Evaluation of the
Scottish Innovative Actions
Programme 2004-6
Final Report to
Strathclyde European Partnership
March 2007
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Approved by: Stewart Brown
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Associate Director
Executive summary

1. This is the final report of a year-long evaluation of the Scottish Innovative Actions Programme (SIAP) commissioned by the Strathclyde European Partnership (SEP). The work has been carried out by SQW Limited during the period January 2006 to January 2007.

Innovative Actions Programme

2. The Scottish Innovative Actions Programme (SIAP) 2004-06 was part of the European Commission's strategy to stimulate innovation in business: it is one of 156 similar Europe-wide regional interventions. SIAP consists of 20 policy research and pilot projects aimed at addressing the weaknesses and improving Scotland’s innovation support system. The projects are grouped under four themes known as Action Lines, with each Action Line having an associated Development Group.

3. A Scotland-wide initiative, the SIAP had the goal of enabling and supporting opportunities to experiment and pilot innovative ideas of relevance to the Scottish innovation system and its associated innovation support structures. An important characteristic of the Programme is the networking and learning opportunities to be gained by engaging with other European regions conducting similar initiatives.

Nature of the evaluation

4. This is an evaluation of a major initiative of national significance. It is not a final impact evaluation as the SIAP projects - many designed as pilots, others involving policy-related research - have only recently been completed. It does however set out to evaluate, among other things, progress towards the desired outcomes expressed in the objectives for the Programme.

5. The evaluation is also concerned with process. It is concerned with management and with how Programme Action Lines and projects were designed, delivered, communicated and monitored. It investigates stakeholder relationships and partnership working: it examines the leadership role played by SEP and other Programme partners.

6. Within what is a strategic evaluation with an emphasis on Programme level issues, the performance of individual projects in the SIAP portfolio are also assessed, but always in the context of the overall Programme objectives rather than as isolated activities. It is not intended here to present detailed project level evaluations: a number of the projects in the SIAP portfolio have commissioned their own evaluations.

Aims of the evaluation

7. In summary, the key requirements set for the evaluation are:

- evaluation of process effectiveness and efficiency at the Programme level - in terms of Programme development, management and monitoring
• evaluation of communication/dissemination and networking activities – including the sharing of results with domestic/international audiences and the incorporation of learning from sources outside Scotland

• evaluation of effectiveness and efficiency of projects - in terms of meeting specific objectives set for each with the Programme

• overall impact of the Programme - on the Scottish innovation system and its associated innovation support framework, capturing lessons and implications for policy and for the delivery of support.

Conclusions

Strategic alignment

8. SIAP was developed to ensure it was well aligned with other national initiatives and programmes focussed on innovation-oriented economic development. This integration with national delivery was to ensure that the programme achieved maximum impact in the short term, and would prove to offer the prospect of sustainability in the longer term. The constitution of the Steering Group and the Development Groups ensured a good level of alignment was achieved.

9. The SIAP has embraced a broad definition of innovation, including notable emphasis on the role of marketing and exploring issues such as business model innovation. The programme scope was appropriately broad.

The programme

10. It is clear from the strategic and project level consultations, together with discussions at Steering Group meetings that a strong degree of consensus exists over the direction and shape of Programme. This is built on the process by which SIAP was developed. Those who were to be involved had a sense that SEP engaged with them appropriately at an early stage in the developmental process. SIAP does indeed have the characteristics of a programme.

11. It is clear that the Programme is addressing challenging issues in terms not only of project content, but also in terms of the dissemination and future use of project results. Some have argued that a can do attitude for Scotland has been generated by participants in the Programme, whilst acknowledging the challenge of making this both scaleable and sustainable within the context of mainstream activities. The view has been repeatedly expressed by stakeholders that the Programme is an experiment in its own right.

Programme impact

12. SIAP has achieved significant progress towards its objectives. The majority of the projects have undertaken the activities planned and many delivered the outputs sought. However, there are cases where it has been hard to establish with clarity the nature of the outputs.
13. Assessing impact in any quantitative way at this time will under-estimate the Programme’s contribution. In some cases it is too early to judge: notably, the benefits of the policy research in Action Line 1 will flow from the influence of SIAP outputs on the future thinking and actions of policy makers in the Scottish Executive and on the future strategies and interventions of the Enterprise Networks. In other parts of the Programme, the evident impact through testing and learning will feed through to wider impact on businesses and the economy only if pilots are mainstreamed and go on to be successful at a larger scale.

**Role of stakeholders and partners**

14. Strong partnership working has been a feature of the Programme. This has worked at different levels. The Steering Group provided the means of pulling together public and private sector stakeholders who were represented at a senior, decision making level. This Group provided oversight to the Programme development and delivery. At the same time it provided an opportunity for key agencies to work together in an area of shared interest and priority.

15. At the operational level, SEP led and managed a wide group of project managers in partner organisations. This demanded close attention and quite a light touch. The attention was needed given the priority of the Programme and, above all, the need to capture learning from progress (or lack of it) with individual projects.

**Programme energy**

16. There is a challenge particular to complex, time bound programmes and it is that of building momentum and then sustaining any energy generated. SIAP stakeholders and partners have been very firm and repetitive in expressing their belief that the programme has created high energy levels. Perhaps most significant of all this was apparent from discussions at project completion. At this stage disengagement and a lowering of levels of commitment and interest would be natural. This has been far from the case. There comes with this considerable Programme benefit, a responsibility to ensure that the weight of expectations around what the Programme has been achieving results in practical expression.

**Policy impact**

17. We conclude that although it could be argued that many of the conclusions of the mapping project were already quite well known if not fully understood, the independent work to review and structure the evidence is beneficial. However, the enhanced understanding that results only leads to significant additional value to the economy when it is used to design and implement “better actions” by actors within the “system”. It is acknowledged that this will be a longer term goal.

**Learning and development**

18. As a pilot initiative designed to test and experiment with new ideas and approaches, one central aim of Innovative Actions was to draw out learning and development from the Programme. As the projects moved to completion an array of dissemination, learning and development got underway. Lessons were being learnt and legacy developed as this report is being completed. It will go on beyond the Programme.
19. Where the programme has been the most innovative, where it has pushed boundaries, where it has taken the highest levels of risk, it has been successful. The emerging legacy from key projects demonstrates this clearly. For example, where the programme has engaged with SMEs in a focused and co-ordinated way – projects have been successful and generated quite surprising levels of response. The converse is also true.

Programme level learning

20. There have been significant levels of learning from the Programme. Some projects were geared to improving understanding and have been successful in achieving this; others have generated lessons for the partners.

21. Our interim report produced in mid 2006 identified a significant challenge for the programme management and Steering Group to ensure effective dissemination of results, cross-project learning and the development of an approach to assessing attractiveness and feasibility of mainstreaming pilots. For example, the systems mapping project provided an enhanced level of understanding of the Scottish innovation system. For this understanding to lead to significant additional value to the economy it needs be applied to design and deliver improvements to the system.

Programme communication

22. One of the aims of the SIAP is the fostering of networks and international collaboration. Throughout its life there has been good communication among the programme partners, as it progressed this has extended to wider audiences. In addition to a website and coverage in SEP publications, SIAP appointed professional marketing and public relations support in late 2006. The Steering Group endorsed a programme of dissemination activities including events and seminars.

23. An EU networking plan was drawn up covering learning journeys, to and from other regions, attendance at conferences and seminars. Activities here at the programme level have included an event with Lithuania, and a seminar in Brussels. More than a dozen presentations by project managers at conferences and events from Finland to Italy have been organised.

24. Closer to home an event on Rural Opportunities in the Scottish Innovation System was held in Dumfries and the Intellectual Assets Centre held a dissemination event in Glasgow. A major conference based on the programme as a whole has been organised for early 2007 to be held in Scotland. These kinds of actions will help build a legacy among a wider set of partners.

Project learning & development

25. Each project within the Programme has clearly defined aims and objectives, and for the majority, these aspirations were met or exceeded. It is clear that a number of projects contributed to improving the Scottish innovation system and in some cases, its failings. For example, we can demonstrate this through the activities of the Business Environment Mapping project (Action Line 1), which identified new interventions which reflected the
current weaknesses in the Scottish innovation system by examining the external factors that influence business growth.

Stimulating ‘innovative’ thinking and discussion for SMEs and policy makers…

26. For many projects, networks have been established and knowledge freely shared, which can be both utilised by the participants (SMEs) and ultimately influence future strategy and discussion. In particular, the MediaLab Europe and Interface projects have facilitated a better understanding of the benefits of human networking and knowledge exchange between academics and businesses. In addition, the Structured Innovation Thinking for SMEs project has introduced a sustainable, structured system of new product development into companies.

Project legacy

27. There are clear examples of the legacy that the project activities have created which can be utilised in the future. Examples include:

- **Business Innovation Model project (Action Line 1)** - is currently being used within the Scottish Enterprise electronic markets group to help advise strategy development.

- **Business Environment Mapping project (Action Line 1)** - developed a methodology which is likely to be used by Scottish Enterprise (SE) in studies of other priority industries and is being built into SE’s measurement and evaluation framework so that an organisation’s influence on specific sectors can be more readily captured.

- **MediaLab Europe (Action Line 2)** - in which the project has developed a research/technology institute DistanceLab.

- **Development of Know-how based business intangibles project (Action Line 2)** - developed a series of web based interlinked tools to help SMEs exploit their intellectual assets and further work is underway to ensure consistent use of terminology and a coherent structure to allow SMEs to progress from one tool to another

- **Developing a culture of innovation in family owned enterprise (Action Line 3)** – completion of a book providing information on resources for innovation and creativity in the family business.

28. This would seem to be good evidence of progress towards the key objectives set for the programme.

Recommendations

29. In terms of future practice, we recommend that a much more concise, more consistently expressed and SMARTer set of objectives at a Programme level would be beneficial, not least in bringing focus on the key priorities and helping to communicate what success for the Programme would look like.
30. However, if doing something like the SIAP again, we would recommend that the potential to win funds should be made more widely and clearly known, especially for the activities conducted in Action Lines that are not related specifically to policy research. Competition can drive innovative thinking.

31. The opportunity to design pilots to address “system” gaps/weaknesses within this Programme was limited because of phasing- the mapping work ran in parallel with other project activity. However, we note the intention to take on board good practice and learning emerging from the mapping work and the dissemination of its implications.

32. There is limited evidence of enhanced “systems” appreciation in the Programme outside Action Line 1. We draw parallels with actions taken to develop capability to address innovative thinking, capability to manage intangible assets and capability to think holistically about marketing: all regarded in this Programme as in need of awareness raising, training an/or toolkits etc. We suggest that similar needs exist in terms of generic “systems thinking”.

