

From SME Policy to Entrepreneurship Policy

The Irish Experience

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Background

2004 – Phase 1 Major Review of Industrial Policy

2006 – Phase 2 Small Business Forum Report

2007 – Phase 3 Towards Developing an Entrepreneurship Strategy

1. Establishment Enterprise Strategy Group 2003

- Group, chaired by business leader
- Comprising reps from business – Irish and MNCs, Academic, Financial communities
- Invited submissions from all interested parties
- Time limited with mandate to evaluate and make recommendations

Findings: Ireland in 2003/04

- Irish economy doing well over previous 10 years
 - Employment up from 1.2m to 1.8m
 - Unemployment down from 15% to under 5%
 - Exports up from €28b to €109b
 - National debt down from 93% to 34% (GNP)
 - GDP per capita from 69% to 124% EU average

But ...threats emerging

- Increasing globalisation
- Increasing cost base
- Low corp tax rate no longer unique
- Lack of scaling of Irish companies

Recommended policies to address the deficits

- Raising levels of Innovation
 - Driving R&D spend by companies
 - Increasing research investment/commercialisation in 3rd level
- Increasing competitiveness
- Enhancing Mgt Competencies
 - Strategic
 - Sales & Marketing/Internationalisation
 - Innovation Mgt
- Structures in government support agencies to drive

2. Establishment of Small Business Forum 2005

- Chaired by business leader (MNC)
- Comprising reps business, academic, support agencies
- Invited submissions from all interested parties and round table forums consulted countrywide
- Time limited – mandated to consider environment for small business...advise on the adequacy and appropriateness of public policy responses

Report: Small Business is Big Business

- 250,000 small businesses in Ireland – up 50% on 10 years earlier
- 770,000 people employed, > 50% total private sector employment
- Account for >70% GVA in construction, 40% in services and 34% in manufacturing
- Key driver of regional development
- Potential seedbed for future growth

Issues facing growth businesses

- Access to finance
 - Tax based incentives
 - Micro-finance
 - Development angel investors
- Weak mgt capability
 - Stimulating demand for mgt development initiatives
 - Establishment Mgt Dev Council
- Lack of innovation
 - Introduction Innovation Vouchers
 - Drive tech acquisition/transfer
- Under-exploitation of ICT
 - Introduce ICT audits

Issues facing all small businesses

- Burdensome regulatory environment
 - Review impact existing regs and amend
 - Use amend/exempt options for new regs
- Rising local authority charges
 - Rebalance local/central gov
 - Establish business users forum in each area
- Poor access to information/advice
 - Develop, launch & promote first-stop knowledge base
- Inadequate infrastructure
 - Broadband, transport, energy, waste mgt

Issues facing Startups

- Lack of systematic approach to entrepreneurship
 - Develop, adopt and promote National entrepreneurship Strategy

3: Development Entrepreneurship Strategy

- Advisory group formed chaired by National Policy Secretariat
- Group comprised representatives policy implementers, government, academe, business interests and national GEM national coordinator
- Mandate to develop blueprint to drive entrepreneurship

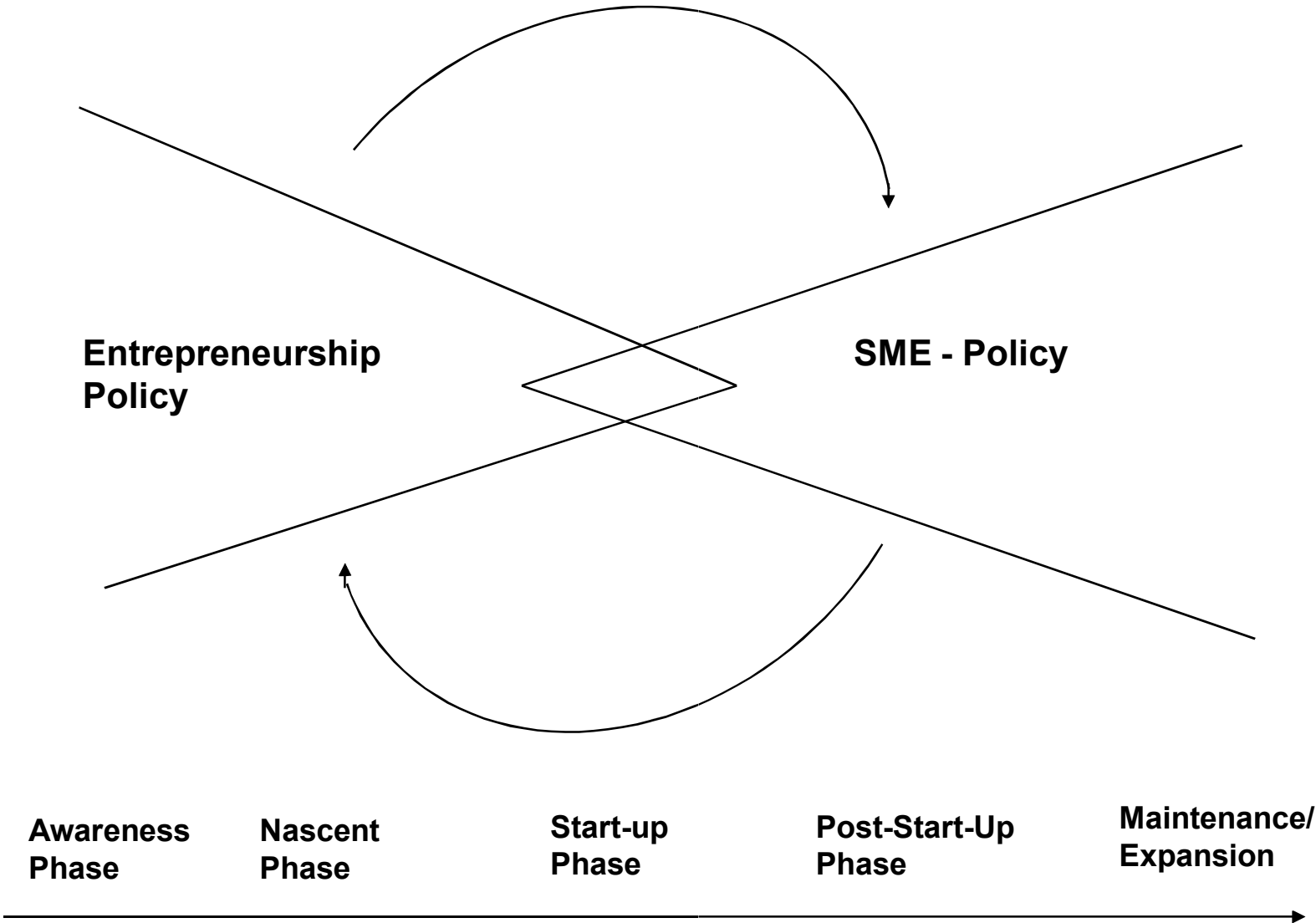
Focus

- Existing levels of E high in Ireland, comparable to Canada, Korea and the US but....requirement to
- Optimise the number of business start-ups and in particular maximise the number aspiring to and achieving high growth

“Putting the entrepreneur centre stage”

Why?

- To sustain growth
 - Positive link between entrepreneurship and growth
- To deepen competitive advantage
 - Higher levels of skills/knowledge not sufficient if not accompanied by entrepreneurship
- To strengthen the enterprise base
 - Not only through new starts but by stimulating improved performance in existing business
- To create vibrant regions
- To achieve social inclusion



Principles of Policy

- Focussed on the individual – not firm
- Support the needs of people as they move through the stages
- Make extensive use of soft policy supports
- Incorporate a broad set of institutional partners – educators, media, gov ministries etc

Keystones

- Maintain & drive conducive environment
- Leverage positive culture and resources of education system
- Harness potential of under-represented groups
- Maximise the number with international focus
- Deliver policy & initiatives in cohesive manner

Implementation

- Establishment National Entrepreneurship Forum to oversee implementation and monitor progress - Annual Entrepreneurship Review