

REGIO PEER 2 PEER

Creation of an Entrepreneurial Hub and the role of Universities in Stimulating Innovation and Enterprise

Report of ADR-NE peer-2-peer visit to Wales

5-7 September 2017.

Participants:

Vlad Gliga
Adriana Truong
Ana Ciobanu

Facilitated by:

Adrian Healy

A report to ADR NordEst

Adrian Healy

September 2017

2016CE16BAT070

1. Introduction

An innovative and entrepreneurial eco-system is increasingly recognised as a key foundation to a thriving economy. Facilitating the emergence of such an economy though is a major challenge, often requiring the transformation of existing economic structures, institutions and cultural mindsets. Learning from the experience of others who share similar challenges and opportunities can be one way of furthering progress towards common goals.

In the case of North-East Romania, the goal was to build understanding of how to promote a stronger entrepreneurial economy through mobilising resources from the public, private and university sectors. There are many examples of good practices available around the EU, and in Wales (UK) strong progress has been made in recent years to develop a rich and varied eco-system of different approaches. This provides a valuable learning resource from which others, such as ADR-NE can benefit. There are many similarities between NE Romania and Wales, including population size and the challenges of overcoming a legacy of declining industries, stimulating a more innovative and entrepreneurial economy, pockets of acute deprivation, the 'pull' of competing centres elsewhere in the country and balancing rural and urban needs. Through the support of TAIEX, and at the invitation of the Welsh Government, a three-day study visit was organised taking place in September 2017¹.

The programme of visits was designed to introduce the delegation to:

- A variety of start-up programmes and enterprise hubs to illustrate differences in approach and ethos.
- Examples of how Universities are supporting the development of an active innovation eco-system through different types of initiative
- The role of government initiatives in stimulating innovation and entrepreneurship

Three participants took part on behalf of ADR-NE (Adriana Truong, Ana Ciobanu, Vlad Gliga), along with Adrian Healy, who arranged the programme and accompanied the delegation. A key feature of the visit turned out to be the extent of mutual learning and shared discussion, making this a true peer-to-peer learning experience. A short report of each day follows, with a short concluding section summarising some common themes. A full schedule is included as Annex 1, with contact details and signposting to external resources included in Annex 2. Annex 3 includes selected images from the visit.

¹ Originally organised to take place in June 2017, the visits had to be rearranged owing to the UK Government calling a snap-election coinciding with the dates of the visit.

2. Daily activities

Day 1: Tuesday 5th September

The delegates met with Adrian Healy at **Cardiff University**, and were introduced to the visit schedule and provided with a short background to the context of Cardiff (the capital city of Wales) and its surrounding city region. Wales has a population of just over 3 million people, most of whom live in the South East of the country. Since 1999 Wales has had its own Government with certain powers devolved from the UK national government. Overall, economic development lags behind the average for the UK, particularly in West Wales and the Valley authorities north of Cardiff (all of which are considered as 'Less Developed' by the EU). South East Wales broadly consists of 10 Local Authority areas which have recently collaborated to form the Cardiff Capital Region, a city-region of around 1.5 million people. This is the basis for a newly-agreed 'City Deal' which involves substantial investment by the Local Authorities, Welsh Government and the UK Government in order to generate economic growth. Much of the resource otherwise available for economic development in Wales is linked to European Union investment programmes, particularly the Structural Funds. These have sought to overcome a legacy of industrial decline and promote a transition to a more knowledge-intensive and innovation-led economy.

The first meeting was with Rhys Thomas, Elin Jones and Sally O'Connor of **Cardiff University**, who outlined how the University was beginning to evolve in its approach to working with and in the city region. This includes the development of an Innovation Campus, which will incorporate what is believed to be the world's first social science research park (SPARK). The idea for this was sparked by a piece written by NESTA (an innovation foundation in the UK) and was then jointly developed between NESTA and the University. It is intended to tackle societal challenges, as well as to incorporate social science expertise in product and process innovation. SPARK will co-locate a number of research centres that already exist in the University, providing common development spaces in one building. Other buildings planned for the Campus include an Innovation Centre, which will house the University's staff responsible for promoting innovation, commercial relations and knowledge exchange alongside incubation and grow-on facilities including a number of wet-labs for bio-based research. The Centre will also include exhibition and event space, in order to promote wider public engagement and to 'open' the university to the wider city, as well as spaces promoting interaction, such as high-quality catering outlets. A further demonstration of the University developing its innovation-led role is its recent purchase of Medicentre, a business incubator for biotech and medtech companies previously owned by Welsh Government and Cardiff City Council. Such new roles demand new skills amongst staff and the University

though. This new innovation-led approach is set out in the University's strategic planning documents – known as The Way Forward – which contains a strong vision of the University's role as a civic actor (its 'Civic Mission') alongside more traditional research and teaching roles.