33. We recommend that opportunities should be explored to “infect” Programme participants with the concepts and practical approaches around “systems thinking” at any future Programme events. The objective would be to create a cadre of people engaged in innovation policy making and delivery that have the necessary appreciation and skills which can then be carried into their own organisations.

34. We agree with the view that in any future Programme of a similar nature a much more outcome based approach should be driven consistently across all Action Lines – set outcomes and then scope the critical path and the appropriate process to achieving them. It seems to us that only this kind of approach permits the demands of “systems thinking” to be taken into account. We conclude from evidence gathered to date that it is Action Line 1 activity has the greatest policy implication and has potential for longer term significance.

35. There is a significant challenge now for the Programme management and Steering Group to ensure effective dissemination of results, cross-project learning and the development of an approach to assessing attractiveness and feasibility of mainstreaming pilots. Progress is being made in this regard. Successful pilots should be explicitly considered for mainstreaming whilst acknowledging the general environments in favour of reducing the number of support mechanisms.

36. Opportunities such as that presented by Innovative Actions, developed by SEP and its partners should be pursued with vigour and determination. They bring with them the prospect and prospect is all it can be, of creating conditions for change. Scottish stakeholders grasped SIAP firmly and worked hard to secure value from it. In a highly competitive international market place, our capacity to adapt to change is, of course, a crucial factor sustaining our competitiveness.

Evaluation of the Scottish Innovative Actions Programme 2004-6
1: Introduction

1.1 This is the final report of a year-long evaluation of the Scottish Innovative Actions Programme (SIAP) commissioned by the Strathclyde European Partnership (SEP). The work has been carried out by SQW Limited during the period January 2006 to January 2007.

Nature of the evaluation

1.2 This is an evaluation of a major initiative of national significance. It is not a final impact evaluation as the SIAP projects - many designed as pilots, others involving policy-related research - have only recently been completed. It does however set out to evaluate, among other things, progress towards the desired outcomes expressed in the objectives for the Programme.

1.3 The evaluation is also concerned with process. It is concerned with management and with how Programme Action Lines and projects were designed, delivered, communicated and monitored. It investigates stakeholder relationships and partnership working: it examines the leadership role played by SEP and other Programme partners.

1.4 Within what is a strategic evaluation with an emphasis on Programme level issues, the performance of individual projects in the SIAP portfolio are also assessed, but always in the in the context of the overall Programme objectives rather than as isolated activities. It is not intended here to present detailed project level evaluations: a number of the projects in the SIAP portfolio have commissioned their own evaluations.

Aims of the evaluation

1.5 In summary, the key requirements set for the evaluation are:

- evaluation of process effectiveness and efficiency at the Programme level - in terms of Programme development, management and monitoring

- evaluation of communication/dissemination and networking activities – including the sharing of results with domestic/international audiences and the incorporation of learning from sources outside Scotland

- evaluation of effectiveness and efficiency of projects - in terms of meeting specific objectives set for each with the Programme

- overall impact of the Programme - on the Scottish innovation system and its associated innovation support framework, capturing lessons and implications for policy and for the delivery of support.
Structure of the report

1.6 The report is structured as follows:

• *Chapter 2* - describes the methodology employed during the evaluation
• *Chapter 3* - describes the nature of the SIAP
• *Chapter 4* - addresses the policy context within which the SIAP has been conducted
• *Chapter 5* - provides assessment of the evaluation evidence at a Programme level
  - addresses the main programme evaluation issues
• *Chapter 6* - explores in more depth the outputs of the policy research and the nature
  - of thematic project activities through a set of case studies
• *Chapter 7* - sets out conclusions and recommendations.

1.7 The annexes to the report provide a list of consultees (Annex A); a summary account of
Programme expenditure; evaluation evidence at the level of individual projects (Annex B); an
assessment of project performance (Annex C); a copy of the interview guides used in the
primary research (Annex D); and the evidence log for this evaluation (Annex E).

Acknowledgements

1.8 Beginning in December 2005 the investigation has involved extensive engagement with
Programme partners, stakeholders and project participants. It has only been made possible by
the considerable insight, interest and inputs from all those consulted, by contributions from
Steering Group members, through feedback from the SIAP Evaluation Group and due to
sustained interest and support from SEP. Our sincere thanks are due to all.
2: Evaluation methodology

2.1 In this section the approach and methods employed in the evaluation are described.

Desk research

2.2 The evaluation involved desk research, reviewing:

- programme proposal documents
- project application summaries, progress and claims records
- final project reports and learning summaries, where available
- individual project evaluation reports, where available
- Steering Group and Programme Development Group papers.

Consultations – Programme level

2.3 The first set of consultations were with individuals involved at a strategic, Programme level, including a sub-set of Programme Steering Group members; Appraisal and Development group members and individuals with a broader perspective on the portfolio of projects. Discussion here covered the rationale for the SIAP; the development, steering and management of the Programme; partnership working arrangements; and issues around learning and legacy. Consultees were universally open and frank in the views and perspectives offered.

2.4 In addition, SEP staff were consulted, as stakeholders in their own right.

Consultations – project level

2.5 A second set of consultations were conducted with managers of individual projects within the SIAP portfolio to investigate initially issues of design, development and delivery of projects. These interviews also covered the achievement of objectives and target measures for each project as well as processes associated with customer and stakeholder relationships, learning and development. All project managers were consulted at least once during the study. The majority were interviewed early in 2006 and then again at late stage in the evaluation in order to capture evidence of progress and achievement. A mix of face-to-face consultations and telephone interviews were used.

Reporting

2.6 A close working relationship with the client was maintained throughout the evaluation. This involved:

- regular progress reporting to the SEP team
• submission of an interim report
• review of this report at a meeting with the Evaluation Group
• two presentations to the Programme Steering Group.

2.7 Membership of the Steering Group, the Evaluation Group and the SEP project management team is set out in Annex A together with a list of consultees.
3: Programme background

3.1 The background to the development and management of the Programme is outlined in this section.

3.2 The Scottish Innovative Actions Programme (SIAP) 2004-06 was part of the European Commission's strategy to stimulate innovation in business: it is one of 156 similar Europe-wide regional interventions. SIAP consists of 20 policy research and pilot projects aimed at addressing the weaknesses and improving Scotland’s innovation support system. The projects in the portfolio are grouped under four themes known as Action Lines, with each Action Line having an associated Development Group. The Action Lines and their objectives are described in Figure 3.1.

3.3 A Scotland-wide initiative, the SIAP had the goal of enabling and supporting opportunities to experiment and pilot innovative ideas of relevance to the Scottish innovation system and its associated innovation support structures.

3.4 An important characteristic of the Programme is the networking and learning opportunities to be gained by engaging with other European regions conducting similar initiatives.

Figure 3-1 Key strategic areas & objectives

Goal: Innovative Scotland
Scottish Innovative Actions Programme 2004-06

- Action Line 1: Scottish Innovation System
  - Objective 1: To improve innovation services and the overall support environment for innovation in Scotland

- Action Line 2: SME Demand for innovation
  - Objective 2: To encourage and assist more SMEs to innovate

- Action Line 3: Knowledge transfer and management
  - Objective 3: To transfer knowledge from the research base to SMEs and helping SMEs exploit knowledge to improve growth and competitiveness

- Action Line 4: Marketing and product launch
  - Objective 4: To help SMEs create and access new markets from their innovation

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1 Strathclyde European Partnership – Scottish Innovative Actions; [http://www.wsep.co.uk/innovativeactions](http://www.wsep.co.uk/innovativeactions)
The nature of the programme

3.5 The Programme has a budget of £4m, 50% of which was provided through the European Regional Development Fund (ERDF). Importantly, the Programme was not expected to have a direct contribution or impact on mainstream Objective 2 programme targets – it was been funded with what is regarded by SEP as “risk finance”. It is anticipated, however, that the SIAP will lead to learning relevant to future mainstream programme activity. The latter may provide opportunities to take forward activities piloted within this Programme.

3.6 Programme documentation sets out at length and, in our view, convincingly the Programme’s “fit” with relevant innovation strategy at EU and Scotland levels.

Rationale for involvement

3.7 The SIAP grew out of the work of SEP’s Structural Fund programmes. An opportunity was identified to work in a less constrained way, to test new approaches to innovation support in Scotland. The normal “constraints” of ERDF/ESF outputs were removed here, allowing an experimental, riskier set of actions to be drawn up. SEP consulted on the feasibility of establishing an Innovative Actions Programme. The proposition failed to win support from the European Commission at the first attempt, but was developed, quickly, into a second round bid.

3.8 There is a sense among stakeholders that the opportunity to come together, to carry out a wide range of activities - from policy-related research to direct work with SMEs - was very worthwhile: the encouragement to try new things was welcomed. There was, particularly from SEP, a determination to avoid an “ERDF look alike” in this Programme, something that was in tune with the Commission’s own view. That said the Programme design stage required the production of a fairly well specified set of proposals.

3.9 It was necessary to specify the shape of the SIAP fully in advance in order to win Commission approval. This has proved to be a barrier to subsequent creativity and responsiveness. In particular, it removed the opportunity to develop pilot actions informed by the mapping work in Action Line 1 which identified strengths and weaknesses in the Scottish innovation system.

Programme focus and objectives

3.10 The three main objectives for the Programme are:

- to improve the innovative capacity and performance of Scottish SMEs
- to enhance the effectiveness of the Scottish innovation system
- to increase and improve the quality of spending on projects that impact on regional innovation and competitiveness, through the Transitional Objective 1 and 2 Programmes in Scotland.
3.11 The document Innovative Actions in Scotland: Creating an Innovative & Competitive Scotland (May 2004) set out at length Programme objectives, strategy and activity. Programme strategy statements also set out a number of “challenges” to be addressed.

3.12 The SIAP’s operational objectives were to:

- engage the public and private sectors in Scotland in a new Scotland-wide partnership with the aim of creating an innovative and competitive Scotland
- pilot radical approaches and innovative mechanisms to enhance the effectiveness of the Scottish innovation system
- improve the innovative capacity and performance of the business base
- improve the innovative marketing skills of businesses
- enhance opportunities for new knowledge and innovation generated in Scotland
- stimulate the absorption and exploitation of knowledge and innovation by companies
- enhance knowledge flows and access to knowledge in the region
- forge close links with the Structural Funds programmes in Scotland
- support sustainable development
- make a significant contribution to the competitiveness of the region, its development partners and SMEs.

3.13 SIAP was to be linked and aligned to other national initiatives and programmes focussed on innovation-oriented economic development. This integration with national delivery was to ensure that the Programme achieved maximum impact in the short term and would prove to offer the prospect of sustainability in the longer term.

**Action Lines and projects**

3.14 The project portfolio distributed across four Action Lines is shown in Table 3.2 overleaf. Further project specific information is provided in Annex C.
Table 3.2 SIAP Projects

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<tr>
<th>Summary of SIAP project portfolio</th>
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<tr>
<td>ACTION LINE 1</td>
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<tr>
<td>Scottish Innovation System</td>
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<td>1.1 Business Environment Mapping</td>
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<td>1.2 Business Model Innovation</td>
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<td>1.3 Mapping the Scottish</td>
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<td>1.4 New Interventions to</td>
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<td>1.5 Growth and innovation</td>
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<td>1.6 Development of Know-How</td>
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<td>ACTION LINE 2</td>
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<tr>
<td>SME Demand for Innovation</td>
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<td>2.1 Stimulating demand for</td>
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<td>2.2. Medialab Europe</td>
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<td>2.3 Structured Innovation</td>
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<td>2.4 Growing the capabilities of</td>
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<td>2.5 Manufacturing capability</td>
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<td>2.6 Development of Know-How</td>
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<td>ACTION LINE 3</td>
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<td>Knowledge access and flow</td>
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<td>3.1 Intellectual Asset Management</td>
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<td>3.2 Probability Adjusted Contextual Value</td>
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<td>3.3 Scottish Higher Education Portal</td>
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<td>3.4 Innovative Licences &amp; Technology from the University of Glasgow</td>
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<td>ACTION LINE 4</td>
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<tr>
<td>Marketing and product launch</td>
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<tr>
<td>4.1 Marketing Capability Research</td>
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<td>4.2 Marketing of</td>
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<td>4.3 Provision of Services</td>
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<td>4.4 Access to Skills</td>
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| 3.15 The Programme addressed its objectives through four key Action Lines (a further Action Line in the Programme structure dealt with management, monitoring and related matters). The nature of the Action Lines and the results they were expected to deliver are summarised below.

**Action Line 1 – The Scottish Innovation System**

**Action Line 2 – Stimulating SME Demand for Knowledge & Innovation**
• productive collaborations between SMEs and innovation and knowledge support providers across the region

• development and implementation of a new profiling toolkit to examine and measure business attitudes to R&D and Innovation

• a number of new innovative pilot projects designed and implemented in Scotland aimed at creating awareness and stimulating business demand for R&D and innovation.

Action Line 3 - Knowledge Access, Knowledge Flows & Knowledge Management

3.18 Action Line 3 (AL3):

• increase in the number of SMEs engaging in knowledge transfer activities with the universities and research base

• increase in the number of instances of knowledge flows / technology transfer from the Scottish research base to SMEs

• increase in the number of Scottish companies effectively managing and exploiting their knowledge and intellectual assets

• productive collaborations between SMEs and innovation/ knowledge support providers across the region

• development and implementation of a new intellectual assets benchmarking tool/scoreboard for Scottish companies

• development and implementation of a new intellectual assets/knowledge capturing and management tool for SMEs.

Action Line 4 – Innovative Marketing & Product Launch

3.19 Action Line 4 (AL4):

• improved understanding by Scottish SMEs of how innovation can be turned into value

• improved innovative marketing skills of Scottish SMEs

• increase in the number of new products and processes successfully taken to market

• a number of new innovative pilot projects designed and implemented in Scotland.

Action Line 5 – Programme management

3.20 This Action Line with other activities led by SEP itself include: Programme Management and Secretariat; Programme inception – activities to ensure the efficient and appropriate delivery of the overall programme and its elements; EU Networking; communication and continuous internal evaluation.
3.21 Results expected were:

- delivery of overall Programme to work plan, cost and time
- ensuring significant awareness of the SIAP and learning across the public and private sector in Scotland
- new ideas, learning and leading practice introduced in Scotland from other regions and vice versa
- new approaches and pilot projects mainstreamed into Structural Funds programmes and other regional strategies
- increase in the number and quality of projects focussed on improving regional innovation and competitiveness funded through the mainstream Structural Funds programmes
- increase in the outputs and results from the Structural Funds programmes (longer term) linked to measures focussed on regional innovation and competitiveness.

3.22 This Action Line does not form part of SQW’s evaluation of the SIAP. However, during our consultations, we have received a number of positive references to the effectiveness of SEP's management of the Programme, notably the proactive, developmental and supportive role of its staff that has gone far beyond formal monitoring and audit.

The project portfolio and its development

3.23 The details of how projects within the portfolio were sourced, selected and developed vary between Action Lines. In addition to the Programme Steering Group which provided challenge and final approval of project spend; the Programme has had two key mechanisms for Action Line and individual project development – Action Line Development Groups and an Appraisal Sub-Group, the latter with members drawn from across the development groups.

3.24 The Development Groups have had the flexibility to work in different ways e.g.:

- **AL1 – Scottish Innovation System:** no open call for proposals; projects were decided at the start of the Programme. There was significant senior level involvement in the development activity – it tended not to be delegated downwards. The projects were especially relevant to policy

- **AL 2 – Stimulating SME demand for innovation:** a call for proposals was made (with mixed views from consultees on the quality/innovativeness of responses). Projects attracted substantial match funding via in-kind support. The projects tended to be more operational in nature

- **AL3 - Knowledge access, flows and management:** developed in a hybrid fashion – a partial call. The Intellectual Asset Exchange played a leading role, including inviting tenders to support the conduct of some of its projects (gaining a large response). Again quite operational projects
• **AL 4- Innovative marketing and product launch**: different again in approach as it was considered initially to be an ill-defined theme. A large focus group was convened, with the private sector asked to play a role by “pitching in” with their ideas - the “ball was put in (the private sector’s) court”.

3.25 Some of the key issues faced by the Development Groups at the outset were:

• there was a concern to assess the risk-taking element in project proposals

• there were mixed views between Groups on the attractiveness and feasibility of open calls for proposals

• private sector involvement in Development Group activities was seen as beneficial, but there were doubts over the feasibility of being able to find SMEs able/willing to commit time to the process – the notion of using a “reference group” was raised by the Group for Action Line 2

• on potential to mainstream pilots, there was a concern to use learning from the previous West of Scotland Regional Innovation System (RIS) work.

3.26 Importantly, Groups discussed project selection criteria. Criteria included:

• does the proposal fit with what the Action Line wishes to achieve?

• what is radical, innovative and/or new to Scotland in the project?

• does the project specifically address identified gaps in the “system”?

3.27 As indicated earlier, formally addressing bullet point three above was difficult due to an inability to introduce any significant phasing, but the intention with respect to supporting the radical and the new was clear at the outset.
4: Policy alignment

4.1 Improving innovation is one of the key contributors to increasing productivity and competitiveness and thus economic growth. The stakeholders in the SIAP acknowledge that direct impact on these economic metrics cannot reasonably be expected from the Programme by now, but there is a strong interest in determining what contribution to “progress towards …” has been achieved. In view of this, it is relevant to review briefly the policy environment in which the SIAP has been operating.

Alignment with the scope of innovation

4.2 For the purposes of this evaluation it is important to be clear about what innovation actually means. The broad but simple definition of innovation used by the Department of Trade and Industry (DTI) is the successful exploitation of new idea\(^2\). It also useful to recognise that innovation may have slightly different meanings for consumers, businesses and employees\(^3\).

- for consumers: innovation means higher quality and better value goods, more efficient services and higher standards of living
- for businesses: innovation means sustained or improved growth. The innovative company or organisation delivers higher profits for its owners and investors
- for employees: innovation means new and more interesting work, better skills and higher wages.

4.3 The DTI's definition of innovation embraces invention or creation of new ideas or methods of working, through to the diffusion of these into the market where their commercial potential is realised and economic impact gained. A great deal of attention in Scotland, and other parts of the UK and Europe, has focused on the "upstream end" of the process of value realisation - notably on advances made in science and technology within the research-base and its (initial) commercialisation.

4.4 The SIAP has embraced a broad definition of innovation, including notable emphasis of the role of marketing and exploring issues such as business model innovation.

Alignment with the concept of an innovation system

4.5 Having defined innovation in a broad sense, there are consequential challenges in defining an “innovation system”. There are a number of ways in which this has been addressed. In part this diversity results from a growing discussion over open or closed systems in the context of the globalised knowledge economy. It also reflects more or less clear distinctions being made between national and regional innovation systems.

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\(^2\) Department of Trade and Industry "Innovation Report - Competing in the Global Economy: The Innovation Challenge" December 2003

\(^3\) Ibid.2.
4.6 The literature on systems of innovation, whether national, regional or technology-specific in scope, emphasises the interaction between a set of institutions that determine innovation performance, including universities and other public research bodies. In the view of some authors, there is no necessary presumption that the system has been “consciously” designed nor that the institutions necessarily work well together. Others argue that systems are sometimes, partially at least, built consciously by the state. Under both circumstances, there is an implication of interaction, exchange and collaboration between the constituent elements.

Alignment with the policy context in Scotland

4.7 Within Scotland, the importance of increased commercialisation of research and innovation\(^4\) has already been identified in the vision of a Smart, Successful Scotland (SSS), and shared in a Smart Successful Highlands and Islands, which outline the ambitions for the Enterprise Networks and sets challenges to achieve the priority of “growing businesses”.\(^5\) It is within the context of these strategic priorities that the projects and the SIAP as a whole can be evaluated; The congruence of the SIAP objectives with the policy context is illustrated by the following strategic priority for Scotland:

*Assisting more firms to innovate is a key component of effective business support. Companies should be encouraged to consider where knowledge could be applied, where it exists and how to access and use it. Benefits can also be gained from raising businesses’ awareness of their intellectual assets and how to protect and exploit them.*

4.8 It is clear that the SIAP’s four Action Lines, their corresponding objectives and the nature of the pilot projects are a good strategic “fit” with the Growing Business theme of SSS. The Programme’s emphasis on networking and sharing learning with peers in Europe contributes to aspects of the Global Connections theme of SSS.

4.9 The Programme, and in particular the policy research projects in Action Line 1, are regarded by consultees as highly relevant and timely in the context of the current review and revision of the science and innovation strategy for Scotland. We return to this point later in the report.

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\(^4\) A Smart, Successful Scotland, Scottish Executive, 2001 & 2004

\(^5\) A Smart Successful Highlands & Islands, 2002 & 2005
5: Programme evaluation

5.1 This evaluation is concerned with the overall Programme.

5.2 The first question to be asked of the SIAP is whether or not it constituted a set of activities relevant to the strategic objectives embodied in the Commission’s Innovation Actions initiative. A programme, as opposed to a collection of projects, can be characterised by:

- clear strategic focus
- cohesion among programme elements
- mutually re-inforcing actions
- stakeholder consensus.

5.3 The Programme structure, created around its four main Action Lines, is regarded as a sensible basis. These Action Lines, or organising principles, were the foundations for much that followed.

5.4 However, as well as some coherence within Action Lines, we were advised by SEP, and subsequently had confirmed separately, that project managers identified connections and synergies between their project and others in other Action Lines. This suggests a set of re-inforcing activities and this perspective led to our selection of case studies reported on later in our report.

5.5 It is clear from the strategic and project level consultations, together with discussions at Steering Group meetings that a strong degree of consensus exists over the direction and shape of Programme. This is built on the process by which SIAP was developed. Those who were to be involved had a sense that SEP engaged with them appropriately at an early stage in the developmental process.

5.6 Early in the evaluation it became apparent that stakeholders and project managers were very enthusiastic about what had been established. Comments made at the Inception Meeting included:

- very impressed with what is being achieved by the Programme
- innovative and risk taking projects are being conducted
- enthusiastic people are working on the projects
- participation in the Programme is characterised by a permissive attitude and a keenness to do it again.

5.7 Notwithstanding this glowing view, it is important to determine whether the above characteristics have actually resulted in a significant, albeit qualitative, difference in terms of progress towards the desired outcomes set for the Programme.
5.8 It is clear that the Programme is addressing challenging issues in terms not only of project content, but also in terms of the dissemination and future use of project results. Some have argued that a can do attitude for Scotland has been generated by participants in the Programme, whilst acknowledging the challenge of making this both scaleable and sustainable within the context of mainstream activities. The view has been repeatedly expressed by stakeholders that the Programme is an experiment in its own right.

Monitoring and reporting

5.9 A summary review of each project is provided in Annex C. Here SIAP performance against objectives is examined.

5.10 SIAP has been the subject of extensive formal and informal monitoring and reporting. The formal monitoring operated by SEP and its partners has been to the standard of European Structural Funds. As a result there is substantial body of monitoring, reporting, claims and individual project evaluation material. There is no attempt in this report to reproduce project descriptions or to audit the information reported in claims records. It is evident, however, that a comprehensive process of monitoring has been in place throughout the Programme, albeit with varying degrees of formality with different projects.

5.11 Contact with project managers over monitoring and progress reporting has ranged from individual conversations, project team meetings to more structured, formal gatherings such as those involving the Development Groups.

5.12 At the time of completing this report, SEP was encouraging all project managers to complete the claims for funding and to provide a final learning report on each project.

Programme performance

5.13 The Programme’s structure around the four Action Lines tends to suggest a structured set of actions. In reality, there are cross connections; a mix of project types, approaches and methods; widely different outputs in terms of type, significance and quality. All this represents a degree of complexity not usually associated with one programme. Some projects were geared to improving understanding through research and dissemination; others carried out research as a pre-cursor to design, development and, in a smaller number of cases, delivery of an “action” to engage businesses. Some projects appear, frankly, rather conventional, e.g. with outputs such as an “event” or newsletters: others can more readily be characterised as innovative actions e.g. the development of game-based business tools.

5.14 There is an energy and commitment displayed by those engaged at a Programme level that gives support to the view that SIAP has helped create a more positive and pro-active attitude towards improving Scotland’s innovation system. The challenge is sustaining the momentum.

5.15 The picture at a project level is more mixed. Outside those involved in Action Line 1, there is a general sense of only limited systemic appreciation. However, a greater appreciation of interconnections and interdependencies with an innovation system and its support framework is one of the outcomes that the forthcoming Programme conference may yet deliver.
Impacts

5.16 SIAP has achieved significant progress towards its objectives. The majority of the projects have undertaken the activities planned and many delivered the outputs sought. However, there are cases where it has been hard to establish with clarity the nature of the outputs. This is in part due to the way that some projects were specified at the outset: not all have the benefit of clearly specified and testable objectives in the original project documentation. The basis for target setting within the Programme – or rather the way in which targets were set for each project - show no apparent consistency.

5.17 Issues of timing in relation to project completion and in one case simply an inability to obtain information from a project manager, prevent full clarity over outputs on all projects. More detailed information on this is available in Annex C.

5.18 Notwithstanding the caveats above, progress and achievement at a project level is demonstrable across most of the portfolio. In some cases this has been validated by independent project-level evaluations commissioned by project managers.

5.19 Assessing impact in any quantitative way at this time will under-estimate the Programme’s contribution. In some cases it is too early to judge: notably, the benefits of the policy research in Action Line 1 will flow from the influence of SIAP outputs on the future thinking and actions of policy makers in the Scottish Executive and on the future strategies and interventions of the Enterprise Networks. In other parts of the Programme, the evident impact through testing and learning will feed through to wider impact on businesses and the economy only if pilots are mainstreamed and go on to be successful at a larger scale.

5.20 Much of the project level objective and target setting focuses on activity metrics and outputs. In any future programme of a similar nature a much more outcome driven approach would help to drive more consistency and a greater appreciation of Programme level goals across all Action Lines – i.e. set out the desired outcomes and then scope the possible pathways and the appropriate processes to achieving them. This kind of approach permits the demands of “systems thinking” to be taken much more fully into account.

5.21 Although not an evaluation of final impact of the Programme, it is nevertheless instructive to review the SIAP in relation to more traditional evaluation criteria, albeit relying on a qualitative approach.

Additionality

5.22 An assessment of additionality – i.e. the degree to which the SIAP supported activities and impacts that would not have occurred otherwise – offers a mixed picture. For some elements of the Programme, some consultees expressed the view that a degree of substitution of one form of funding for another may have taken place. In other words, some project “owners” took the opportunity to use SIAP funding for projects that could have (or should have) bid for funds from other public sector sources in Scotland. In these cases, the concern is that other innovative actions may have been crowded out. Although there is some merit in the substitution argument, there is no sense that other high quality proposals for innovation actions were turned away for the lack of funds to support them within the Programme.
5.23 It is possible to identify proposed initiatives already conceived prior to the arrival of SIAP funding. The implication is that some organisations were simply opportunistic in responding to a new funding source becoming available rather than developing more radical, new projects in the context of a new “systems” approach.

5.24 Other consultees claim that the opportunity for timely policy research the chance to bring forward good ideas to pilots would not have occurred without the SIAP funding.

5.25 There is wide recognition that SIAP funding allowed experimentation and testing to a degree that is much less readily achievable under conventional funding regimes. Despite some reservations as to the actual level innovativeness and risk adopted within the Programme, this appears to be a genuine strand of additionality.

**Attribution**

5.26 Attribution – the extent to which change can be attributed directly to the Programme – will be key issue for this Programme over time. The SIAP was focused on providing additional resources to an area of endeavour important to Scotland’s innovation agenda. There is logic to the view that levels of attribution might be expected to be high as this intervention was developed as the only one of its kind and involved highly experienced partners with in-depth knowledge of the existing system and support.

**Value for money**

5.27 Value for money deals with the issues of the economy, efficiency and effectiveness of the Programme. Whilst the evaluators have not been engaged in formal audit, a general impression of value for money has been gained as part of the assessment.

5.28 Project funding and activities are for the most part appropriately linked and projects delivered in an effective way. There is no evidence from the monitoring system of diversion or leakage to other programmes. One project failed to take place and for another it has not been possible to make contact with the project manager to determine results. Other than these two cases, the relationship between funding and activities and, in some cases only, outputs is good. The challenge is in identifying the value of the outputs - and for some projects in identifying how well developed the outputs are, if at all.

5.29 Programme management costs are part of a separate Action Line. Partners have contributed additional management time to manage discrete parts of the Programme and provide in-kind support to project activities, especially in research-type projects. Time and the associated costs of this additional partner support is not always identified formally as a Programme contribution. (More information on resources is given in Annex C.)

5.30 For some stakeholders this “hidden” contribution was unexpected and not always welcome. This is partly because it was generated by additional demands on hard pressed individuals’ time and partly because this is hard to measure. This kind of support should be acknowledged explicitly as evidence of strength of commitment.
Key process characteristics of the Programme

5.31 Several process characteristics have had a bearing on Programme performance.

Below the radar screen

5.32 One of the less obvious features of the Programme that has nonetheless been highly valued by those involved at a Programme level was its low profile at the outset and through much of its developmental stages. This resulted in large part from its relatively small scale by comparison to higher profile EC-supported and other public sector initiatives. The real level of resources committed to the Programme in total represents a very small financial investment by the standards of economic development in Scotland.

5.33 At least initially the SIAP ran “quite quietly”. There has been a well supported view summarising the Programme as:

“... an initiative shielded from public glare where people could get together without too much distraction and constraint and one that allowed work on an area of genuine importance then tell the world about it.”

5.34 As a result, there has been the possibility of taking some risks, albeit modest in scale. The most important risks taken by participants have been reputational.

5.35 Given this circumstance, there are mixed views as to whether this opportunity has been fully exploited. In developmental terms, there is a concern about a missed opportunity to be the starting point for fresh systems approach to an innovation strategy for Scotland. The progress in mapping and research achieved within the Programme is rather disconnected from the progress achieved by many of the pilots.

Permissive environment

5.36 Linked to the above, the SIAP is seen as having created a permissive environment for those associated with the development and steering of the Programme, especially for the senior, well-informed public sector representatives on the Steering Group. This view has been expressed in various ways by a number of consultees. The following characteristics of the SIAP may account for this: relatively small in budget terms; focussed; time bounded; also bounded in terms of its implications for the core interests of the partners, especially the public bodies.

5.37 The question has been posed: is there a “generic” model here for getting new things done within the public sector collaboratively? This is worth closer examination in the context of the role played by pilots and pathfinder-type initiatives in policy making. Intuitively, the very need for an initiative such as the SIAP to create the permissive environment for senior level engagement over policy research and piloting actions seems to point to a weakness within the Scottish innovation system.
Private sector involvement

5.38 Private sector involvement has been valued, although some consultees would have preferred to have this representation enlarged at all levels, including by the presence of more individuals drawn from innovative firms. This would have been appropriate especially within the steering and developmental functions. One limitation on private sector engagement overall has been that only a sub-set of projects have involved direct engagement with companies. As pilots, those that have had businesses involved the scale has been small. This is to be expected given the experimental nature of the Programme.

The right time

5.39 Time and again, although expressed in slightly different ways, we have been told that the SIAP created the (only) forum where all the organisations represented on the Steering Group and their staff could come together to discuss the Scottish innovation system – the SIAP also created a “convergence of intent”. It brought co-ordination and synergy.

5.40 Most important of all, SIAP was neither too early nor too late. Scotland’s science and innovation agenda now sits much more closely alongside our mainstream economic development/competitiveness agenda. Stakeholders were very firm that the synergy referred to above would only have been achievable during the time in which the programme operated. SIAP was able to exploit a window of opportunity – critically one shared among partners.

Policy significance

5.41 It is clear from those interested in policy, that the timing of the SIAP opportunity was ideal. There were already moves to integrate more closely mainstream EC funding with the Scottish Executive’s policy agenda - ensuring a closer alignment with policy issues. It also provided a timely opportunity to take forward research relevant to a major re-assessment of the use of market failure arguments to justify interventions.

5.42 For policy makers a key outcome, notably from Action Line 1, will be the development of a “systems view” that allows consideration of wider, knock on effects of interventions. The SIAP funding helped to reduce the risk for certain of the lead organisations involved.

5.43 There is also recognition that in evidence-based policy making times there was a lack of a properly researched evidence base on the Scottish Innovation System. The SIAP is rectifying this.

Characteristics of the project portfolio

5.44 Given that “system” mapping was needed, there is an acknowledgement that the context in which the other Programme elements – the projects in Actions Lines 2 to 4 - were selected was not as clear as it might have been. Phasing of the Programme was less than ideal, driven by financial and administrative necessity outside the control of the SEP.
5.45 There is a view that the development of the Programme was constrained by the timeframe set for committing funds to projects and spending against those commitments. Time to permit a more competitive approach across the board in project selection may have been helpful.

5.46 It is acknowledged that two types of projects have been included in the Programme: some are strategic, addressing fundamental issues; in others the SIAP is providing funds for developments which will help guide how to operationalise strategy. Some consultees suggest that the latter set arguably could have been funded through normal ERDF mechanisms.

5.47 Although the SIAP was promoted as an opportunity to support projects that would not fit well with normal economic development funding opportunities, it still had to support projects of economic development significance. The initial view was that the kind of projects to be supported would be ineligible for mainstream funding: SIAP was about supporting new development relevant to the innovation system. When the project proposals appeared, many were, in the view of some consultees, too similar to mainstream ERDF type projects. There were genuine attempts to weed out these kinds of proposals, with partial success.

5.48 The mix of policy and more operational projects in the SIAP has proved to be an awkward balancing act in the view of some consultees. Again, this was a design issue pressed upon SEP by EC Innovation Actions Programme demands.

Views on participation

5.49 Some consultees have expressed concern that most funds from the Programme went to organisations that were contributing funds as well as applying for funds. Although it is widely acknowledged that the “usual suspects” have been involved in the Programme, there is a view that it has allowed them to be more inventive than would have been possible without the Programme – a key source of additionality, it has been claimed.

5.50 A missed opportunity for wider engagement especially in the Highlands and Islands area was pointed to by one consultee: Scottish Natural Heritage (SNH), the Scottish Environment Protection Agency (SEPA); UHI; the Scottish Association for Marine Science (SAMS) and the North Atlantic Fisheries College were cited as examples of especially relevant organisations. This would have helped address the weakness in the Scottish Innovation System that relates to its working in the north of Scotland.

Ensuring successful outcomes

5.51 As the Programme evolved, two types of outcomes were especially valued. There was the strategic goal held by some stakeholders that the outcome of the Programme had to be around creating cultural change. Evidence of cultural change within the public sector bodies – embracing systems thinking and management – is the key goal for some stakeholders. The second goal was the direct aim of the Programme to improve understanding and to ensure lessons leaned were disseminated appropriately.

5.52 The challenge for the Programme management and Steering Group to ensure effective dissemination of results, cross-project learning and the development of an approach to assessing attractiveness and feasibility of mainstreaming pilots has been picked up with
significant effort being applied here in the latter part of 2006 and early 2007. There are notable examples local and international dissemination. The forthcoming conference will further enhance the dissemination.

**The Programme Steering Group**

5.53 The Steering Group’s role has included: overseeing the Programme, promoting and selling the Programme; discussing lessons learned and how to take forward findings. Private and third sector members of the Steering Group have played a useful role in providing challenge – or as one consultee put it, “biting the ankles”.

5.54 There is a view that there should have been a greater degree of independence in the Steering Group – avoiding having the same organisations on the Steering Group as those having projects in receipt of funds. In fairness, the Scottish innovation system’s stakeholders are few in number, already have strong working relationships and operate on a basis of well-developed shared understanding.

5.55 The Steering Group is comprised of senior level representatives from the public and private sectors with in depth knowledge and experience in Scotland’s business base, its innovation system and the wider policy environment. The potential for engaging others close to but not involved in the innovation agenda was considered, but the pragmatic decision was made to “work with the willing” and the fully engaged.

5.56 The involvement by senior people is regarded by some consultees as disproportionate to the size of the Programme budget – and most welcome. The seniority of the Steering Group is regarded as remarkable given the scale of the initiative and a testament to the initial design process, the persuasiveness of SEP staff, as well as the true interest and commitment of key stakeholders.

**Programme management**

5.57 SEP is considered to have done a good job of organising the Programme and its constituent activities: in particular its work on outreach to the private and third sector is acknowledged. Its supportive, facilitative role in development and implementation – “far beyond audit” – is valued.

5.58 The SIAP faced the constraint of all such pilot initiatives. It was quite severely time bound. By way of comparison, some support initiatives such as Proof of Concept have run for more than five years, learning and refining processes along the way.

5.59 The development phase (post bid) suffered from difficulties over recruiting, retaining and then replacing key staff. This adversely affected the rate of progress across the Programme: a loss of momentum was experienced during part of 2005. The appointment of a new Programme Manager quickly improved matters. Since this time, there has been close involvement by SEP with the Programme in all its parts – at the strategic and the project levels. Contact has been sustained with the stakeholders with their oversight role on the Steering Group and regular communication takes place, as reported elsewhere in this report, with project managers in other organisations.
5.60 Internal to SEP, weekly progress reviews have been held between the SIAP Project Manager and the (Acting) Assistant Chief Executive.

**Partnership working**

5.61 It is important in the context of this type of evaluation to capture how partnership working has shaped and influenced the development and delivery of the Programme. By its nature, SIAP is a collective endeavour. Its aims, methods of working and governance are all based around an assumption of partnership working. For the Programme, bringing together of a group of key actors has been highlighted throughout this evaluation as a significant achievement. This view is expressed despite being many being “core” players in organisations that constitute important parts of the Scottish innovation system, and therefore accustomed to joint working. Partners are clear, indeed adamant, that SIAP brought them together in ways not normally possible and in a context that encouraged partnership working and communication.

5.62 Communication has been open across the Programme. As mentioned earlier, some of this has been part of the formal monitoring and reporting, but much has been between individuals and organisations in a relatively informal way. Here SEP has played a central role, sometimes in pursuit if its monitoring requirements, at other times through group sessions with good interaction taking place between SEP and project managers.

5.63 This activity helped stimulate interest across action lines and between projects. SEP responded positively to requests from project managers to facilitate the sharing of knowledge and experience between projects that extended beyond normal monitoring and reporting requirements.
6: Case studies

6.1 In this chapter we review the case studies undertaken as part of the evaluation. These were designed to provide insight into the working of the programme from the perspectives and experiences at a project level.

Basis for selection

6.2 The aim of the case studies was to tackle a few obvious cross cutting themes. This is one way of capturing programme level impacts and lessons. Case studies were selected on the grounds of:

- project managers being clear that on some occasions their project contributed to more than the action line
- the results of the Innovation System Mapping study which highlighted certain weaknesses in topic areas which activities in other Action Lines appear to address
- our view of the necessary emphasis on the evaluation of the Programme and its contribution to enhancing the working of the Scottish Innovation System and associated innovation support system.

6.3 Evidence of relevance to Programme level evaluation has also been assessed within the context of thematic, cross-Action Line project groupings. Three of the case studies below cut across Action Lines, the fourth concentrates on the policy research projects in Action Line 1. The Case Study research was conducted during a late phase of the evaluation.

6.4 The evaluation evidence for the case studies has been obtained from consultations with project managers and from monitoring records: during consultations with project manager to gain project-level evaluation evidence, we also sought their insights on any implications of their individual projects for strategic, Programme objectives. Our overall impression is of limited “systemic” appreciation amongst many of the project managers we consulted.

The case studies selected

6.5 The case studies selected were:

- **Case Study A**: evaluation of actions designed to stimulate innovation
- **Case Study B**: evaluation of actions to provide businesses with innovation management concepts and tools
- **Case Study C**: evaluation of actions to enhance HE-business links.
- **Case study D**: is of a different nature. It is restricted to the projects in Action Line 1 and investigates the relationships between and the likely aggregate value of the policy-related research conducted within this Action Line.
• evaluation of Action Line 1 projects for their cumulative contributions to “systems” understanding and SIAP objectives.

Case Study A: Actions to stimulating innovation

6.6 The projects examined in this case study are:

• Project AL2.1: Stimulating demand for SME product innovation in the electronics sector
• Project AL2.4: Growing the capabilities of Photonics SMEs
• Project AL4.2: Marketing of Marketing

6.7 The activities and outputs chosen by these projects which were aimed at stimulating innovation are quite variable – literature research; running “events” and seminars for businesses; dissemination of a newsletter; and the development of a “game based” software tool.

6.8 We judge the development of a game based model to promote the benefits of marketing in Project AL4.2 to be the most “innovative action” within this group. Whilst other projects are doing worthwhile things, it is difficult to argue that all are highly innovative. Project AL2.1 proposed an innovative “brokerage” event for firms in the electronics sector, but we have been unable to obtain evaluation evidence on the success or otherwise of the event that was held.

6.9 Other activities and outputs such as a report on literature research and newsletters are arguably less innovative actions, although the former type of activity can of course be preparatory to the design and implementation of a pilot action. Documentation on project AL1.5 makes reference to the development of a “working model” during a second phase of the project, following on from initial desk research. We have been unable to determine the nature of this “model”.

6.10 It is notable however that Project AL2.4 highlights the continuing requirement to improve communication between firms and sources of innovation in key industries, including by fairly conventional means.

6.11 One lesson here is the potential and importance of the role that formal business networks and business incubation managers can play in enhancing the flow of information on innovation-related matters for their own “community”. The manager of Project AL2.4 acknowledged the learning achieved concerning leading practice and identifies the requirement to make changes to business incubation practice locally.

6.12 The innovative action to develop the game-based tool (Project AL4.2) to stimulate interest in marketing and its role in innovation brings up the issue of how the Programme handles “success”. This tool is highly regarded by those close to the project, but it is not clear how the tool will now be made more widely available to the intended beneficiaries, i.e. individual businesses. Projects that develop tangible outputs that have potential for practical use by
businesses offer good prospects of legacy benefit: attention needs to be given to how wider access the “product” is achieved.

6.13 An assessment of the full significance of the projects associated with this Case Study is hampered by incomplete information available to us at this time on Project AL1.5 – the nature of the envisaged “working model” as a phase 2 outputs; and Project AL2.1 – the results of the “brokerage” event held at Gleneagles.

Case Study B: Innovation management tools and concepts

6.14 The projects examined in this case study are:

- Project AL2.3: Structured Innovation Thinking for Scottish SMEs
- Project AL3.1: Intellectual Asset Management support infrastructure
- Project AL3.2: Probability Adjusted Contextual Valuation
- Project AL4.1: 1Marketing Capability Research

6.15 Once again the projects have involved a diverse set of activities and outputs – research and benchmarking reports; workshops for businesses; “expert” advice for individual businesses; “events”; development of a web site; development of a software-based business tool.

6.16 The most interesting finding from this case study is the apparent greater benefit in terms a useful outcome coming from those projects whose output was something practical and readily transferable to businesses. Project AL2.3 exposed businesses through workshops to a method of structured innovative thinking that could be imported to individual businesses and used in self-drive mode – three of the small cohort of businesses participating in the pilot report embedding what they experienced into their internal business process.

6.17 Similarly, Project AL3.2 on Probability Adjusted Contextual Valuation has in addition to the other activities and outputs, captured and transferred value via a software-based valuation “tool” which we understand is in further development by a firm of accountants in Scotland.

6.18 One lesson from the Case Study for the future is in project design: there is value in pushing project proponents and managers to deliver an output with practical utility for the target beneficiaries.

Case Study C: Higher Education – business links

6.19 The projects examined in this case study are:

- Project AL2.2: Medialab Europe
- Project AL3.3: Scottish Higher Education Portal (Interface)
- Project AL 3.4: Innovative Licences & Technology from the University of Glasgow
- Project AL2.4: Growing the capabilities of Photonics SMEs
6.20 This group of projects display extremes of activity: from the quite remarkable number of activities and outputs recorded in the monitoring information for Project AL2.2, Media Lab, to the almost complete absence of outputs or outcomes associated with Project AL3.4 aimed at enabling SMEs to licence university intellectual property.

6.21 We have commented elsewhere in this evaluation on the problematic level of additionality that can be claimed by the SIAP for the outputs and outcomes associated with both MediaLab and Interface (Project AL3.3). However, leaving this aside, these two projects not only have delivered to their objectives to date, but also have the prospect of leaving significant legacy benefits for the Scottish innovation support system.

6.22 The Interface project reports c.70 SMEs being helped to make new links with a university and the MediaLab project has proved to be the forerunner of DistanceLab now being established by Highlands and Islands Enterprise.

6.23 Each of the latter projects piloted approaches to engaging SMEs with the research base. The MediaLab project appears to have been successful in delivering tangible business outcomes for small firms in Scotland based on knowledge transfer from a sophisticated, research intensive institution in the USA. The learning potential for HEI-business interaction within Scotland would appear to be self-evident and should be exploited. The facilitated personal contact business and research-base via MediaLab would seem to complement the aims of Interface, albeit without geographic restriction.

6.24 The challenges of ensuring effective communication between research base and SMEs is also highlighted in the evaluation evidence on Project AL2.4. Together the evidence from this Case Study reinforces a continuing need, despite substantial investment in formal networks in Scotland, for innovative actions to “treat” if not “cure” the perceived deficits in HE-SME communication and interaction.

6.25 The relative lack of success of Project AL3 at the University of Glasgow requires equally careful consideration of learning. (An evaluation of this project is presently underway.) The purpose and value of a pilot is to test new ideas and to learn from the testing: unsuccessful pilots that deliver useful learning outcomes in subject areas of importance to the innovation system in Scotland should not simply be written off as a failure. We regard this project to have been an innovative action and trust that the project evaluation will shed useful insight into how to facilitate the licensing of university technology to SMEs.

Case Study D: Innovation system policy research

6.26 The SIAP has national, policy/strategy level objectives. This fourth case study is to review all the projects in AL1 and to assess their contributions to “systems” understanding and overall SIAP objectives. In the context of the AL1 Case Study, the constituent projects are essentially concerned with policy research: it is only feasible to comment at this time on likely contributions towards the future achievement of outcomes.

6.27 This aspect of our evaluation has focused on the following questions:
• are the projects within AL1 individually and collectively appropriate to the overall purpose and scope of the SIAP?
• do the projects in AL1 form a coherent set of project activities?
• do the outputs have the potential to contribute to the achievement of the outcomes set in the objectives for SIAP, albeit over the longer term?
• is there evidence of appropriate engagement, and flows of new knowledge, within and beyond Scotland, and appropriate dissemination of results?
• what learning can be gained from AL1 activity for those involved in the SIAP?

6.28 Tempting as it has been given our interest in the subject matter of the AL1 research, it has not been our purpose to critique the robustness of the “content” of the project reports. We are not offering here anything approaching a review or critique of the robustness of project conclusions.

6.29 The projects within Action Line 1 entitled The Scottish Innovation System are as follows:
• AL1.1: Business Model Innovation
• AL1.2: Business Environment Mapping
• AL1.3: Mapping the Scottish Innovation Landscape
• AL1.4: New Interventions to Illustrate Innovation System Dynamics
• AL1.5: Growth & Innovation Drivers for Businesses.

6.30 The case study has not been able to review the reports on the project – New Interventions to Illustrate Innovation System Dynamics.

Summary of Case Study D findings and recommendations

6.31 Based on our assessment of all AL1 projects individually and of their interrelatedness, the following provides our conclusion and recommendations.

6.32 We conclude that the projects conducted in AL1 in terms of purpose and scope fit well with the objectives of the SIAP.

6.33 We conclude that the projects also address issues of policy/strategy that are highly relevant to the organisations – notable the Scottish Executive, Scottish Enterprise and Highland and Islands Enterprise – that have been associated most closely with them.

6.34 In some cases, notably those championed by the Scottish Executive (Mapping the Scottish Innovation Landscape and New Interventions to Illustrate Innovation System Dynamics), we

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6 We note in passing that the learning available in Scotland on the nature of “clusters” as a type of “system” is notable throughout AL1 research only by the relatively limited treatment it receives in the reporting of these studies.
note also the timeliness of these pieces of research in terms of feeding into current policy development.

6.35 In the case of the latter two projects there is clear evidence of a coherent, planned and sequential programme of research. Looking at the AL1 project portfolio as a whole, we find it straightforward to identify coherence within the set of projects being conducted (see Figure 6-1). Although this may be our after the event rationalisation, nevertheless the AL1 projects provide a substantial body of complementary research evidence. The “challenge” now is to ensure that the value of the cross-project content is fully recognised and exploited. It appears to us that this has not yet been achieved.

6.36 We point up examples of potential linkages in our assessment of the five individual projects (see below), but a prime case is that of the Business Environment Mapping, with its emphasis on external factors influencing business behaviour and performance, and the Growth and Innovation Drivers study which reviews the international literature on the balance between internal and external business factors.

6.37 The reports on AL1 projects are of good quality and very informative. There is evidence across AL1 of the projects benefiting from inputs from experts of international standing from outside Scotland, creating new knowledge flow and importing fresh insights of benefit.

6.38 There is evidence in most cases of actions to disseminate findings within Scotland and more widely, notably in Europe. We would point to the Business Environment Mapping project as an exemplar in this.

6.39 During our consultations, project managers/champions, notably in the Scottish Executive and Scottish Enterprise, have been confident and clear that outputs of the AL1 projects are already contributing to internal policy/strategy considerations.
6.40 However, given that consultees have also pointed to a relatively low level of systemic appreciation amongst key organisations in the Scottish Innovation System prior to the SIAP, we judge intuitively that much more will be required in terms of dissemination if this wider community is to be “infected” by systems-related concepts.

6.41 Given that many of the key organisations are represented on the SIAP Steering Group, this body provides a valuable forum within which this process can be begun and progressed. We have already advised the Steering Group of our recommendation that the various public sector bodies represented on the Steering Group be asked to present on the significance/implications of the findings of the SIAP research and how they propose to utilise, if at all, the new knowledge and understanding – i.e. essentially to answer openly the “so what” question.

6.42 As a further legacy from this work, we would recommend pulling all the reports together in a Programme reporting volume that is complemented by an additional chapter which “looks across” the content. Project managers/champions confirm that the SIAP provided an important enabling opportunity: it provided the space in which this policy-related research could be conducted.

**Business model innovation**

6.43 The project looks to identify whether it is possible to define and pictorially capture a company’s business model and also whether it is possible to identify areas within that business model which provide the basis for future business innovation. The project involved engagement with international “experts” in the conduct of the research and with Scottish SMEs: the project brought together international expertise, from the universities of California, Berkeley and Edinburgh. This has included inputs from Professor Henry Chesbrough who is a (high profile) international expert in the field of “open innovation”. We understand that the project was conducted with a substantial amount of in-house resource and other inputs from the project manager’s network of contacts at limited financial cost. The project manager reports a substantial amount of in-kind support and goodwill.

6.44 We have been informed that dissemination via workshop presentations has already taken place in the UK (4 workshops) and internationally (2). The research has concluded that it is indeed possible to capture a company’s business model and display it pictorially. This offers the prospect of providing a “tool” or framework for systems thinking for individual SMEs. The workshops with SMEs have sought to take this forward, to determine whether or not a company can identify areas for innovation by using this pictorial representation of their business model. Therefore, we conclude that the project had sensibly “designed-in” what might be regarded as a validation of the initial research phase. Emerging findings were tested with business contacts of Scottish Enterprise, including the Phillips corporation in Eindhoven.

6.45 This work and the learning gained from the Growth & Innovation Drivers project. The latter explores the evidence-base for the importance of internal versus external business drivers. Arguably the Business Model Innovation research provides further insight into a sub-set of important internal factors. The significance of the learning from the Business Model
Innovation project is also evident in the context of the findings of the Community Innovation Survey (CIS3) results for Scotland\(^7\) which indicates that Scottish companies generally have a low level of organisational innovation, such as the use of advanced management techniques, when compared to peers elsewhere in the UK. The CIS3 results taken at face value indicate a requirement for a re-assessment of interventions in support of business management development which should be aided by the Business Model.

**Innovation research**

6.46 One challenge that recurs with many of these AL1 projects is how to tease out and translate the learning into the practical design of new or re-configured interventions in support of SMEs.

6.47 As our consultee on this project acknowledges, a particular challenge for this project has been how best to “finish” and gain full value from the work. We understand that a methodology of investigation has been developed, and an approach and tools developed which have helped in understanding the nature of new business models.

6.48 This includes models for parts of industries and we have been informed that these advances will inform SE’s own work on priority sector development. A report on the results of this study has not been made available to us: we understand that one does not yet exist. Therefore we have not been able to review discrete outputs to date, far less outcomes. We strongly advise that the tacit knowledge now held by project participants as a result of this work is captured (codified) and disseminated in a final report as has been the practice with other AL1 projects.

**Business Environment Mapping**

6.49 This three phase project adopted a holistic approach to examining the critical components of the environment in which businesses operate. The project looked at how a range of external factors (e.g. access to finance, availability of skilled staff, physical infrastructure, etc.) influence business growth, particularly in technology based sectors.

