Applicants/Participants (number)	29,359	23,359
<b>National Enterprise Awards</b>		
Number of Clients participating	47 (incomplete information)	94 (incomplete information)

# Appendix 3:

## Global Entrepreneurship Development Index (GEDI) Structure

Entrepreneurial Aspirations Sub-Index	Risk Capital	Informal
		Depth of Capital
	Internationalization	Export
		Globalization
	High Growth	Gazelle
		Business Strategy
	Process Innovation	New Tech
		GERD
	Product Innovation	New Product
		Technology Transfer

**Note:** The GEDI is a super-index made up of three sub-indices, each of which is composed of several pillars. Each pillar consists of an institutional variable (denoted in bold) and an individual variable (denoted in bold italic). The data values for each variable are gathered from a wide range of sources.

Entrepreneurial Abilities Sub-Index	Competition	Competitors
		Market Dominance
	Human Capital	Educational Level
		Staff Training
	Technology Absorption	Technology Level
		Tech Absorption
	Gender	Female Opportunity
		TEA Female
	Opportunity Start-up	Opportunity
		Freedom

Entrepreneurial Attitudes Sub-Index	Cultural Support	Career Status
		Corruption
	Networking	Know Entrepreneurs
		Internet Usage
	Risk Acceptance	Risk Acceptance
		Business Risk
	Start-up Skills	Skill Perception
		Tertiary Education
	Opportunity Perception	Opportunity
		Market Agglomeration



# Glossary of Terms

<b>BICs</b>	Business Innovation Centres	<b>IBEC</b>	Irish Business and Employers' Confederation
<b>BIM</b>	Bord Iascaigh Mhara	<b>IP</b>	Intellectual Property
<b>CEDRA</b>	Commission for the Economic Development of Rural areas	<b>IRC</b>	Irish Research Council
<b>CSO</b>	Central Statistics Office	<b>ISIF</b>	Irish Strategic Investment Fund
<b>CRO</b>	Companies Registration Office	<b>ITI</b>	InterTradeIreland
<b>CTTO</b>	Central Technology Transfer Office	<b>KTI</b>	Knowledge Transfer Ireland
<b>DAFM</b>	Department of Agriculture, Food and the Marine	<b>LA's</b>	Local Authorities
<b>DAHG</b>	Department of Arts, Heritage and the Gaeltacht	<b>LCDC</b>	Local Community Development Committee
<b>DCENR</b>	Department of Communications, Energy and Natural Resources	<b>LCDP</b>	Local Community Development Programme
<b>DECLG</b>	Department of Environment, Community and Local Government	<b>LECP</b>	Local Economic and Community Plan
<b>DES</b>	Department of Education and Skills	<b>LEOs</b>	Local Enterprise Offices
<b>DJEI</b>	Department of Jobs, Enterprise and Innovation	<b>MFI</b>	Microfinance Ireland
<b>DSP</b>	Department of Social Protection	<b>NCC</b>	National Competitiveness Council
<b>DTTAS</b>	Department of Transport, Tourism and Sport	<b>NCCA</b>	National Council for Curriculum Assessment
<b>EGFSN</b>	Expert Group on Future Skills Needs	<b>NPRF</b>	National Pensions Reserve Fund
<b>EI</b>	Enterprise Ireland	<b>NSAI</b>	National Standards Authority of Ireland
<b>EIB</b>	European Investment Bank	<b>OGP</b>	Office of Government Procurement
<b>EIF</b>	European Investment Fund	<b>R&amp;D</b>	Research and development
<b>EIIS</b>	Employment and Investment Incentive Scheme	<b>SBCI</b>	Strategic Banking Corporation Ireland
<b>GEDI</b>	Global Entrepreneurship Development Index	<b>SBG</b>	State Bodies Group
<b>GEM</b>	Global Entrepreneurship Monitor	<b>SCS</b>	Seed Capital Scheme
<b>HEA</b>	Higher Education Authority	<b>SFI</b>	Science Foundation Ireland
<b>HEI</b>	Higher Education Institutions	<b>SME</b>	Small and Medium Enterprise
<b>HBAP</b>	Halo Business Angel Partnership	<b>STEM</b>	Science, Technology, Engineering, Mathematics
<b>HBAN</b>	Halo Business Angel Network	<b>SYOB</b>	Start Your Own Business
<b>HPSU</b>	High Potential Startups	<b>ÚnaG</b>	Údaras na Gaeltachta

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