The Innovation Campus also includes spaces for both traditional research-led facilities (such as the European Stem Cell Research Institute, the world-leading Cardiff University Brain Research Imaging Centre and the Neuroscience and Mental Health Research Institute) and more applied research (such as the Institute for Semiconductors and the Cardiff Catalysis Institute). Many of these initiatives were originally championed and developed by individuals (some of whom were external to the University), with the University being persuaded to invest alongside a consortia of actors, often in complex funding packages.

Whilst the Innovation Campus is a physical investment in infrastructure, it is just the most visible aspect of investments in capacity which includes resources for staffing and activities. The University is also investing (generally in partnership with others) in new approaches to research and, more especially, education. Cardiff University is developing the concept of Innovation for All, whereby all students will have the opportunity to engage with research and engagement activities and so enhance their entrepreneurial, innovative and creative-thinking skills, as well as experience interdisciplinary working. One example of this is in the National Software Academy. The success of this has now led to plans to develop a second initiative: The Data Science Academy (to be run through a flagship Data Innovation Institute)– illustrating how innovation can spawn new approaches. The key message though of all the initiatives shared by the University is how none are occurring in isolation, all are immersed in a network of support from the Welsh Government, City Council and other actors and all have linkages across basic research, applied research, teaching, innovation and public engagement. This represents a significant (albeit gradual) repositioning in the traditional role and structure of a University.

Following a brief stop for lunch in University it was time to head for the train station to head out to Caerphilly, a small town (30,000 inhabitants) north of Cardiff to visit **Welsh ICE**. Welsh ICE is an entrepreneurship hub located in a small business park on the outskirts of Caerphilly offering physical space and accelerator programmes. Following a tour of the facility (which includes office space, co-working space, meeting and training spaces and common areas including a high quality café and bar area) Gareth Jones shared the ethos of Welsh ICE. He highlighted the importance of moving beyond entrepreneurship to think about the modern economy and its future needs. This may mean that not all supported businesses will be high-growth and export-orientated. He noted that Welsh ICE was part of rich eco-system of support services present

within Wales, all of which had slightly different approaches and remits, thus providing diversity and meeting the disparate needs of would-be entrepreneurs. Very recently, many of these hubs have come together to share lessons and experiences, recognising that they are not necessarily in competition with each other. The role of Welsh ICE is not solely to provide training, rather it is to help critique the thinking of the entrepreneur, to signpost them to relevant actors and help them navigate the eco-system, to provide training and education (not to instruct but rather to lead) and, perhaps most importantly to provide a space in which entrepreneurs can interact, collaborate and share their ideas and experience. Places in Welsh ICE are in demand and the organisation has continuously expanded its facilities as the opportunities become available. Much of the demand comes from word-of-mouth and recommendation, Welsh ICE has to do little active recruitment. However, it does advertise opening of new schemes or places and will then attempt to support all who meet their criteria (rather than setting an arbitrary cap on places). In doing so they judge the applicant not the idea. Most of their applicants are solo entrepreneurs which is something of an issue (capacity issues plus known mental health risks) but reflects the culture of South East Wales. As a result building the community of ICE is as important as support for individual entrepreneurs. This is done through film nights, Dungeons and Dragons nights and other events as organised or requested by the community. Advice from peers in the ICE community is regarded as being as, if not more, important than advice from trainers and mentors. ICE was originally founded by three shareholders, but accesses public sector funds to support its programmes (so entrepreneurs can have access to the facilities for the first year free of charge for example). It is now expanding to open a similar facility in North Wales, but this will be wholly funded by Welsh Government. Gareth Jones acknowledged that Welsh Government rules and targets were constraining the model as developed by ICE in Caerphilly but noted that mainstream policy is increasingly moving towards the ICE approach, helped by the fact that Gareth is very active in the policy network community in Wales, along with other like-minded advocates.

Day 2: Wednesday 6th September

Day two was given over to meeting with Welsh Government, the hosts for the visit. As part of the decentralisation agenda in Wales, Welsh Government staff are distributed across a number of locations, necessitating some time to visit the relevant offices.

The day began with travelling out of Cardiff to Trefforest, home of Welsh Government's innovation and entrepreneurship functions. **Alastair Davies, Head of Innovation Policy**, welcomed the party and set out the various elements of the approach now adopted in Wales. Amongst other things, Alastair

stressed the importance of promoting the cross-overs between sectors/technologies/disciplines as the sectors themselves. He also emphasised how priorities have changed in Wales as some of the areas where Wales thought that it had an advantage proved to be less strong than first imagined. Strategies have to evolve in the light of learning rather than be wedded to some fixed point set in the past. The third key message passed on by Alastair was the importance of focus. Rather than spreading money thinly it is better to concentrate resources in a limited number of areas to truly build critical mass, this involves promoting mechanisms supporting market- and technology-pull as well as science-push. Doing so helps to embed the potential economic gains in the locality and so creates the desired economic spillover effects. Often, a challenge-led approach can prove to be effective here.

Matt Collins, Entrepreneurship Engagement Manager in Welsh Government, then explained the make-up of their business support programmes, notably *Business Wales*. This consists of five levels (self-employed, micro-business, Growth, High Growth and Accelerated Growth) relating to desired stages of entrepreneurship plus a sixth focusing on Youth Entrepreneurship. Each stage involves an increasing level of resource support, with a reducing number of eligible firms. Business Wales is operated through a network of four hubs across Wales, with other providers also able to recommend clients to the programmes. In practice, individual programmes operated by the hubs can be tailored to local need, so long as the overall targets and eligibility requirements are respected (so one integrated programme might include all five levels). Critical targets for *Business Wales* are employment growth and export-led growth, with annual targets being set. A second programme highlighted by Matt Collins was the *Regional Entrepreneurship Acceleration Programme (REAP)*. A two-year programme designed and facilitated by MIT (Boston, USA), Wales has paid to join one of the cohorts alongside other global regions. It is intended to accelerate economic development and job creation through innovation driven entrepreneurship. Consisting of a number of workshops in MIT and attended by nine leading members of the Corporate (1), University (2), Entrepreneur (3), Government (1) and Risk Capital (2) sectors in Wales the intention is to understand the Welsh eco-system, develop an actionable strategy, engage with local (and global) thought-leaders and doers and then implement tools and programmes to accelerate innovation driven entrepreneurship. This is to be launched in the coming year in Wales as *Be the Spark*.

From Trefforest it was then back to the station to travel on to Merthyr Tydfil, located in the north of the Cardiff city-region to visit the **Welsh European Funding Office (WEFO)**. Lunch was taken en route in a 10-minute break outside a sandwich shop. WEFO are responsible for the design and implementation of European Programmes in Wales, particularly Cohesion Policy,

and promotes engagement with European programmes such as Horizon 2020. Rob Halford and Geraint Green shared their experience of developing and implementing European-led programmes in Wales, highlighting the importance of learning from experience, of how all projects and programmes are subject to an independent evaluation and the importance of focusing on desired outcomes, not just simple outputs. Making changes takes time and success is less about the strategy and rules applied (although these can either help or hinder) but much more about the people and their relationships. Developing the capacity and capability for change, with a strong network of actors who are willing to share ideas and experience as well as to cooperate on shared initiatives lies at the heart of the transformation of any economy. WEFO provided many valuable insights into their work, particularly in terms of seeking to strengthen engagement in Horizon 2020 (through support, profile-raising and generally raising aspirations), but also through sharing lessons from initiatives that did not succeed, such as the Techniums (an investment in a network of incubator spaces across Wales), where too much focus was placed solely on the provision of physical spaces and not enough on the surrounding framework conditions.

Day 3: Thursday 7th September

Day three was another very full-day, exploring different concepts of entrepreneurial hubs, the creative economy and the role of the university is stimulating and supporting a thriving eco-system. The day was marked by rich, energetic discussions with all parties keen to learn from each other.

The first visit was to **Entrepreneurial Spark**. Entrepreneurial Spark consists of a physical office space for nascent businesses, programmes activities and events to support the members develop their business ideas and a network of mentors and advisors. Described as the world's largest free people-accelerator for start-up and scale-up businesses, Entrepreneurial Spark is a national initiative supported by the NATWEST Bank. Entrepreneurial Spark operates 13 UK hubs, including one in Cardiff. Each Hub provides free spaces for those start-up businesses that are accepted into the Hub and access to a suite of four programmes (Sprint, Enable, Grow and Scale) tailored to different stages of the entrepreneurial journey. There is a strong emphasis on collective support between entrepreneurs within the Hub, and application rounds try to ensure a good mix of businesses in order to avoid internal competition and to encourage the sharing of ideas and experience. The office space itself is centrally-located in Cardiff, accessible to mainline rail links and is housed in a modern office development. Access to the office is controlled through electronic keyfobs. Funding is largely from the private sector (NATWEST Bank), but participants do not have to bank with NATWEST.

This was followed by a walk across town to meet Sara Pepper of **Creative Cardiff**. Creative Cardiff is a network connecting people working in any creative organisation, business or job in the Cardiff city-region. The network aims to bring together people from across the full breadth of the city's creative economy – from dancers and marketing professionals to architects and app designers. Creative Cardiff evolved from the interests and experience of two professors based in Cardiff University and chimed with national policy seeking to promote the role of the creative economy in economic and social development. It has the support of Cardiff University's Vice-Chancellor and of the City Council for Cardiff. This provides funding for two to three staff members for around three years. Using the power of social marketing, networking and demonstration activities Creative Cardiff has formed a powerful network of members who come together around areas of common interest. Sara Pepper emphasised the importance of recognising that Creative Cardiff is the membership, that her role (and that of colleagues) is simply to facilitate their voice and action. Where funds are needed for additional activities, such as running a recent pop-up Enterprise Hub, Creative Cardiff has to raise this from other sources. The value of Creative Cardiff has been in mobilising a traditionally fragmented sector, raising its profile and its voice, building critical mass between actors to enable them to do more activities commercially or socially and, for the academics involved, enabling applied research in real world contexts.

From Creative Cardiff it was a quick walk back to the centre of town to meet Mark Hooper of **Indycube**. Indycube provides co-working spaces in a number of locations across the UK. Their initial space was located in Cardiff and was based on a new business model, whereby the property owner took a share of the income from any desk-spaces sold by Indycube, rather than an upfront lease on the space. This reduced the initial outlay, and risk, for Indycube but, in the words of Mark Hooper the founder, was extremely difficult to sell to the property-owner. Once the concept was demonstrated at this first location, it became easier to extend to other locations as the model had a track-record. Indycube make a small charge for each desk (around £12 per week). It is primarily a co-working space and does not seek to offer mentoring, courses or other 'accelerator' services. The ethos is based on providing space for individuals to start their businesses cheaply and in company, the loneliness of the sole trader/freelancer being one of the biggest risks for small start-ups. The Indycube model is very much related to concepts of the 'sharing' economy and is guided by a strong social ethos. Indycube avoids public sector funding programmes as this would require delivering outputs favouring rapid employment growth or exports (key targets of Welsh Government programmes). Indycube believes that these are not the only objectives for strong local businesses and provides a strong argument for concepts such as the 'foundational economy'.

On leaving Indycube there was just time to collect a sandwich on the way to the railway station for the short trip across to Newport, Cardiff's neighbouring city. Here the team met with Matthew Turner of Cardiff University and Simon Renault of Innovation Point to discover the **National Software Academy**. The National Software Academy emerged from a recognition that local firms were struggling to find sufficient software engineers and that graduates were not 'job-ready'. It is a joint initiative between Cardiff University, Welsh Government, local business and the Alacrity Foundation (a private-sector initiative). The National Software Academy provides a new model of undergraduate teaching based upon project-based learning. All projects are business-led. A standard degree-programme of Cardiff University, all graduates emerge with a Cardiff University degree at the end of the three-year course. Establishing the course was not easy, even with the support of the Vice-Chancellors of both Cardiff University and the University of South Wales, some professors were reluctant to engage. In the end the University of South Wales decided not to participate. Businesses have proven to be very supportive and more than 170 are now involved, ranging from very small micro-businesses to major multinationals. Informal agreements are reached to ensure that students are not 'poached' before they have finished their degrees, but many are holding job-offers before their graduation. The National Software Academy is now expanding to occupy new space in Newport. The Academy is part of Cardiff University, but sits in Newport. Students travel to this teaching space for 3 or 4 days each week, but are also taught in Cardiff at the main University campus. The Academy teaching space is set up to mimic a typical office that software engineers might occupy and so is not a traditional university lecture space. This includes the provision of tea and coffee facilities, a dishwasher and kitchen space, which is highly unusual in a student teaching facility. Brokering this within the University has also proved to be challenging at times. Teaching staff are drawn from traditional academic faculty and from businesses. The Academy is also expected to contribute to the University's research outcomes and so the balance between applied research, teaching and more fundamental research remains critical.

3. Common themes

Amongst the rich discussion and the many ideas and experiences shared, six key themes continuously recurred. These are highlighted below but are in no particular order:

People, people, people, it's all about the people – both those individuals that initiate and those that implement. Good ideas come from individuals and individuals make things happen. Without the right people and a willingness to engage, to act and to try to make a difference, nothing will happen. In this sense

it is less about the strategy, or a particular facility, but more about those who want to act.

It takes a long-time, there are no 'quick results'. All those we met highlighted the time it takes for results to emerge. Nothing sustainable is achieved in just one year. This is a lesson that has been learnt the hard way in Wales. In the past, many programmes sought to have quick results but these have tended to also fail quickly as they were not built on sustainable foundations.

Metrics can be misleading – not just jobs, exports and growth trajectories. If the aim is to build high-growth companies then these metrics might be appropriate, however, building a resilient and prosperous economy takes more than this. Some companies will not grow rapidly but will provide a strong base to the local economy, for others it is the network of sub-contractors and freelancers that adds value rather than the individual company. At other times, stimulating more research income and expenditure might be necessary in order to build the foundations for future growth.

There is no single approach, there is room for all. One model does not fit all and one of the strengths of the approach in the Cardiff Capital Region is the diversity and richness of different models – particularly around enterprise support and enterprise hubs. Many of these are led by individual entrepreneurs, some have public funding, others do not. Most make use of a cocktail of funds which are accessed from different sources towards common goals. There is competition between actors but also cooperation.

Physical space is a necessary but not a sufficient condition. Investment in physical infrastructure (buildings, equipment) is important where appropriate space might be lacking but is not sufficient in itself. How that space is used, the programmes and activities housed are far more important. Getting the content right is the key.

Institutional thickness helps – but with a common (and more or less coordinated) goal. There is a strong academic literature highlighting the importance of a rich institutional landscape. This is reinforced by experience in Wales where there are multiple actors seeking to develop the surrounding economy. This provides multiple routes towards a common goal. Significantly though, the strength of this lies in how these actors are coordinated through a broad agreement on concentrating resources in a few key areas – providing a platform of activities around which critical mass can be generated. Wales has moved away from independent silos of activity.

Annex 1 Schedule

<i>Date</i>	<i>Time</i>	<i>Activity</i>	<i>Hosts</i>
5/09/17	0930	Welcome and introduction	Adrian Healy
	1030	Cardiff University Innovation Campus	Rhys Thomas Elin Jones Sally O'Connor
	1330	Lunch	
	1420	Train to Caerphilly	
	1500	Welsh ICE	Gareth Jones Rachel Harris
	1715	Train to Cardiff	
	1800	Debriefing	
6/09/17	0900	Meet Central Station, train to Trefforest Estate	
	1000	Welsh Government - Innovation	Alistair Davies
	1130	Welsh Government - Entrepreneurship	Matt Collins
	1240	Train to Merthyr Tydfil	
	1315	Lunch	
	1345	Welsh Government - Welsh European Funding Office	Geraint Green Rob Halford
	1700	Train to Cardiff	
	1800	Debriefing	
7/09/17	0915	Meet Cardiff Central Station	
	0930	Entrepreneurial Spark	Andrew Jones Kyarna Weed
	1115	Creative Cardiff	Sara Pepper
	1300	Indycube	Mark Hooper
	1500	Train to Newport (sandwich on train)	
	1530	National Software Academy	Matthew Turner Simon Renault
	1700	Depart Newport Station	

Annex 2 Resources and contacts

Adrian Healy	Adrian@adrianhealy.co.uk	
Vlad Gliga	vlad.gliga@adrnordest.ro	ADR North East
Adriana Truong	adriana@truong.vc	ADR North East
Ana Ciobanu	ana.ciobanu@adrnordest.ro	ADR North East
Alastair Davies	Alastair.Davies@wales.gov	Welsh Government
Matt Collins	Matthew.Collins@wales.gov	Welsh Government
Geraint Green	Geraint.Green@wales.gov	Welsh Government
Rob Halford	Rob.Halford@wales.gov	Welsh Government
Rhys Thomas	ThomasOR@cardiff.ac.uk	Cardiff University
Elin Jones	Lloyd-Jonee@cardiff.ac.uk	Cardiff University
Sally O'Connor	Oconnors@cardiff.ac.uk	Cardiff University
Sara Pepper	PepperS1@cardiff.ac.uk	Creative Cardiff
Matthew Turner	Turnerm1@cardiff.ac.uk	National Software Academy
Simon Renault	simon.renault@innovationpoint.uk	National Software Academy
Kyarna Weed	Kyarna.Weed@natwest.com	Entrepreneurial Spark
Andrew Jones	Andrew.Jones@natwest.com	Entrepreneurial Spark
Mark Hooper	mark@indycube.cymru	Indycube
Gareth Jones	Garethjones@welshICE.org	Welsh ICE
Rachel Harris	Rachel@welshICE.org	Welsh ICE

Signpost resources:

National Software Academy:

<http://www.cardiff.ac.uk/software-academy>

Indycube

<https://www.indycube.community>

Welsh ICE

<http://welshice.org>

Entrepreneurial Spark

<https://www.entrepreneurial-spark.com>

Cardiff University Innovation Campus

<https://www.cardiff.ac.uk/innovation/campus-investment>

Creative Cardiff:

<http://www.creativecardiff.org.uk>

For further information on Creative Cardiff, see –

Creative Economy Team at Cardiff University:

www.cardiff.ac.uk/creative-economy

Their blog: [blogs.cardiff.ac.uk/creativeeconomy]blogs.cardiff.ac.uk/creative-economy

Twitter: [@CreativeCardiff](https://twitter.com/CreativeCardiff)

My twitter: [@missspepper](https://twitter.com/missspepper)

Further links about the work of Creative Cardiff with Cardiff City Council and the city's identity as a creative capital:

[Creating Cardiff: first steps](#)

[Creating Cardiff: workshop one roundup](#)

[Creating Cardiff: resources](#)

[Cardiff: a bridge between Wales and the world](#)

Annex 3 Images of the study visit



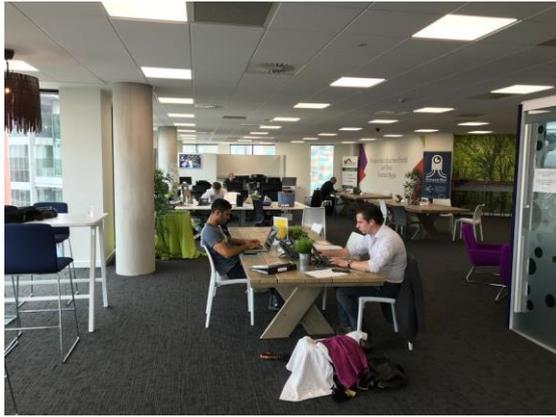
The study team and the
Welsh Dragon:
WEFO, Merthyr Tydif



Active discussion and
exchange of ideas:
Entrepreneurial Spark,
Cardiff



Homely social space for
start-ups:
Welsh ICE, Caerphilly



Co-working space for start-ups:
Entrepreneurial Spark,
Cardiff



Companies wall: the start-up community at
Welsh ICE, Caerphilly



Experimenting with VR:
a fly-through of the planned Innovation
Centre,
Cardiff University



Visiting the peers: public transport across the city-region