6.50 It identified and then measured which components of the business environment are crucial to optimise high growth: it then moved from a generic treatment of the issues involved to a mapping of the components as they influence three so-called “pilot cluster areas” (Energy, Life Sciences and Techmedia). Finally, it assessed in which areas weaknesses lie. The study has the ambition of providing the basis to assess how well the present business environment supports firms at different stages of growth, and consequently enables market weakness in the supporting business environment to be identified.

6.51 In terms of the SIAP objectives around international dissemination and knowledge transfer, the project appears to be an exemplar of good practice:

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• project meeting held in Oslo with Innovation Norway, with the result that Innovation Norway will be piloting findings from this study for its own new programme of innovation support

• presentation of results at the Association for Technology and Innovation in Europe (TAFTIE) conference on how evaluation can influence policy.

6.52 Our consultation with the project manager indicates that the results are already being used in shaping Scottish Enterprise’s approaches to cluster and industry development policy and its growing business strategy. The research output is it is claimed already providing support for the identification of new interventions required to address the weaknesses and improve the Scottish innovation system.

6.53 The connection with relevant priority areas of economic development in Scotland can be seen in the choice of “pilot cluster areas”: the chosen areas are those being addressed by the three Intermediary Technology Institutes. The project manager argues that the findings of this project provide a snapshot of the current operating environment for the Energy, Life Sciences and Techmedia sectors within Scotland.

6.54 The project manager also points to a legacy from this project: the methodology used in the project is likely to be used by Scottish Enterprise in studies of other priority industries, and is being built into the organisation’s internal measurement and evaluation framework so that its influence on certain sectors can be captured more readily. This has the potential to contribute to addressing the major challenge faced by economic development agencies internationally, namely characterising the net additional contributions made by the latter. It appears also that following through with this approach could provide a framework for tracking adjustments in the key environmental or market factors over time.

6.55 Potential linkages between the findings of the Business Environment Mapping and the insights from the Growth & Innovation Drivers (literature review) project are evident. Both look outside the firm to the factors that influence business behaviour and performance. In the Business Environment Mapping work there would be merit in commenting more fully on the relationship between the external business environment elements and the so called “factor conditions” referred to in the seminal work on clusters by Michael Porter. The substantial investment in cluster development in Scotland over many years should be the source of very significant learning on this particular kind of “system” and its inter-related business environment factors. It is perhaps surprising that across the AL1 projects as a whole that the significance of clusters-related learning has such a relatively low profile.

Mapping the Scottish Innovation Landscape

6.56 This study involves research to identify all the relevant organisations and interventions within the Scottish Innovation System (SIS). In the view of one consultee, there was no pre-existing comprehensive listing of all the public and private sector actors and actions that play into the Scottish innovation system. Indeed the question as to whether Scotland had an innovation system had not been answered by appropriate research.
In the context of evidence-based policy making, the capturing and organisation of information on the SIS into a map-based model is seen by our consultee as highly relevant and timely. The mapping make explicit what to a large extent had previously been tacit knowledge held by a number of organisations and informed individuals. The value of delivering a map-based model of the SIS was in part to provide a framework for assessing what is a key, dynamic and interacting component of the wider Scottish economy.

We would add that given innovation systems-related research has a longstanding place in innovation policy thinking internationally at both national and regional levels, a formalisation of knowledge of the Scottish situation should be helpful as a starting point for comparative assessment and learning. The creation of the model of the SIS is intended to catalyse new kinds of thinking and renewed consideration of international best practice around innovation policy for Scotland. The objectives of the study included an assessment of whether the system (SIS) is operating at optimum capacity. In the final report this has been translated into a useful, but arguably a different, output namely an assessment of system strengths and weaknesses.

Dissemination of research results has been achieved both through the publication of the final report and by presentations at a seminar hosted by Scottish Enterprise earlier this year which attracted attendees from across Scotland. We understand that the Scottish Executive will use the material derived from this research to initiate discussions with other key players in the SIS on how to maximise the impact of the research output. We have no knowledge of the extent to which discussions with other key players has advanced. The Programme-level Steering Group for the SIAP provides a useful forum in which such discussions can take place.

We have been informed however of the significance of the outputs from this study already in terms of informing new thinking within the Scottish Executive. Given what we understand to have been the relatively low levels of explicit “systems appreciation” among those concerned with innovation policy implementation across Scotland prior to the work of the SIAP, we feel intuitively that further dissemination activities will be required to “infect” the relevant community with these concepts.

The importance of having a basic mapping of the SIS and how it works as a basis for evidence-based policy implementation has been made almost self-evident recently in our view with the proposal emerging from one political party in Scotland for the establishment of a new Innovation Agency for Scotland along the lines of TEKES in Finland. The work undertaken in the present study should provide a valuable framework for comparison between the nature and workings of the Scottish and Finish innovation systems and their institutional structures.

Findings from this study have fed into another project in AR1- New Interventions to Illustrate Innovation System Dynamics (see below). It is clear that the two projects were conceived within a coherent research programme plan.
6.63 The use of outputs from the Mapping the Scottish Innovation Landscape project in this research demonstrates that at least in part the design of AR1 activities formed a coherent policy research plan.

6.64 The original aim of the project was to build a portfolio of case studies illustrating the workings of the Scottish innovation system - to show the interactions and dynamic flows of the various components within the system and to illustrate how these work not only in theory but also in practice for a range of different innovation opportunities. The original intention was also to demonstrate how the SIS works in practice by analysing the experiences of organisations which have engaged with the SIS.

6.65 Comparison with international practices was planned to provide an additional component of the benchmarking exercise.

6.66 However, not only do we understand that the project has experienced substantial delay, it has also involved considerable re-formulation of scope and objectives. Based on recent feedback on progress, we understand that the project has been altered to re-focus only on the benchmarking of international examples of good practice to address weaknesses in the SIS.

6.67 Delays in starting resulted in waiting for outputs from the SIS mapping study. There have also been discussions with the SIAP evaluation sub-group of deploying the approach proposed by this project to assess the effectiveness of other SIAP projects, an idea that was not taken forward.

6.68 Together with the SIS mapping, we have been informed that the study is being used to influence strategic forward thinking on innovation policy, including questions on organisational infrastructure and changes to the roles of innovation system actors. Following these projects we understand that an evaluation is being undertaken by the Scottish Executive into the current approach to innovation policy and how a systems approach would change and potentially improve Scotland’s economic performance.

6.69 Estimated completion date for this study was September, 2006, but to date we have not had the opportunity to review a final report. We would be happy to supplement the AL1 Case Study report with our comments on this when it is available.

6.70 In developing and implementing interventions in support of business growth to client companies, there is clearly merit for the providers of that support (in this context Scottish Enterprise and Highlands and Islands Enterprise) in understanding the triggers and barriers that precede a cycle of innovation and subsequent growth by an individual firm. In concept, improved understanding offers the prospect of better informed policy implementation and more effective intervention design and targeting.

6.71 In the context of an account management system of client relations, it may also offer some predictive power and thus ensure the timely offer of support – enabling the targeting of
companies as they reach a critical stage and thus optimise the timing and impact of any intervention.

6.72 It is clear that the objectives of this research are therefore aligned well with a “core” strategic mission of both Scottish Enterprise and HIE – growing businesses. In our view, researching this topic is highly relevant to ensuring that “opportunities” are not being missed and also to ensuring that public funds for business support are being deployed as effectively as possible.

6.73 The study therefore is also aligned well with the rationale for the SIAP which is about not only enhancing understanding of the Scottish Innovation System sensu stricto, but also contributing to the better working of the Scottish innovation support system. The project consisted of desk based research only, specifically a substantial review of international literature on the subject. In what is a logically presented and well referenced review, there are clear linkages in the subject matter addressed with that covered in the Business Environment Mapping project. It will be important to temper any subsequent actions based on the “external” emphasis in the latter with the balanced view of the findings of this present study on the complex of both external and internal factors which appear to influence business behaviour and performance.

6.74 It is notable that although complementary, the Business Environment Mapping project has included new empirical research findings, and is relatively “thin” in terms of providing insights into prior knowledge contained in the international literature, whereas the Growth & Innovation Drivers study is wholly based on a literature review. Prudent use of these research projects in policy implementation would first ensure that the Business Environment Mapping work is supplemented by a review of relevant international literature and the key lessons from the present study on “drivers” is supplemented by some primary research in the Scotland context.

6.75 It is notable that the DTZ Pieda report on Growth & Innovation Drivers presents a set of explicit recommendations for action by Scottish Enterprise, advising particular scrutiny of internal practices in areas such as “screening” business clients and designing the provision of “aftercare” for firms during periods of low or no growth.
7: Conclusions and recommendations

7.1 We summarise here our conclusions and recommendations drawn from all of the inputs to this evaluation. These are presented at the programme-level along with the strategically important project level issues. There is a focus on the learning and development stemming from the programme.

Conclusions

Strategic alignment

7.2 SIAP was developed to ensure it was well aligned with other national initiatives and programmes focussed on innovation-oriented economic development. This integration with national delivery was to ensure that the programme achieved maximum impact in the short term, and would prove to offer the prospect of sustainability in the longer term. The constitution of the Steering Group and the Development Groups ensured a good level of alignment was achieved.

7.3 The SIAP has embraced a broad definition of innovation, including notable emphasis on the role of marketing and exploring issues such as business model innovation. The programme scope was appropriately broad.

The programme

7.4 It is clear from the strategic and project level consultations, together with discussions at Steering Group meetings that a strong degree of consensus exists over the direction and shape of Programme. This is built on the process by which SIAP was developed. Those who were to be involved had a sense that SEP engaged with them appropriately at an early stage in the developmental process. SIAP does indeed have the characteristics of a programme.

7.5 It is clear that the Programme is addressing challenging issues in terms not only of project content, but also in terms of the dissemination and future use of project results. Some have argued that a can do attitude for Scotland has been generated by participants in the Programme, whilst acknowledging the challenge of making this both scaleable and sustainable within the context of mainstream activities. The view has been repeatedly expressed by stakeholders that the Programme is an experiment in its own right.

Programme impact

7.6 SIAP has achieved significant progress towards its objectives. The majority of the projects have undertaken the activities planned and many delivered the outputs sought. However, there are cases where it has been hard to establish with clarity the nature of the outputs.
7.7 Assessing impact in any quantitative way at this time will under-estimate the Programme’s contribution. In some cases it is too early to judge: notably, the benefits of the policy research in Action Line 1 will flow from the influence of SIAP outputs on the future thinking and actions of policy makers in the Scottish Executive and on the future strategies and interventions of the Enterprise Networks. In other parts of the Programme, the evident impact through testing and learning will feed through to wider impact on businesses and the economy only if pilots are mainstreamed and go on to be successful at a larger scale.

**Role of stakeholders and partners**

7.8 Strong partnership working has been a feature of the Programme. This has worked at different levels. The Steering Group provided the means of pulling together public and private sector stakeholders who were represented at a senior, decision making level. This Group provided oversight to the Programme development and delivery. At the same time it provided an opportunity for key agencies to work together in an area of shared interest and priority.

7.9 At the operational level, SEP led and managed a wide group of project managers in partner organisations. This demanded close attention and quite a light touch. The attention was needed given the priority of the Programme and, above all, the need to capture learning from progress (or lack of it) with individual projects.

**Programme energy**

7.10 There is a challenge particular to complex, time bound programmes and it is that of building momentum and then sustaining any energy generated. SIAP stakeholders and partners have been very firm and repetitive in expressing their belief that the programme has created high energy levels. Perhaps most significant of all this was apparent from discussions at project completion. At this stage disengagement and a lowering of levels of commitment and interest would be natural. This has been far from the case. There comes with this considerable Programme benefit, a responsibility to ensure that the weight of expectations around what the programme has been achieving results in practical expression.

**Policy impact**

7.11 We conclude that although it could be argued that many of the conclusions of the mapping project were already quite well known if not fully understood, the independent work to review and structure the evidence is beneficial. However, the enhanced understanding that results only leads to significant additional value to the economy when it is used to design and implement “better actions” by actors within the “system”. It is acknowledged that this will be a longer term goal.

**Learning and development**

7.12 As a pilot initiative designed to test and experiment with new ideas and approaches, one central aim of Innovative Actions was to draw out learning and development from the Programme. As the projects moved to completion an array of dissemination, learning and development got underway. Lessons were being learnt and legacy developed as this report is being completed. It will go on beyond the Programme.
7.13 Where the Programme has been the most innovative, where it has pushed boundaries, where it has taken the highest levels of risk, it has been successful. The emerging legacy from key projects demonstrates this clearly. For example, where the programme has engaged with SMEs in a focussed and co-ordinated way – projects have been successful and generated quite surprising levels of response. The converse is also true.

**Programme level learning**

7.14 There have been significant levels of learning from the Programme. Some projects were geared to improving understanding and have been successful in achieving this, others have generated lessons for the partners.

7.15 Our interim report produced in mid 2006 identified a significant challenge for the programme management and Steering Group to ensure effective dissemination of results, cross-project learning and the development of an approach to assessing attractiveness and feasibility of mainstreaming pilots. For example, the systems mapping project provided an enhanced level of understanding of the Scottish innovation system. For this understanding to lead to significant additional value to the economy it needs be applied to design and deliver improvements to the system.

**Programme communication**

7.16 One of the aims of the SIAP is the fostering of networks and international collaboration. Throughout its life there has been good communication among the programme partners, as it progressed this has extended to wider audiences. In addition to a web site and coverage in SEP publications, SIAP appointed professional marketing and public relations support in late 2006. The Steering Group endorsed a programme of dissemination activities including events and seminars.

7.17 An EU networking plan was drawn up covering learning journeys, to and from other regions, attendance at conferences and seminars. Activities here at the programme level have included an event with Lithuania, and a seminar in Brussels. More than a dozen presentations by project managers at conferences and events from Finland to Italy have been organised.

7.18 Closer to home an event on Rural Opportunities in the Scottish Innovation System was held in Dumfries and the Intellectual Assets Centre held a dissemination event in Glasgow. A major conference based on the programme as a whole has been organised for early 2007 to be held in Scotland. These kinds of actions will help build a legacy among a wider set of partners.

**Project learning & development**

7.19 Each project within the Programme has clearly defined aims and objectives, and for the majority, these aspirations were met or exceeded. It is clear that a number of projects contributed to improving the Scottish innovation system and in some cases, its failings. For example, we can demonstrate this through the activities of the *Business Environment Mapping project* (Action Line 1), which identified new interventions which reflected the
current weaknesses in the Scottish innovation system by examining the external factors that influence business growth.

Stimulating ‘innovative’ thinking and discussion for SMEs and policy makers…

7.20 For many projects, networks have been established and knowledge freely shared, which can be both utilised by the participants (SMEs) and ultimately influence future strategy and discussion. In particular, the MediaLab Europe and Interface projects have facilitated a better understanding of the benefits of human networking and knowledge exchange between academics and businesses. In addition, the Structured Innovation Thinking for SMEs project has introduced a sustainable, structured system of new product development into companies.

Project legacy

7.21 There are clear examples of the legacy that the project activities have created which can be utilised in the future. Examples include:

- Business Innovation Model project (Action Line 1) - is currently being used within the Scottish Enterprise electronic markets group to help advise strategy development.

- Business Environment Mapping project (Action Line 1) - developed a methodology which is likely to be used by Scottish Enterprise (SE) in studies of other priority industries and is being built into SE’s measurement and evaluation framework so that an organisation’s influence on specific sectors can be more readily captured.

- MediaLab Europe (Action Line 2) - in which the project has developed a research/technology institute DistanceLab.

- Development of Know-how based business intangibles project (Action Line 2) - developed a series of web based interlinked tools to help SMEs exploit their intellectual assets and further work is underway to ensure consistent use of terminology and a coherent structure to allow SMEs to progress from one tool to another.

- Developing a culture of innovation in family owned enterprise (Action Line 3) – completion of a book providing information on resources for innovation and creativity in the family business.

7.22 This would seem to be good evidence of progress towards the key objectives set for the programme.

Recommendations

7.23 In terms of future practice, we recommend that a much more concise, more consistently expressed and SMARTer set of objectives at a Programme level would be beneficial, not least in bringing focus on the key priorities and helping to communicate what success for the Programme would look like.

7.24 However, if doing something like the SIAP again, we would recommend that the potential to win funds should be made more widely and clearly known, especially for the activities
conducted in Action Lines that are not related specifically to policy research. Competition can drive innovative thinking.

7.25 The opportunity to design pilots to address “system” gaps/weaknesses within this Programme was limited because of phasing- the mapping work ran in parallel with other project activity. However, we note the intention to take on board good practice and learning emerging from the mapping work and the dissemination of its implications.

7.26 There is limited evidence of enhanced “systems” appreciation in the Programme outside Action Line 1. We draw parallels with actions taken to develop capability to address innovative thinking, capability to manage intangible assets and capability to think holistically about marketing: all regarded in this Programme as in need of awareness raising, training an/or toolkits etc. We suggest that similar needs exist in terms of generic “systems thinking”.

7.27 We recommend that opportunities should be explored to “infect” Programme participants with the concepts and practical approaches around “systems thinking” at any future Programme events. The objective would be to create a cadre of people engaged in innovation policy making and delivery that have the necessary appreciation and skills which can then be carried into their own organisations.

7.28 We agree with the view that in any future Programme of a similar nature a much more outcome based approach should be driven consistently across all Action Lines – set outcomes and then scope the critical path and the appropriate process to achieving them. It seems to us that only this kind of approach permits the demands of “systems thinking” to be taken into account. We conclude from evidence gathered to date that it is Action Line 1 activity has the greatest policy implication and has potential for longer term significance.

7.29 There is a significant challenge now for the Programme management and Steering Group to ensure effective dissemination of results, cross-project learning and the development of an approach to assessing attractiveness and feasibility of mainstreaming pilots. Progress is being made in this regard. Successful pilots should be explicitly considered for mainstreaming whilst acknowledging the general environments in favour of reducing the number of support mechanisms.

7.30 Opportunities such as that presented by Innovative Actions, developed by SEP and its partners should be pursued with vigour and determination. They bring with them the prospect, and prospect is all it can be, of creating conditions for change. Scottish stakeholders grasped SIAP firmly and worked hard to secure value from it. In a highly competitive international market place, our capacity to adapt to change is, of course, a crucial factor sustaining our competitiveness.
## Annex A: List of consultees and other contacts

### Table A-1 Consultees

<table>
<thead>
<tr>
<th>Name</th>
<th>Organization</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adrian Gillespie</td>
<td>Scottish Enterprise</td>
</tr>
<tr>
<td>Ashley Evans</td>
<td>Electronics Scotland</td>
</tr>
<tr>
<td>Brenda Grant</td>
<td>Scottish Executive</td>
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<tr>
<td>David Robson</td>
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<tr>
<td>David Souter</td>
<td>Scottish Executive</td>
</tr>
<tr>
<td>Dennis Malone</td>
<td>Highlands &amp; Islands Partnership Programme</td>
</tr>
<tr>
<td>Diane Greenlees</td>
<td>Strathclyde European Partnership</td>
</tr>
<tr>
<td>Geoff Foote</td>
<td>Highlands &amp; Islands Enterprise</td>
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<tr>
<td>Graeme Dickson</td>
<td>Scottish Executive</td>
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<tr>
<td>Ian McCoull</td>
<td>Scottish Enterprise</td>
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<tr>
<td>Irene Thomson</td>
<td>Scottish Enterprise</td>
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<tr>
<td>Joe McArdle</td>
<td>Targeting Innovation</td>
</tr>
<tr>
<td>Karen Smyth</td>
<td>Strathclyde European Partnership</td>
</tr>
<tr>
<td>Ken Gordon</td>
<td>Strathclyde European Partnership</td>
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<tr>
<td>Laura Dingwall</td>
<td>Highlands &amp; Islands Enterprise</td>
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<tr>
<td>Laura Smart</td>
<td>Glasgow University</td>
</tr>
<tr>
<td>Madeleine Smith</td>
<td>Scottish Enterprise</td>
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<tr>
<td>Maggie Symonds</td>
<td>Nextarc Ltd</td>
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<tr>
<td>Maria Weir</td>
<td>Intellectual Asset Centre</td>
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<tr>
<td>Paul Copland</td>
<td>Scottish Enterprise</td>
</tr>
<tr>
<td>Renee Reid</td>
<td>Glasgow Caledonian University</td>
</tr>
<tr>
<td>Siobhan Jordan</td>
<td>Universities Scotland</td>
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<tr>
<td>Tom Tumilty</td>
<td>Scottish Executive</td>
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### Table A-2 SIAP Steering Group Membership

<table>
<thead>
<tr>
<th>SIAP Steering Group</th>
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<tbody>
<tr>
<td>Graeme Dickson (Chair)</td>
</tr>
<tr>
<td>Calum Davidson</td>
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<tr>
<td>David Gani</td>
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<tr>
<td>Gavin Don</td>
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### SIAP Steering Group

<table>
<thead>
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<tbody>
<tr>
<td>Iain MacMillan</td>
<td>CBI Scotland</td>
</tr>
<tr>
<td>Janet Brown</td>
<td>Scottish Enterprise</td>
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<tr>
<td>Maggie Symonds</td>
<td>Nextarc</td>
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### