



Heart of the South West (HoSW) Export Trade Development Programme

Summative Assessment - Final Report

October 2021



European Union

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Development Fund



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Introduction

The Insight Works was commissioned by Business West in November 2020 to undertake a Summative Assessment of the European Regional Development Fund (ERDF) Heart of the South West (HoSW) Export Trade Development Programme.

Our report is structured in line with the Managing Authority - Ministry of Housing Communities and Local Government (MHCLG) – published Summative Assessment Guidance.



Approach

Our approach to this summative assessment focussed around five key phases of work: Focus, an approach to project inception which defines the critical issues and priorities and lays the foundations for assessing added value and value for money. Explore, a forensic review of programme documentation, management information, interviews, the logic model, policy context, survey outputs and performance to date, founded on open questioning. Analyse, bringing together the results from the focus and exploration phases with review sessions to clarify economic impact, programme outcomes and an active search for specific insights. Innovate, applying proven innovation tools and techniques to generate improvement ideas. Report, meeting all Managing Authority and ITT requirements, supporting the programme management team throughout the process, addressing emerging issues, focussing on important insights and practical recommendations.

The work has assessed:

- Rationale, context and programme Logic Model
- Performance against contracted targets
- Impact
- Programme management and governance processes
- Performance of delivery components
- Lessons learnt, strengths and weaknesses
- Recommendations for future delivery

In order to deliver a comprehensive and succinct evaluation which reviews progress and performance, and informs future delivery, we have carried out the following key tasks:

- **Review of the Original Full Application and subsequent Project Change Request** which outline the original rationale and context under which the programme was designed, its objectives and the model created to deliver these objectives.
- **Analysis of Management Information**, including data to verify performance against targets, understand the nature and scale of support and the quality of data capture.
- **Team, Stakeholder and Beneficiary Consultations**, with Head of International, International Trade Centre Manager, International Trade Centre Advisor, Research Advisory Manager, Digital Marketing Advisor, 2 x International Trade Advisors, HoSW Growth Hub Programme and Partnership Manager and a beneficiary survey sent to 97 companies.
- **Review of conclusions and creation of recommendations**, drawing on our own innovation process for exploring issues, challenges and problems, generating ideas, testing their viability, feasibility and desirability, and making recommendations for improvement.
- **Reporting**, both informally as key findings emerge, and formally through our final report for Business West.

Report Structure

- **Executive Summary** – an overview of the Summative Assessment, including key findings and recommendations.
- **Section 1: Overview of Programme** – reviewing programme context, market failure, programme objectives, rationale, inputs, activities, outputs and results outcomes, impact and changes in context.
- **Section 2: Programme Progress** – identifying any implementation issues, programme expenditure and output performance against profile.
- **Section 3: Programme Delivery and Management** – covering implementation, procurement and performance of partners, beneficiary acquisition, delivery of activities, stakeholder perceptions, beneficiary perceptions, integration of horizontal principles, governance, and programme management.
- **Section 4: Outcomes and Impact** – assessing progress, calculating gross and net additional impact where it can be attributed to the programme.
- **Section 5: Programme Value for Money** – drawing on existing benchmarks and assessing various value for money metrics.
- **Section 6: Conclusions and Lessons Learnt** – Identifying strengths and weaknesses of the programme and lessons learnt for Business West, Stakeholders and Funders.
- **Section 7: Recommendations** – clear, practical recommendations for the future delivery of this type of activity, covering delivery processes, programme management, advice and support.





Executive Summary

Overview

The HoSW Export Trade Development Programme is a £916,000 ERDF funded project designed to support SMEs in the HoSW LEP area to overcome barriers to trade and improve their international trade performance.

It has been well designed, based on sound principles, compliments existing DIT delivery and utilises innovative delivery mechanisms to support SMEs. It is delivered by a highly experienced team and predicted an appropriate level of outputs. Delivery has been hampered by Covid-19 and to some extent, by EU Exit. Marketing activity was put on

hold, and SME projects stalled as business owners focussed on survival.

This important support package remains as relevant now as it did during its inception – perhaps even more so – with International Trade one of the key facets of building resilience.



Progress

The project is progressing well given the challenges faced early on by the team and is on schedule to meet nearly all its required output targets. It is also on course to meet its overall expenditure profile – albeit with a slightly higher level of spend in the Transition area, and lower in the More Developed area, than was originally forecast.

Geographic distribution across the region is good. The project has predominantly worked with Micro and Small SMEs, but has still reached medium sized businesses, who represent 23% of the beneficiary cohort.

It has supported 14 new exporters to date, and 100 existing exporters, with an average of 7 existing markets per business, and an average of 3 potential new markets per business. Over the entire cohort, the project has the potential to take 120 businesses to over 366 new markets.

Delivery and Management

Delivery is led by an experienced team, supported by well designed, robust and effective processes. The administration burden on businesses is low, and there are elements of best practice – particularly with the provision of the internal programme guide, which is made available to all staff.

There has been minimal marketing given the Covid-19 pandemic, with the team instead choosing considerate direct communication to known companies who were open to the opportunity.

The team has continuously improved its processes and forms over many years, and this project and its beneficiaries have benefitted from those incremental improvements. Feedback from companies on this is excellent.

SMEs received on average, 27 hours of support, with 73% of companies taking up support from the International Trade Research Advisors through either Market Research or Market Selection. Digital Support was also extremely popular, taken up by 52% of all companies.

Stakeholders and beneficiaries talk positively about the programme. ITAs and all service providers have received excellent feedback.

Management and Governance is strong – with effective programme meetings and a simple but effective steering group.

Outcomes and Impact

Despite the early delivery of this report – the programme has achieved some significant outcomes and impact. It has, to date, increased net additional employment by 17.5 and generated net additional GVA of £924,000. When extrapolated across all 120 potential beneficiaries – these figures would rise to 72.5 and £3.8m.

The programme has also generated an additional £285,000 of export sales, with survey respondents predicting increases over the next 5 years of approximately £11.5m. If this were to be consistent across all 120 potential beneficiaries, the programme could trigger additional export sales of somewhere in the region of £138,000,000.



Value for Money

The project has achieved excellent value for money, with the public cost per enterprise supported at just £8,664, and jobs created expected to be £22,900 – lower than national available benchmarks. In addition, the programme is expected to deliver £4.17 of net additional GVA for every £1 of public money invested.



1. Overview of Programme

2.1 Summary

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1.2 Programme Context

The Heart of the South West (HoSW) Export Trade Development Programme was designed to build on the learnings and continue the success of Business West's predecessor HoSW Export for Growth Project. This project provided support aligned to European Strategic Investment Fund (ESIF) Strategic Growth Plans by assisting the LEPs SMEs to enter new markets and become competitive. The HoSW Export Trade Development Programme enables Business West to provide further support to more SMEs in the area, assisting both new and established exporters.

The £916,000 programme is funded by the European Regional Development Fund (ERDF) and matched by the Department of International Trade (DIT). At the time of application, Business West had identified a total of 2,290 relevant SMEs for support (3.5% of HoSW's 63,900 SMEs).

The programme's Full Application was submitted in September 2020 with a delivery model designed to complement DIT's Core activity in the HoSW LEP area. The programme set out with a remit to contribute towards several strategic ambitions and challenges by stimulating the international trade performance of the regions SMEs. This programme was designed in the context of EU-Exit but prior to the Covid-19 pandemic. The Full Application drew on the following findings:

- The UK Industrial Strategy (UKIS) stated the need to address weaknesses such as maximising the UK's export potential
- The UK Export Strategy (UKES) set the goal of raising the national GDP from exports to 35%
- According to internal research undertaken by DIT/Nottingham University, UK exporters are responsible for 60% of national productivity growth
- De Loecker (2017) found that SMEs who export for the first-time experience greater leaps in productivity growth than those who don't, this is gap between exporters/non-exporters also grows over time
- The Business Productivity Review (BPR) stated the signposting of SMEs to DIT's services was a key to addressing productivity improvements. The review also specifically states export support is an essential aspect of the solution

The programme is delivered in Priority Axis 3 Enhancing the Competitiveness of Small and Medium Sized Enterprises, with support aligned with the following Investment Priority:

- 3d - Supporting the capacity of SMEs to grow in regional, national and international markets, and to engage in innovation processes (ERDF).



1.3 Market Failure

The rationale for the programme is built around several market failures identified in the Full Application. The two primary sources are:

- British Chambers of Commerce 2019 Q4 Quarterly International Trade Outlook reported (1) 'The balance of manufacturing exporters reporting improved export orders has now been in negative territory for two consecutive quarters' and (2) 'Support for exporters will continue to be a hallmark of UK export growth for the foreseeable future.'
- Developing Superstar Exporters, a publication by Barclays and King's College London stated; 'additional, intensive support for exporting firms (and those who have the potential to export), cannot be understated as a key mechanism to boost UK export growth.'

The Business West team has gained significant experience through the delivery of the Export for Growth project (2016-20). This has highlighted that whilst the regions SMEs have outstanding export potential, there is a significant lack of confidence, experience and capability in the business stock.

The South West suffers from below average current and historical export performance, with work needed to both increase the number of exporters and the value of the region's exports. To mitigate this, the South West has an uphill struggle to grow faster than other English regions to increase exports as a percentage of GDP. However, data from HMRC Statistics showed the number of exporters in the region remains stable and exports increasing by £1.3bn to £21.4bn in 2018 (up 5% on June 2017). This provides the region a sound base to succeed in the future.

The team also understands that export support delivered in the region needs to be agile and sensitive to the diverse differences of the regions 'More Developed' and 'Transition' areas as per the European Classifications.

The Full Application states that SME's who are extending sales into overseas markets generally do so initially without increasing internal resources until a market is well established. A productivity increase is therefore achieved by the SME having new in-market customers to sell to, whilst maximising capacity to fulfil the demand. Even when a market has been established, the cycle demonstrated above will reoccur upon the SME entering a new market.

The Full Application highlights the potential clash between the programme's outputs of creating jobs and increasing productivity. It concludes that whilst this is maybe the case in the short term, productivity and efficiency increase relative to growth. Supported SMEs are more likely to invest in skills, increase economic output and accelerate productivity as result of increased export activity.

1.4 Programme Objectives

The Heart of the South West (HoSW) Export Trade Development Programme is delivered by Business West's team of experienced internationalisation experts in the HoSW LEP area to improve the international trade performance of the regions SMEs. The overall aim of the programme is to remove the barriers for businesses in the HoSW LEP area who

1.4 Rationale

- Promoting Entrepreneurship
- Spreading the Practice of Most Productive Businesses and Addressing the Productivity Gap
- Encouraging Scale-Up of SMEs, and Equipping them with Knowledge, Skills and Support to Access Foreign Markets
- Improve Coordination of Business Support Ecosystem (e.g. Growth Hubs)

- Identify areas of opportunity and improvement
- Increase productivity
- Encourage greater efficiency
- Improve competitiveness (a key aspect of trading internationally both effectively and sustainably)

- More innovative than non-exporters
- More resilient to economic downturns
- Improve financial performance
- Increase their international profile and brand
- More likely to stay in business

1.6 Programme Inputs

As a £916,667 ERDF funded programme, the HoSW Export Trade Development Programme includes ERDF Funding of £500,000 and DIT Match Funding of £416,667. The funding is broken down as follows

Cost Category	Profile
Office Costs	£1,110
Salaries	£780,414
Other Revenue	£8,081
Professional Fees	£10,000
Flat Rate Indirect Costs	£117,062
Total	£916,667

Table 1: Programme Cost Profile

Function	Number of FTE
Management	2.2
Administration and Core Services	2.05
Marketing	1.4
International Trade Centre	1.2
International Trade Advice	4.95
International Trade Research	2.3
Total	14.1

Table 2: Programme Staff Count

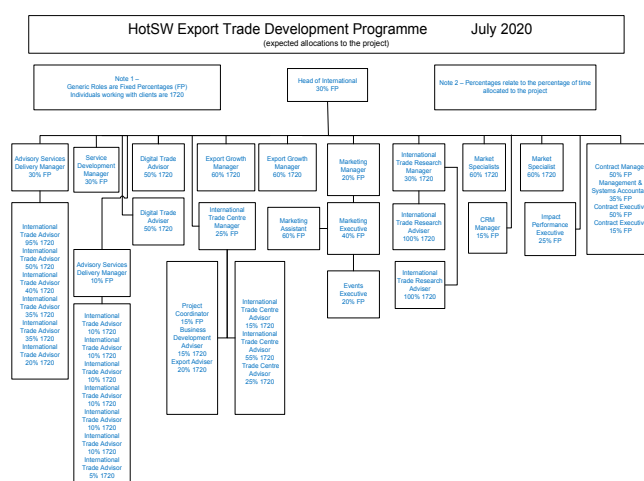


Image 1: Programme Staff Structure



1.7 Activities

The suite of programme activities was designed to complement DIT Core activity in the LEP area and provides additionality through:

- Ready to Export Workshops
- Market Selection and Desk Based Market Research
- Digital Marketing Support
- Market Visit Attendance
- The Export Manager Scheme
- Market Specialists

The intensive package of support provided by the programme was split into five phases with the aim of enabling SMEs to win new business in export markets, these were:

- **Phase 1: Orientation** - Insight into SME vision, potential, opportunities, and risks
- **Phase 2: Investigate** - Exploration of opportunities for Improvement and areas to provide the biggest impact
- **Phase 3: Design** - Design of support plan – relevant internal programme and external services
- **Phase 4: Realisation** - Support plan implementation
- **Phase 5: Ongoing Support** - Continued evaluation of further support needs

1.8 Outputs and Results

The outputs rationale and methodology are based on current/relevant insights provided by the Export for Growth programme (2016/20) and benchmark data from three of Business West's previous ERDF Internationalisation projects. Any output cost assumptions have been drawn from Export for Growth.

Based on learnings from the delivery of Export for Growth, Business West expected a 50/50 split of outputs across the More Developed and Transition regions. The team had put mitigations in place to monitor outputs and mitigate any disparities should they have arisen during delivery, ensuring equal distribution. Original output estimates were all based on the 50/50 premise.

Whilst achievable, the output targets were viewed as a challenge during Covid-19 when a lot of other ERDF projects had applied for a Project Change Request. Despite this, the team remained optimistic they could deliver the following outputs:

	Output	More Developed	Transition	Total
C1	Number of Enterprises receiving support	40	40	80
C4	Number of enterprises receiving non-financial support	40	40	80
C5	Number of new enterprises supported	2	2	4
C8	Employment increase in supported enterprises	20	20	40

Table 3: Programme Output Profile

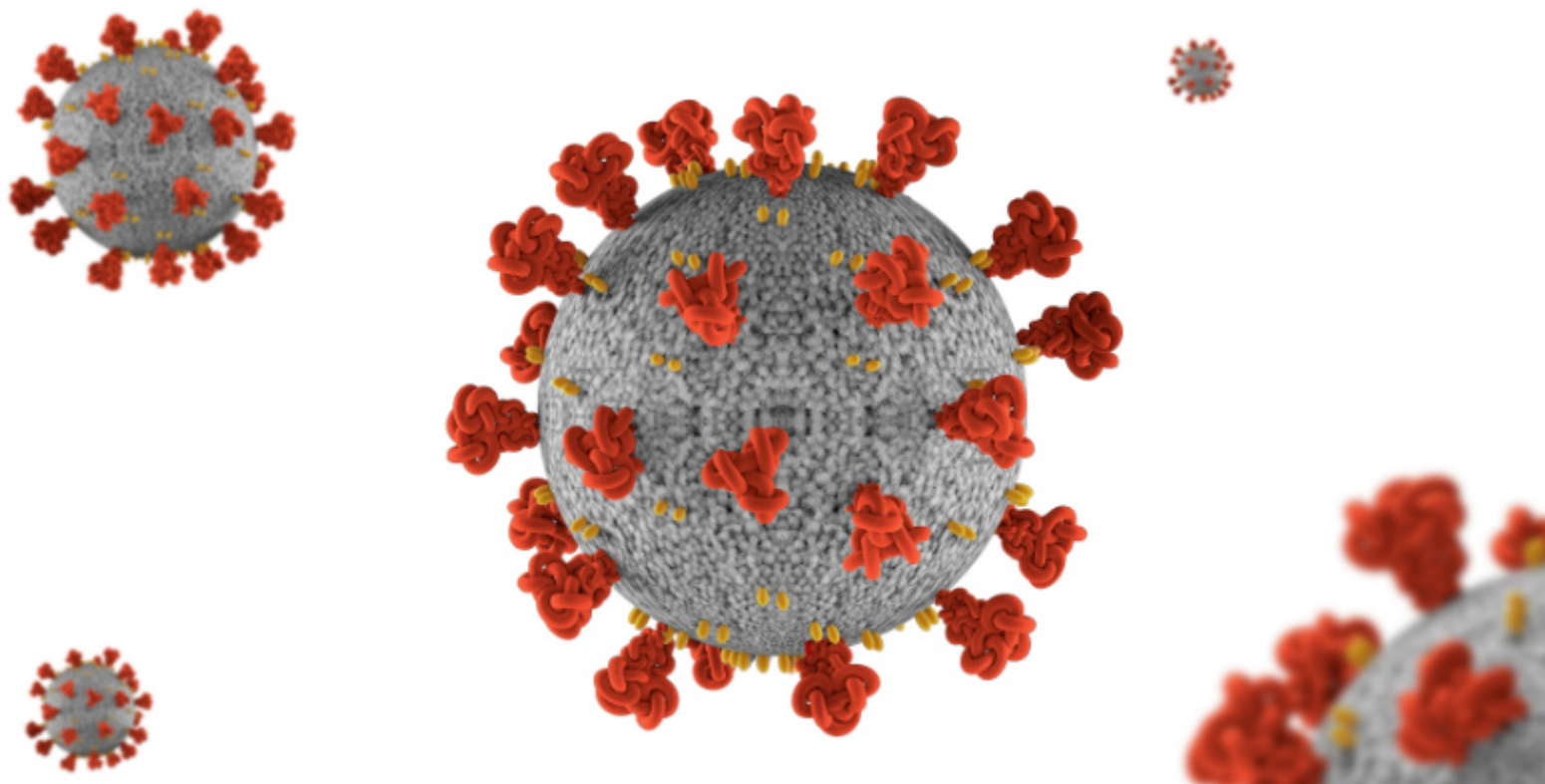
1.9 Outcomes

The Logic model stated five outcomes of support aligned to the programme's objectives.

1. Beneficiaries starting to export
2. Beneficiaries increasing value of exports
3. Beneficiaries entering new markets
4. Increased employment
5. Increased productivity

Measuring Productivity

We were informed at the Inception meeting that the team had decided to adopt a turnover per employees to calculate (labour) productivity, with no clear steer from MHCLG on how it should be measured.



1.10 Impact

The Logic model stated four key impacts of support aligned to the programme's outcomes and objectives.

1. Increase in exports from beneficiary companies already exporting
2. Provide the means for non-exporters to start exporting
3. Increased employment in beneficiary organisations
4. Increased productivity

1.11 Changes in Context

No Summative Assessment can be conducted in the current circumstances without a recognition of the issues surrounding Covid-19. The timings of programme delivery meant that the team had just settled into delivery when the pandemic hit which has had a significant impact on delivery due to the nature of support within the programme.

The programmes started at a very difficult time with a planned start date of 1 April 2020, during England's first national lockdown. The focus of both SMEs and DIT switched, with regional teams engaging businesses with Covid-19 specific support responses. As the HoSW Export Trade Development Programme was not a Covid-19 specific intervention, and therefore not a priority for business, the sensitive decision was made to not undertake any marketing at the start of delivery.

Throughout the pandemic, and especially in the second quarter of 2020 there was a switch in SME focus from growth to survival.

This change in context has been significant for most ITAs. Most of the team have had to change working practices, no longer visiting businesses, and switching to online delivery of support. This presented the team with challenges to overcome as all previous interaction with beneficiaries was face to face. Whilst

a switch to online delivery was easy for existing clients, it was difficult to build relationships with new clients.

The team found it difficult to get a true understanding of any new potential beneficiaries through a virtual medium. The inability to visit premises meant a proper assessment of an SME was not possible. This included understanding in-house skills, internal capabilities/capacity and identifying the right people to undertake actions.

At the start of the pandemic, DIT issued new policy to ensure the safety of employees and advisers. As restrictions eased the team were able to begin visiting businesses again so long as prerequisite health and safety measures had been undertaken by all parties.

1.12 Overview of Project Conclusions

The sound grounding of the methodology used and the experience of the team delivering similar interventions, gives a high degree of confidence in Business West's ability to deliver to programme output targets. There is a clear link between the support provided, programme objectives, outputs, outcomes and impacts.

The intervention was carefully designed to complement and not replicate DIT's Core offer, providing true additionality.

The support remains relevant especially now the UK and the world is exiting the Covid-19 pandemic. Whilst there was a pause in the need as SME focus switched to survival, the support is now more relevant than ever to bolster the resilience and recovery of HoSW SMEs. As the programme was designed in the context of EU-Exit, it continues to be relevant as the UK moves forward with the transition.



2. Programme Progress

2.1 Summary

The project is progressing well given the challenges faced early on by the team and is on schedule to meet nearly all its required output targets. It is also on course to meet its overall expenditure profile – albeit with a slightly higher level of spend in the Transition area, and lower in the More Developed area, than was originally forecast.

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2.2 Programme Progress Report

Overall, the programme is performing comfortably against its expenditure and outputs targets. Expenditure is expected to be achieved, and the programme has already exceeded its C1 and C4 targets. Employment has increased by 15, and by the end of 2021 is expected to be around 160 – even if the programme achieved 25% of this it would meet its contracted target.

Indicators / Expenditure	Original Funding Agreement	Amount in most recent Funding Agreement Variation	Total achieved at time of evaluation	% of target	Projected to be achieved at Programme Closure	% of target
Expenditure						
ERDF Capital Expenditure (£m)						
ERDF Revenue Expenditure (£m)	£916,667	£916,667	£753,835	82%	£916,667	100%
Indicators (please select from dropdown)						
(C1) Number of enterprises receiving support	80	80	87	109%	120	150%
(C4) Number of enterprises receiving non-financial support	80	80	87	109%	120	150%
(C5) Number of new enterprises supported	4	4	0	0%	0	0%
(C8) Employment increase in supported enterprises	40	40	15	38%	160.5	401%

Table 4: Programme Spend and Output Performance

The programme has not achieved any C5 new enterprises supported. Feedback from the team indicates that Covid was a big reason behind this. However, more fundamentally – it's rare for a business to trade overseas within the first 12 months of setting up. In our view, this output is not relevant to this type of support, and was likely requested by the Managing Authority.

2.3 Programme Expenditure

Cost Category	Profile	Expenditure to date (June21)	Balance	Spend %
Office Costs	£1,110	£808	£302	73%
Salaries	£780,414	£644,371	£136,043	83%
Other Revenue	£8,081	£0	£8,081	0%
Professional Fees	£10,000	£12,000	-£2,000	120%
Flat Rate Indirect Costs	£117,062	£96,656	£20,406	83%
Total	£916,667	£753,835	£162,832	82%

Table 5: Programme Spend Performance by Cost Category

Delivery is expected to run up until December, which will include two more claim periods. Salaries is the main cost category and quarterly claims have been averaging around £130,000 per quarter. With just £136,000 left in the salaries budget, the programme is in no danger of underspending – and will more likely need to monitor its salary spend closely over the next few months to ensure it doesn't go over budget. We know the team are discussing an extension with MHCLG which may include additional resource and outputs.

Category of Region	Profile	Expenditure to date	Balance	Spend %
More Developed	£500,000	£330,429	£169,571	66%
Transition	£416,667	£423,406	-£6,739	102%
Total	£916,667	£753,835	£162,832	82%

Table 6: Programme Spend by Category of Region

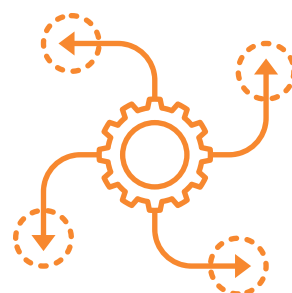
The programme has slightly underspent in the More Developed area and overspent in the transition area. This is largely because more companies have been assisted in the transition area, as can be seen in the table below.

2.4 Programme Outputs

Programme Outputs		C1	C4	C5	C8
Developed	Cumulative Achieved	37	37	0	11
	Overall Target	40	40	2	20
	Variance vs. Profile	-3	-3	-2	-9
	% of Target Achieved	90%	90%	0%	55%
Transition	Cumulative Achieved	50	50	0	4
	Overall Target	40	40	2	20
	Variance vs. Profile	10	10	-2	-16
	% of Target Achieved	125%	125%	0%	20%
Total	Cumulative Achieved	86	86	0	15
	Overall Target	80	80	4	40
	Variance vs. Profile	6	6	-4	-25
	% of Target Achieved	108%	108%	0%	38%
Pipeline		C1*	C4	C5	C8
Developed Pipeline		12	12	0	38
Transition Pipeline		21	21	0	122.5
Total Pipeline		33	33	0	160.5

Table 7: Programme Output Performance by Category of Region

From interviews with the team, and from looking at the data in Table 8 below, the main reason for this twofold. Firstly, there are more companies in the Transition area (66% of companies in HoSW) than in the More Developed area (34%). Secondly – ITAs operating in the transition area have been particularly successful in recruiting companies – and have strong relationships with existing exporters who they knew had the resilience during Covid to focus on increasing exports.



Local Authority	No of SMEs	%	Economic Weight	% of EW
East Devon (T)	10	8%	6515	9%
Exeter (T)	12	10%	4365	6%
Mendip (MD)	12	10%	5745	8%
Mid Devon (T)	5	4%	4520	6%
North Devon (T)	7	6%	4950	7%
Plymouth (T)	6	5%	5915	8%
Sedgemoor (MD)	9	8%	4925	7%
Somerset West and Taunton (MD)	21	18%	7125	10%
South Hams (T)	8	7%	5105	7%
South Somerset (MD)	6	5%	7135	10%
Teignbridge (T)	10	8%	5750	8%
Torbay (T)	5	4%	4030	6%
Torridge (T)	4	3%	3610	5%
West Devon (T)	5	4%	3155	4%
Total	120	100%	72845	100%
Sub Total Transition	72	60%	47915	66%
Sub Total More Developed	48	40%	24930	34%

Table 8: SMEs supported by Local Authority

2.5 Size and Export Status of Beneficiaries

Employment Size

Table 10 below splits beneficiaries into employment size bands, using the standard criteria used for the EU SME definition, with the addition of separating out the sole traders/1 person businesses. The programme has predominantly supported micro companies (54%) and small companies (39%), with just 7% of companies being classed as medium – according to employee size (although by turnover, this number jumps to 22).

Size Band	No of SMEs	%
1 (Micro)	9	9%
1-10 (Micro)	44	45%
11-50 (Small)	38	39%
51-250 (Medium)	7	7%
Total	98	100%

Table 9: Beneficiaries by Employment Band

Turnover

Table 11 splits beneficiaries into turnover size bands. Again, we have used the standard criteria used for the EU SME definition but broken down the micro segment to a more granular level. Given DITs overall shift towards supporting more companies who turnover £500k or more – the programme has done a good job, with 58% of companies meeting this threshold.

Size Band	No of SMEs	%
0-100k (Micro)	17	18%
101k-500k (Micro)	22	23%
501k-1.6m (Micro)	15	16%
1.6m-3.4m (Small)	18	19%
Over 3.4m (Medium)	22	23%
Total	94	100%

Table 10: Beneficiaries by Turnover Band

In addition, the programme has worked with at least 14 new exporters, about 11% of total beneficiaries. Data on markets was available for 114 companies and is summarised below:

New Exporter	14
Existing Exporter	100
Average Number of Existing Markets	7
Average Number of Potential New Markets	3
Total Number of Markets	737
Total Number of Potential New Markets	366

Table 11: Market Data

2.6 Programme Progress Conclusions

The team has struggled to support new businesses, and it is likely that this measure was requested by MHCLG. Finding Born Global companies is very difficult, and this would have been made even more challenging during Covid-19, with many businesses who were less than 12 months old forced to close. This has been a common occurrence throughout this programme delivery period (2014-2020), with projects being asked to deliver unsuitable outputs by MHCLG.

2.7 Programme Progress Recommendations

Our recommendation is for the Managing Authority, to consider whether outputs are appropriate for certain projects. Burdening teams with these unnecessarily can hinder a projects performance, creates inefficiencies and a false market. Project time would be much better spent delivering the outputs it is designed to achieve.





3. Programme Delivery & Management

3.1 Summary

Delivery is led by an experienced team, supported by well designed, robust and effective processes. The administration burden on businesses is low, and there are elements of best practice – particularly with the provision of the internal programme guide, which is made available to all staff.

There has been minimal marketing given the Covid-19 pandemic, with the team instead choosing considerate, direct communication to known companies who were open to the opportunity.

The team has continuously improved its processes and forms over many years, and this project, and its beneficiaries, have benefitted from those incremental improvements. Feedback from companies on this is excellent.

SMEs received an average of 27 hours of support, with 73% of companies taking up support from the International Trade Research Advisors through either Market Research or Market Selection. Digital Support was also extremely popular, taken up by 52% of all companies.

Stakeholders and beneficiaries talk positively about the programme. ITAs and all service providers have received excellent feedback.

Management and Governance is strong – with effective programme meetings and a simple but effective steering group.



3.2 Implementation and Acquisition

The programme has benefitted from having an extremely experienced and competent team in place who have delivered numerous ERDF International Trade projects in the past. Setup was comprehensive and key members of the team were quick to establish programme documentation and processes around company eligibility and applications, a client management database, reporting, and output and outcome measurement.

From the outset there was very little marketing activity due to the Covid-19 pandemic. With many businesses focussed on surviving or dealing with the complications of furloughing employees, it would have been extremely insensitive to market a programme aiming to support companies looking to expand into overseas markets.

As a result, very considerate, direct communication with companies who were known to the team were made. There were still difficulties, with many companies short on resource to expand. As a result, early company recruitment outside of the usual ITA contacts was limited.

Secondly, towards the end of 2020, Brexit became a real and pressing issue. This again has affected not just acquisition, but also the nature of support. In interviews with the programme team, it was clear that the majority of incoming enquiries both through the ITC and directly from companies to ITAs were around Brexit. Whilst the larger companies' plans have been less affected, many of those businesses in HoSW whom were either already being supported by the programme or were targeted for support, were primarily looking to overcome Brexit challenges. Company time is being taken up to solve issues around shipment documentation, proof of origin, tariffs and trade agreements. The focus for business was very much weighted in terms of safeguarding existing markets as opposed to developing new ones.

3.3 Initial Engagement and Application

The initial engagement process depends on whether the company is new to DIT or an existing customer. Those companies that have worked on previous programmes may only require an update to any existing diagnostic or action plan.

New companies will have to go through that process from the start – and the ITA will typically have an initial meeting to try to understand not only what they want to do, but how serious they are about exporting. How does it feature in their strategy? Is it just a Friday afternoon job or a key part of their growth plan? The ITA establishes what the ambition is and how much they already know about the export process. This part of the process is as much about educating the company as it is informing the ITA.

Companies apply using a digital PDF form which comprehensively captures SME eligibility, financial and state aid information. It also captures the details about the companies export plans, barriers to trade and any expected impact as a result of the intervention.

The common errors that occur at this point are typically associated with State Aid or a company failing to declare that they're part of a group structure. It is often the case that companies are unaware of their group status, or don't understand the importance of it, and this can create some back and forth. We know from experience that this is a common issue and one that is difficult to overcome – better guidance for SMEs is an option although companies are reluctant to read guidance. It may be that educating the ITAs to try and draw out this information may help, but the team should consider whether any extra effort is worth it given how quickly these issues can be resolved internally by the admin team.

Once approved - a Service Request Form is completed to map out the types of support the company will receive. This includes estimated timeframes for each activity. Whilst there is an expectation that most companies will receive in the region of 30 hours of support, the reality is that there are a number of those companies who will receive closer to 50 hours. This is justified where there is significant growth potential.

Feedback from ITAs was that the paperwork process didn't cause many (if any) issues – with the application, appraisal and service selection processes all delivered with minimal problems.

3.4 Delivery of Activities

Companies receive a minimum of 12 hours of support to carry out the agreed activities in their service selection form. Of the 119 companies where there is data available, 65% receive 16 hours or more, and 25% receive over 40. On average, companies receive around 27 hours of support.

Hours Received		
Band	No of SMEs	%
Under 12	29	24%
12-15	12	10%
16-40	48	40%
Over 40	30	25%
Total	119	100%

Table 12: Hours of Support Received

Delivery of individual types of support is carried out by specialists:

- Market Research – Kerry Stagg/ITRA Team
- Digital Support – Charlie Garnham, Nigel Barker
- Strategic Support (India/USA) – AV
- Strategic Support (Latin America, Caribbean, Middle East) – SH
- Export Manager – BH

Note: We attempted to look at the distribution of support across companies to try to understand which type of support was the most used by companies. However, the data available did not allow us to complete this work. We would recommend that the team looks at this in more detail.

We have been able to analyse the current 87 Enterprises Supported and the nature of the support they received, summarised in the table below.

	No of Companies	% of Companies
Market Research	54	62%
Market Selection	29	33%
Digital Support	45	52%
Export Manager	9	10%
Export Academy	5	6%
Grant Funding	22	25%
ITA Support	27	31%
Total	191	N/A

Table 13: Nature of Support

On average, companies utilised 2 services each. Market Research and Digital Support were the two most commonly used services. The ITRA function is particularly positive when you consider that a 1/3 of the companies using market selection support did not take up market research support, meaning 73% of all companies utilised the International Trade Research Advisors (ITRAs) in some way.

Almost a 1/3 of companies received additional support from the ITA. We have regarded this as support above what would normally be expected – i.e. diagnostic and action planning, or routine emails and account management activity. Again, when you analyse this alongside the Grant Funding support, which is also delivered by the ITAs (support to apply for national ESIF funding) – ITAs provided additional support to nearly 50% of companies. The nature of that support included:

Market Research

- Advice on Rules of Origin Issues, Duty Rates, Regulations, Trade Tariffs, Tax, Fulfilment, Labelling Requirements, Incoterms, Customs Procedures, Web-sale Issues, Routes to Market, Pricing Strategies, Export Controls, VAT, Courier Issues, IP
- Provision of Cultural Information
- Market Entry Briefings
- Planning for Trade Fairs
- Representing the company during presentations with suppliers or possible customers, calls with overseas networks,
- Introductions to Distributors, Networks, Potential Partners, Overseas Posts, Sector Specialists,
- PR Support

We have looked in more detail at the Digital and Research support, and the role of the ITA, through interviews with various members of the team.

Digital

Following the referral, DTAs (Digital Trade Advisors) carry out an initial consultation to understand the various stages a company may be at, their ambition, the experience in the team, B2B/B2C split and the general objectives of the support. Delivery of the agreed support tends to be via zoom, with businesses

preferring the interaction of the video call as opposed to any written reports. However, one innovation that has been introduced is the recording of zoom sessions so that the company can share the knowledge amongst the team. This adds real value to the individual and leaves them with something tangible at the end of the engagement. Feedback to the DTAs has been very complimentary.

There have been some challenges during that initial engagement:

- Companies with dedicated marketing/digital staff are sometimes more difficult to engage with, and advisors find they must 'sell' themselves
- People don't know what they don't know – so DTAs often have to trigger the interest in internationalisation – for example, UK web designers may not have much knowledge on how to adapt a site for an international market

There are no real restrictions in the support the DTAs can offer a company, which is positive – but the job is to advise, not to do. For example, a DTA may advise on how to construct a Facebook advert but will not write or upload the advert.

Companies have real issues navigating amazon market places, and it is particularly difficult to even set up an account. There may be a gap here or a commercial opportunity to support businesses.

The barriers for companies are probably what would be expected – with time, skills and money being the three biggest barriers:

- It is important to treat **time** considerably, ensuring not to overwhelm a company - offering changes they can make now, but also things they can consider for the future.
- Skills is major barrier – companies are short of **digital skills**, and even those with digital skills may not understand the complexities around internationalisation.
- Digital marketing is **expensive**, and it doesn't really provide immediate results until it becomes established. This can be difficult for companies to accept, and many give up early when they don't see a return on their investment.

Finally, regarding lessons learnt, there may be some real value in the DTAs working with ITAs on improving their digital comprehension – just in the same way that Growth Hub advisors would benefit from more conversations with ITAs to improve their export knowledge. It could help to push more companies towards considering Digital, but also help to manage expectations around what to expect from digital support and the benefits it can bring to a business.

From the DTA perspective – there is a gap in the marketing of digital support to companies. It doesn't appear to be a key strand of any marketing output. From our experience of working in other parts of the country – going digital is a huge driver for engagement, with some programmes over subscribed for support. According to DTAs, when digital is part of an event it generates lots of sign-ups, and digital could be a useful way to engage more businesses and stimulate interest in DIT services.

Market Selection and Research

Once a referral comes in, a member of the ITRA team will contact the company to arrange a meeting and discuss the requirements. Typically, there is a selection and further research brief – so the team will produce a market selection report, discuss with the company, and then complete the research element. That report normally takes 1-2 weeks to complete.

The major challenges during that engagement are:

- Often a company is looking for a distributor – but the ITRA team are not selecting distributors on behalf of the company, only providing options. This can cause some challenges with the company but can be easily handled at the start of the process by managing expectations.
- Communication with the company is a challenge – and whilst online delivery has meant meeting companies is easier, the team have lost the benefit of building the relationship through face-to-face meetings, seeing the business, or walking the factory.
- Most commissions are straightforward. The team have subscriptions to market intelligence and experienced researchers. However, when a company is particularly niche, it can be difficult to get tailored information.

From feedback with the team – there is a desire to be more involved in utilising the research to develop the strategy with the company. This is mainly left to the ITA, but the conclusions and recommendations from the research will influence that strategy.

Market Selection and Research is a great fit for companies – it's a low-cost solution and can build confidence and knowledge of the market and opportunity. It forces companies to choose their target market based on statistics, facts and figures as opposed to a hunch. The key question that the ITRA seeks to answer is "What kind of business decisions do you need to make, and what can we do to help you make those decisions?" – This is a very simple but insightful question which drives the engagement.

ITA Role

ITAs faced several challenges during the initial engagement with a company:

- Covid had a big impact on what it was possible for companies to do because most had changed their priorities from developing new overseas sales to protecting what they already had.
- The short timeframe of the programme also meant it was difficult to work with some clients who wanted/needed delivery to be over a longer period or who weren't quite ready for support.

There was a suggestion that some of the market research could be made available to ITAs to help increase their own knowledge of markets, and to equip them with 'hooks' to help companies consider certain areas. There may also be an opportunity here to provide 'one to many' support, utilising the gross grant equivalent method of valuing an intervention and providing the benefit to multiple companies.

There may also be an opportunity to bridge the gap some companies face when transitioning from UK markets to overseas ones. Business West have previously provided this, and it was popular amongst companies and ITAs.

Companies and ITAs both enjoy the flexibility the scheme offers – and whilst members of the team may feel like they work in silos, feedback from ITAs is that the companies feel like it's all connected and being able to utilise multiple aspects of high-quality support in a cohesive and joined up way is a real strength.

There is a feeling amongst ITAs that the level of detail required in the Service Request Form hasn't really worked. There are services that are not mentioned and others which are never utilised.

3.4 Stakeholder Perceptions

We have been unable to interview DIT but have spoken to HoSW Growth Hub.

The Growth Hub have indicated that better data and information in a number of areas would be beneficial. HoSW is a predominantly rural area with a higher-than-average proportion of micro-SMEs – and the team feel they could benefit from knowing more about the barriers to export for rural companies. Even something as simple as a map of where the DIT supported exporters or clusters are across the region would be helpful. For example, there could be a cluster of manufacturing businesses in North Devon who aren't connecting with DIT for a good reason – it would be good to know who they are and why they don't engage so the Growth Hub don't keep pushing out messaging to those businesses.

The Growth Hub feel they would benefit from a better understanding of the strategic direction of DIT.

The Growth Hub would welcome better feedback on referrals to support targeting. The Partnership Managers helped with this and created a more routinised feedback loop. For example, a company may be referred to DIT but get sent back because their business processes aren't right. More information on what to look for might improve referral quality. A Joint Account Management role would be ideal but probably not feasible.

The Export academy initiative is a great starting point and creates a good pathway for new or inexperienced exporters. Companies can get on the academy and get some workshops, knowledge, and guidance.

There is a perception that national messaging (including case studies) are not reflective enough of micro-SMEs in rural locations, meaning potential new exporters don't have clear sight of their peers who have been on that export journey.

There is concern that nationally the focus is not on small exporters who do modest amounts of exporting, or who COULD do modest amounts of exporting, but is driven by Export Win targets, which are easier to achieve with experienced exporters. If you're a High Growth Start Up, you don't wait until you turnover £500,000 before exporting, and there is a feeling that potential exporters are being missed.

In some ways, all the talk about Brexit has raised awareness of International Trade and its possible it

had a positive effect on triggering an interest in exports for businesses who hadn't considered it. It also accelerated the shift towards online access of advice and information – and the supply side improved the provision of this.

Covid also had a positive effect on attendances at online workshops, i.e., a food allergens workshop that previously would only attract 50 businesses had over 200 attendees.

3.6 Beneficiary Perceptions

We launched a beneficiary survey on 23rd August 2021, which was sent to 97 companies who had received support prior to March 2021. Whilst the return was disappointing - just 10 responses - there are several mitigating factors.

- Companies are suffering from 'survey fatigue' – particularly following Covid where surveys were conducted by multiple organisations across the same region.
- As the survey went out in August, it clashed with UK Summer Holidays. Participation during this period is always lower than usual.
- The continuing challenges businesses are facing due to Covid, and EU Exit cannot be underestimated. Covid recovery and preservation of existing export sales are the priority, and understandably take precedence over anything else.

3.7 The Quality and Effectiveness of Support

Rating of ITA's

ITA's were praised in all areas of delivery and expertise with no negative responses to any characteristics.

Attribute	Good/Very Good	Satisfactory	Poor/Very Poor
Professionalism	100%	0%	0%
Communication	100%	0%	0%
Competence	100%	0%	0%
Export Knowledge	100%	0%	0%
Impartiality	100%	0%	0%
Technical Abilities	88%	12%	0%
Contacts/Connections	88%	12%	0%

Table 14: Rating of ITAs

Quality of Support by Theme

Respondents were invited to score their experience of each specific aspect of support provided. As with the findings above, no aspect received a negative response with all being rated as either satisfactory, good, or very good. Four aspects of support; Market Selection, Market Visit Advice, Market Specialists, and Intellectual Property Advice received ratings of good/very good.

Support	Good/Very Good	Satisfactory	Poor/Very Poor
Market Selection	100%	0%	0%
Market Research	71%	29%	0%
Digital Marketing Support	71%	29%	0%
Export Workshops	83%	17%	0%
Market Visit Advice	100%	0%	0%
Export Manager Scheme	50%	50%	0%
Market Specialists	100%	0%	0%
Intellectual Property Advice	100%	0%	0%

Table 15: Quality of Support by Theme

Effectiveness of Support by Barrier

The table below looks at the effectiveness of support in overcoming barriers to export. We can see that with exception of Language and Culture and, to a lesser extent, Financing for Export Growth, all areas are rated effective by between 85% and 100% of respondents.

Barrier	Rating of Effective (Somewhat – Extremely)	Not a Relevant Barrier to the Business
Market Selection	100%	4
Market Information	100%	1
Understanding Product/Service Suitability	85%	2
Market Suitability	100%	3
Financing Export Growth	75%	1
Establishing Local Presence	85%	2
Building Contacts and Relationships	83%	3
Language and Culture	60%	4
Policies and Procedures	85%	2
Legislation, Regulations and Standards	85%	2
International Feasibility	85%	2

Table 16: Effectiveness of Support by Barrier

3.8 Impacts of Support

Increasing Exports

All respondents thought the support would help them export more in future with 90% of these saying it was likely or would definitely have an impact.

Overseas Sales

Three respondents reported the support had already generated a sales increase of £35k, £50k and £200k, all of which was 100% attributed to the programme.

One beneficiary was waiting to report sales as it had not completed an onboarding process, and another was yet to break into their identified market.

Respondents were also asked to predict the estimated income from export sales over the next five years. The response was positive with six beneficiaries reporting export sales forecasts of between £1m and £2.5m, totalling approximately £11.5m.

Entering New Markets

Over half of respondents reported the support had directly helped them enter new markets including the USA, Poland, and Germany. Whilst not in a new market yet, one respondent felt the support had been instrumental in supporting them on their journey.

“Although not active in the new market yet the support has created a step change in our marketing. It helped us towards applying for a grant to develop our website towards entering new markets, with additional market research support on the USA and website development advice when focusing on overseas markets. This has all be very helpful and informative.”

Personal Impacts

All respondents reported increased knowledge because of the support provided with a third of them reporting increases in their confidence and improving skills. This was cemented by 88% of respondents saying the support received had a positive change in their approach and behaviour with six of these respondents expecting it be an enduring change.

Additional Impacts

- Over half of businesses thought the support had increased their chances of survival
- One respondent reported an increase in productivity of 30%
- Three respondents said the support helped them trigger further investment in the business of £5k, £15k and £300k
- One beneficiary said the support had helped them to access £9k in additional funding

- Just under half of respondents reported the support had contributed towards the launch of a new product, process, or service
- Five respondents said the support had increased their growth potential by between 10% and 50%

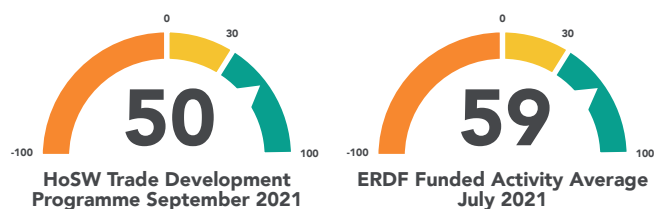
3.9 Client Satisfaction - Net Promoter Score

The Insight Works use the Net Promoter Score (NPS) to establish client satisfaction in all our Summative Assessment work. NPS is a commonly deployed business index that measures the willingness of customers/ clients to recommend an organisation's products/services to others. This method is used to assess overall customer satisfaction across a wide variety of sectors/industries.

There are no direct public offer comparators, however, the Insight Works has constantly updated our database of NPS for all the ERDF projects in which we have been involved. According to the data we have collected in the past two years, the current average ERDF Project NPS is 59.

When compared to average industry (private sector) scores the ERDF NPS average is always higher. We attribute this primarily to the fact that business support is free, and some beneficiaries are receiving grants versus the expected costs of using commercial support.

The HoSW Trade Development Programme has been awarded an NPS score of 50 by its beneficiaries. This score gives a degree of confidence that respondents were generally happy with the support they received and would recommend DIT services to others.



HoSW Trade Development - Net Promoter Score

Respondents Comments:

"In our case it will mean that are able to proceed with overseas markets as the supports lowers the risk of investments, at an uncertain time due to Covid and Brexit and the advice will improve the effectiveness of our approach."

"The trade advisor was very supportive especially with her expertise. Accessing the grant was very helpful to move our business forward"

"We have been involved in several DIT programmes over the years and therefore it is difficult to attribute success specifically to the HoSW initiative, but we have great ongoing support from DIT."



3.10 Horizontal Principles Integration

The programme has incorporated several initiatives and actions to take account of the horizontal principles and incorporate them into delivery. Negative programme 'impacts' have been minimised by encouraging engagement with clients through ways that reduce carbon emissions – some of which have been a natural result of Covid. The team have ran a number of virtual meet the buyer events, and virtual trade visits and fairs are in planning. Initiatives to enable businesses to grow by increasing visibility online e.g., demoing at a virtual trade show without having to travel, have also been implemented.

At a national level, the DIT National Food and Drink Hamper Scheme has been a great success. Businesses register on the Great British Food Programme (GBFP) directory, create a profile including products and sizes, provide information on shelf life and details about the business. Potential buyers then pick products from the directory which are collected in a hamper and sent to the overseas buyer for sample. There are 500 businesses registered with the GBFP. It's a very 'British' concept and its success will soon expand into other sectors from fast moving consumer goods into services.

Given Somersets aim to become Carbon Neutral in the next decade, sustainability is a familiar topic with local businesses and Business West may find value in producing some 'Net Zero' specific case studies to inspire more businesses to consider how they can move towards a more sustainable future.

The programme lends itself naturally to working with minority groups and there are strong connections with women led businesses across most of the ITA network. Hilary Charman heads up a 'Worldwide Women' cluster, and Sarah Hildersley leads on building connections with the Latin America and Afro Caribbean communities. Overall, the programme is open and accessible to everyone. There is recognition that the team could be doing more to access hard to reach groups although this was made even more difficult during Lockdown – particularly given the preference for many BME groups to build trust through face-to-face meetings.

3.11 Management and Governance

The programme team are extremely experienced in managing ERDF projects and delivering International Trade support, having done both for over 15 years. The programme is overseen by the Head of International (Rob Harvey) with Day-to-Day management of the programme handled by a Programme Coordinator (Julie Ford) – supported by the International Trade Centre (Acquisition), a team of ITAs/DTAs (Engagement and Delivery) and several support staff covering marketing, CRM, impact, and contracts. The team is well balanced, and everyone is clear about their role. In total, there are just over 14 FTE working on the programme.

Function	Number of FTE
Management	2.2
Administration and Core Services	2.05
Marketing	1.4
International Trade Centre	1.2
International Trade Advice	4.95
International Trade Research	2.3
Total	14.1

Table 17: Programme Team Structure

The team also developed an Internal Guide at the beginning of the programme which covers the core concepts and objectives of the programme, key outputs, delivery processes, support available, eligibility and suitability, the application process and key documentation. This guide was distributed to all programme staff and was particularly useful for ITAs, who have been able to refer to it when necessary. It has been updated during delivery in line with any changes that have been made to the programme. The production of this document should be regarded as best practice as it has multiple benefits:

- Ensures all members of the team have access to key programme information at any time
- Conveys aims and objectives of the programme (something that is often lost between design and delivery stages)
- Reduces the need for additional meetings to remind staff of processes, outputs, eligibility, and suitability
- Provides the team with a mechanism for communicating programme changes and their impact on delivery

There have been regular monthly programme meetings to review Management Information and outstanding issues, which were attended by the core management team. The original plan was that these would be face-to-face meetings, however due to Covid restrictions this has not been possible. Given the experience of the team and their familiarity with the delivery mechanisms, online meetings and one-to-one conversations have been very effective and productive.

A steering group was established, but in previous projects this has not been entirely beneficial – with too many members and self interest prevailing. Therefore, with this programme, it was decided to keep the steering group to a minimum, with representatives from the programme, Growth Hub, LEP and members of the SWMAS project, which is also being delivered in HoSW and where there is mutual benefit in sharing information.

3.12 Programme Delivery and Management Conclusions

The programme benefits from robust processes, an appetite for continuous improvement and minimising the burden on business.

The experience of the ITC and ITA teams, and the scale of the client database is invaluable when it comes to acquiring companies and ensuring a smooth and effective engagement. The ITC are excellent at filtering out those new enquiries that would be suitable for ITA support. The ITAs have good connections to previous clients and can quickly understand the need of those clients, and work with them to map out a series of actions to help them progress with their international plans.

Delivery of support is of a very high quality, with excellent feedback from companies. It is delivered by a team of people who are not only experts in their field, but personable and able to build good relationships with business.

The team do a good job of attempting to manage expectations, but there is always room for improvement. Both ITRAs and Digital Trade Advisors mentioned that this can be a key challenge for them. This fits with the observations that the team can get drawn to working in silos – both pre and post Covid-19.

The project has probably benefitted from having a modest level of outputs, which has enabled ITAs and other advisors to give more hours than a typical ERDF project would give. In relation to exports – this is of huge benefit to the company – particularly given that Research and Market selection activity and the export manager module can occupy a lot of time.

There is a lack of digital comprehension amongst ITAs. This is not a direct criticism of ITAs and is completely understandable. But ITAs have acknowledged that they may benefit from more conversations with DTAs to improve their understanding – in much the same way that Growth Hub advisors could benefit from closer connections to ITAs so they are better equipped to discuss exports.

Digital doesn't appear to be a key strategic part of the any marketing activity, despite its popularity and the increasing need for digital skills.

The service request form is a great tool for capturing the different types of support that a company may want – but it does not appear to have been updated in line with the changing nature of the support being provided.

The relationship with the Growth Hub is good, but there are gaps – most of these are brought on by Covid and the inability to network as well as in the past, and the changes in policy of DIT.

The team do a good job of integrating the horizontal principles into delivery, but there is room for improvement.

3.13 Programme Delivery and Management Recommendations

There could be potential for an initial meeting with the company that includes representatives from each of the support areas so that they can meet the client and deliver a joined-up approach. Members of the team have indicated their desire to connect more on a strategic level with companies – given the interconnected nature of the support they are giving. It would be worth trialling this with more complex cases where there are multiple elements of support. This may also help to manage expectations of companies better.

Improve connections between ITAs and Digital Advisors, consider CPD on digital trade advice for all ITAs so they are better equipped to have deeper, more informed conversations with companies.

The team should consider pushing digital trade advice more through its marketing and event activity. There is a clear need in the market, and companies want support in this area.

Consider making some of the market research available to ITAs to increase their own knowledge of a particular market – it may help them to have better more informed conversations with clients.

Continuous improvement of the process and the paperwork should never stop – and teams should always look for ways to streamline, simplify and minimise the burden on business.

The Growth Hub management team feel they would benefit from a better understanding of the strategic direction of DIT, whilst Growth Hub Advisors would benefit from better relationships with ITAs to continually increase their understanding of trade barriers. The team should look at how they can achieve this. Ideas could include via a specific partnership manager, regular group sessions, or connecting ITAs and Advisors on a one-to-one basis. The ITC could also play a role in this given the wealth of experience in the team. The export academy is another option – Growth Hub advisors could benefit from attending. Better management information of companies supported and clusters in the HoSW area would also help with local targeting.

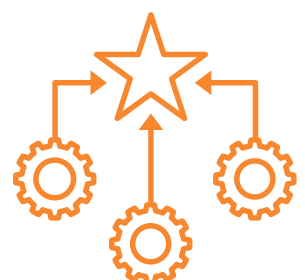
The team should consider how it can improve its direct contact with hard-to-reach groups – and be more proactive in ensuring the scheme is accessible. Given Somerset's aim to become Carbon Neutral in the next decade, sustainability is a familiar topic with local businesses and Business West may find value in producing some 'Net Zero' specific case studies to inspire more businesses to consider how more companies can move towards a more sustainable future.

There could be opportunities for businesses to do more peer networking around international trade, and to learn from and inspire each other.

Consider looking at whether there is value in bringing back an advisor to work with companies to bridge the gap between transitioning between UK and overseas

markets. It has been popular in the past and was well liked by ITAs.

ITRA and Digital support are clearly highly sought-after services, and there may be potential for further innovation in both areas, either from an efficiency perspective or a commercial one. Whilst it is accepted that most research activity is tailored to an individual company - the team should explore research areas that could be delivered to multiple companies. The value of the research could be calculated using Gross Grant Equivalent, and count towards a larger number of assists. With Digital, we understand there is a real gap in terms of supporting companies to navigate amazon marketplace. This may be something companies are willing to pay for, and Business West could consider whether there is any commercial value in this type of service.





4. Outcomes & Impact

4.1 Summary

Despite the early delivery of this report – the programme has achieved some significant outcomes and impact. It has, to date, increased net additional employment by 17.5 and generated net additional GVA of £924,000. When extrapolated across all 120 potential beneficiaries – these figures would rise to 72.5 and £3.8m.

The programme has also generated an additional £285,000 of export sales, with survey respondents predicting increases over the next 5 years of approximately £11.5m. If this were to be consistent across all 120 potential beneficiaries, the programme could trigger additional export sales of somewhere in the region of £138,000,000.



4.2 Outcomes and Impact Report

At the time of reporting – the programme was still in the process of capturing impact information from beneficiaries. Understandably, the team wanted to wait as long as possible to capture this given the lag that is normally associated with export support. We intend to reconnect with the programme at a later date to further calculate employment and productivity impact and will update this report once that work is complete. We have included some early calculations where possible.

Outcome 1 / Impact 2: Beneficiaries starting to Export / Provide the means for non-exporters to start exporting

The programme has to date, supported 14 companies who have not previously exported. Of those 14, there is the potential to open up routes into 55 markets, at an average of just over 4 markets per company.

Outcome 2 / Impact 1: Beneficiaries increasing value of exports / Increase in Export from beneficiary companies already exporting

Whilst we are awaiting more detailed data via the impact evidencing process, there are early indications that the support is having a positive impact.

All survey respondents thought the support would help them export more in future with 90% of these saying it was likely or would definitely have an impact.

Three respondents reported the support had already generated a sales increase of £35k, £50k and £200k, all of which was 100% attributed to the programme.

Respondents also predicted export sales forecasts over the next 5 years of between £1m and £2.5m across 10 beneficiaries, totalling approximately £11.5m.

Outcome 3: Beneficiaries entering new markets

From the data available, the programme will support 114 companies to enter 366 potential new markets, at an average of over 3 markets per company.

Outcome 4 / Impact 3: Increased Employment in beneficiary organisations

Note: Also contributes towards ERDF Economic Result Indicator 3.4 Number of Small and Medium sized jobs created

To date, the programme team have contacted 40 companies to collect employment increase information. 29 companies have responded, providing evidence of 15 new jobs across 8 beneficiaries. 11 companies are yet to respond. Given the nature of international trade support and the associated lag in impact the team expect to approach the remaining beneficiaries (at least 47, expected to be 80) at a later date.

Net Additional Employment to date is 17.5. If we extrapolate that across all 87 businesses, the figure rises to 52.6, and if we extrapolate that further across 120 beneficiaries, it rises to 72.5.



Outcome 5 / Impact 4: Increased Productivity

Note: Also contributes towards ERDF Economic Result indicator 3.5 Gap in productivity between SMEs and large companies productivity measured in terms of gross value added per employee

To be calculated at a later date.

4.3 Methodology

In calculating economic impact, we have used the employment data collected over the course of the programme. Given impact evidence has not yet been collected for all companies – we have extrapolated that data to estimate a total programme employment and GVA impact.

Net Impact has been calculated at the New Anglia LEP geographical level. Employment data has been used to calculate GVA and utilises data obtained from the latest available version of the Annual Business Survey (May 2020) for appropriate SUC codes.

We have applied a series of standard economic multipliers. For GVA and employment, Deadweight has been applied at Zero, as respondents were asked to attribute any increase in employment directly to the support received.

Displacement of 29.3% and Leakage of 11.5% have been applied based on HCA guidance (for regional-level business development and competitiveness support, in line with BEIS guidance).

Type I economic multipliers have been applied at the SIC divisional level. Type II multipliers not only include the direct (impact on the business supported) and indirect effects (impact on the supply chain), but also account for induced impacts – the increase in household income throughout the economy.

Substitution is not applicable to this type of intervention, whereby existing employees at an SME will not have been replaced by other SME funded/ incentivised via public monies.

In addition, we have extrapolated the data across all 87 current beneficiaries, and again for the 120 beneficiaries that the programme is on track to support.

4.4 Gross and Net Impact of the Programme

Table 19 shows that the programme has captured evidence of 15 jobs created across 29 beneficiaries up to September 2021. Once deductions and multipliers are applied to these figures, we can estimate that the Net Additional Employment impact of the programme is 17.5. Using jobs created to calculate GVA, Gross GVA based on 15 jobs is calculated at £830,757. Once deductions and multipliers are added, this figure increases to £923,897.

	Net Additional Employment	Net Additional GVA
Gross Impact (n=29)	15	£830,757
Deductions		
Deadweight	15.0	£830,757
Displacement	10.6	£587,345
Leakage	9.4	£519,800
Multiplier	17.5	£923,897
Net Additional Impact	17.5	£923,897
Net Impact Extrapolated across C1 Beneficiaries (n=87)	52.6	£2,771,690
Net Impact Extrapolated across <u>expected total</u> C1 Beneficiaries (n=120)	72.5	£3,823,020

Table 18: Net Additional Employment and GVA

We have extrapolated both figures to take account of the current number of enterprises supported (87) and the expected total number of enterprises supported (120) across the duration of the programme.

The net additional employment across 87 beneficiaries is estimated to be 52.6, creating £2.77m of net additional GVA. These figures rise to 72.5 and £3.82m when we extrapolate across 120 beneficiaries.

Attributing Benefits

All impacts are attributable to the programme as respondents were asked to attribute any increase in employment directly to the support received.

4.5 Outcomes and Impact Conclusions

The programme is delivering well against its outcome and impact objectives – achieving good levels of employment and GVA increases.

There is always a lag in business support, and given the short duration of this programme, there is even less time than usual for the support to trigger the impact inside the business.

4.6 Outcomes and Impact Recommendations

The team should continue to pursue outcome and impact data. They may also want to consider how they can improve the return on impact data, and how they could incorporate the wider impact measurements into their process. Carrying out surveys is getting harder and harder, and companies are more likely to respond when they are still engaged by the programme. Designing an impact survey which can go out to companies to capture that wider impact can have multiple benefits – it not only helps the team to understand impact better, but it supports future marketing and PR activity about the indirect benefits of exporting (increased resilience, R&D activity, etc).



5. Value for Money

5.1 Summary

The project has achieved excellent value for money, with the public cost per enterprise supported at just £8,664, and jobs created expected to be £22,900 – lower than national available benchmarks. In addition, the programme is expected to deliver £4.17 of net additional GVA for every £1 of public money invested.



5.2 Value for Money Report

With a total programme expenditure (at the time of evaluation) of £753,835, and an ERDF contribution of £411,167, our analysis of the value for money provided is summarised below:

- The total public cost per Enterprise Supported (87 to date) at just £8,664, with the ESIF cost per Enterprise Supported at just £4,726.
- When compared to research conducted by Regeneris it presents exception value for money, significantly lower than the Median (£10,200) and Mean (£34,000).
- If the programme delivers a gross increase in employment of 40, as is expected, each individual additional employee will have come at a total cost of £22,900.
- This delivers excellent value for money when compared to other programmes we have evaluated – one comparator project delivered gross employment increase costs of £57.5k – over double the cost to this programme.
- When compared to the Regeneris benchmarks, the programme will have achieved good value for money, lower than the Mean cost (£71k) and Median (25.7k).
- The programme is currently delivering just over £1.22 of additional GVA for every £1 of ERDF invested. However, when GVA is extrapolated across all 120 potential beneficiaries, that figure rises to £4.17 of net additional GVA per £1 of public money invested.



6. Conclusions & Lessons Learnt



The following is a summary of the conclusions that appear in each section of the report.

6.1 Overview of Programme

The sound grounding of the methodology used and the experience of the team delivering similar interventions, gives a high degree of confidence in Business West's ability to deliver to programme output targets. There is a clear link between the support provided, programme objectives, outputs, outcomes and impacts.

The intervention was carefully designed to complement and not replicate DIT's Core offer, providing true additionality.

The support remains relevant especially now the UK and the world is exiting the Covid-19 pandemic. Whilst there was a pause in the need as SME focus switched to survival, the support is now more relevant than ever to bolster the resilience and recovery of HoSW SMEs. As the programme was designed in the context of EU-Exit, it continues to be relevant as the UK moves forward with the transition.

6.2 Programme Progress

The team has struggled to support new businesses, and it is likely that this measure was requested by MHCLG. Finding Born Global companies is very difficult, and this would have been made even more challenging during Covid-19, with many businesses who were less than

12 months old forced to close. This has been a common occurrence throughout this programme delivery period (2014-2020), with projects being asked to deliver unsuitable outputs by MHCLG.

6.3 Programme Delivery and Management

The programme benefits from robust processes, an appetite for continuous improvement and minimising the burden on business.

The experience of the ITC and ITA teams, and the scale of the client database is invaluable when it comes to acquiring companies and ensuring a smooth and effective engagement. The ITC are excellent at filtering out those new enquiries that would be suitable for ITA support. The ITAs have good connections to previous clients and can quickly understand the need of those clients, and work with them to map out a series of actions to help them progress with their international plans.

Delivery of support is of a very high quality, with excellent feedback from companies. It is delivered by a team of people who are not only experts in their field, but personable and able to build good relationships with business.

The team do a good job of attempting to manage expectations, but there is always room for improvement. Both ITRAs and Digital Trade Advisors mentioned that this can be a key challenge for them. This fits with the observations that the team can get drawn to working in silos' – both pre and post Covid-19.

The project has probably benefitted from having a modest level of outputs, which has enabled ITAs and other advisors to give more hours than a typical ERDF project would give. In relation to exports – this is of huge benefit to the company – particularly given that Research and Market selection activity and the export manager module can occupy a lot of time.

There is a lack of digital comprehension amongst ITAs. This is not a direct criticism of ITAs and is completely understandable. But ITAs have acknowledged that they may benefit from more conversations with DTAs to improve their understanding – in much the same way that Growth Hub advisors could benefit from closer connections to ITAs so they are better equipped to discuss exports.

Digital doesn't appear to be a key strategic part of the any marketing activity, despite its popularity and the increasing need for digital skills.

The service request form is a great tool for capturing the different types of support that a company may want – but it does not appear to have been updated in line with the changing nature of the support being provided.

The relationship with the Growth Hub is good, but there are gaps – most of these are brought on by Covid and the inability to network as well as in the past, and the changes in policy of DIT.

The team do a good job of integrating the horizontal principles into delivery, but there is room for improvement.

6.4 Outcomes and Impact

The programme is delivering well against its outcome and impact objectives – achieving good levels of employment and GVA increases.

There is always a lag in business support, and given the short duration of this programme, there is even less time than usual for the support to trigger the impact inside the business.

6.5 Value for Money

The project has achieved excellent value for money, with the public cost per enterprise supported at just £8,664, and jobs created expected to be £22,900 – lower than national available benchmarks. In addition, the programme is expected to deliver £4.17 of net additional GVA for every £1 of public money invested.

6.6 Lessons Learnt for Business West

- Find new ways to avoid teams working in silos and collaborating more on project delivery.
- Attempt to improve the comprehension and knowledge of the Advisor team through better working with other members of the team and creative ways to utilise company resources.
- Use the current need for Digital support to attract more companies towards considering exports.
- Find new ways of working closer with the Growth Hub for both the benefit of the ITAs and the Growth Hub.
- Do more to integrate the horizontal principles into delivery.



6.7 Lessons Learnt for those designing similar interventions

- Continue to innovate and find creative ways to support businesses – Business West have shown what can be achieved through the ITRA team.
- Peer Networking is extremely successful in other business support areas – and there is no reason why it couldn't be incorporated into export support.
- Push back against unsuitable targets which are not relevant to the project being designed.
- Look for ways to incorporate best practice into delivery – for example, through the creation of a simple internal programme guide which ensures all members of the team understand the overall objectives and have a reference point for the various rules, procedures and processes.
- Ensure outcomes and impact measurement are considered at the start of a project, not the end. Building the measurement of these into processes will ensure more robust evidence, which in turn will support future funding opportunities.

1.8 Lessons Learnt for Funders

- Consider dropping the requirement for applicants to deliver unsuitable outputs that are not relevant to the support or target market
- Increase in Employment has the potential to discriminate against those choosing to outsource operations – which may have similar economic impact
- Embrace innovation in project design and be more acceptable to the risk that goes with it. Public support will not improve if delivery bodies are not free to challenge conventional

7. Recommendations



The following is a summary of the recommendations that appear in each section of the report.

7.1 Programme Progress

Our recommendation is for the Managing Authority, to consider whether outputs are appropriate for certain projects. Burdening teams with these unnecessarily can hinder a projects performance, creates inefficiencies and a false market. Project time would be much better spent delivering the outputs it is designed to achieve.

7.2 Programme Delivery and Management

There could be potential for an initial meeting with the company that includes representatives from each of the support areas so that they can meet the client and deliver a joined-up approach. Members of the team have indicated their desire to connect more on a strategic level with companies – given the interconnected nature of the support they are giving. It would be worth trialling this with more complex cases where there are multiple elements of support. This may also help to manage expectations of companies better.

Improve connections between ITAs and Digital Advisors, consider CPD on digital trade advice for all ITAs so they are better equipped to have deeper, more informed conversations with companies.

The team should consider pushing digital trade advice more through its marketing and event activity. There is a clear need in the market, and companies want support in this area.

Consider making some of the market research available to ITAs to increase their own knowledge of a particular market – it may help them to have better more informed conversations with clients.

Continuous improvement of the process and the paperwork should never stop – and teams should always look for ways to streamline, simplify and minimise the burden on business.

The Growth Hub management team feel they would benefit from a better understanding of the strategic direction of DIT, whilst Growth Hub Advisors would benefit from better relationships with ITAs to continually increase their understanding of trade barriers. The team should look at how they can achieve this. Ideas could include via a specific partnership manager, regular group sessions, or connecting ITAs and Advisors on a one-to-one basis. The ITC could also play a role in this given the wealth of experience in the team. The export academy is another option – Growth Hub advisors could benefit from attending. Better management information of companies supported and clusters in the HoSW area would also help with local targeting.

The team should consider how it can improve its direct contact with hard-to-reach groups – and be more proactive in ensuring the scheme is accessible. Given Somerset's aim to become Carbon Neutral in the next decade, sustainability is a familiar topic with local businesses and Business West may find value in producing some 'Net Zero' specific case studies to inspire more



businesses to consider how more companies can move towards a more sustainable future.

There could be opportunities for businesses to do more peer networking around international trade, and to learn from and inspire each other.

Consider looking at whether there is value in bringing back an advisor to work with companies to bridge the gap between transitioning between UK and overseas markets. It has been popular in the past and was well liked by ITAs.

ITRA and Digital support are clearly highly sought-after services, and there may be potential for further innovation in both areas, either from an efficiency perspective or a commercial one. Whilst it is accepted that most research activity is tailored to an individual company - the team should explore research areas that could be delivered to multiple companies. The value of the research could be calculated using Gross Grant Equivalent, and count towards a larger number of assists. With Digital, we understand there is a real gap in terms

of supporting companies to navigate amazon marketplace. This may be something companies are willing to pay for, and Business West could consider whether there is any commercial value in this type of service.

7.3 Outcomes and Impact

The team should continue to pursue outcome and impact data. They may also want to consider how they can improve the return on impact data, and how they could incorporate the wider impact measurements into their process. Carrying out surveys is getting harder and harder, and companies are more likely to respond when they are still engaged by the programme. Designing an impact survey which can go out to companies to capture that wider impact can have multiple benefits – it not only helps the team to understand impact better, but it supports future marketing and PR activity about the indirect benefits of exporting (increased resilience, R&D activity, etc).

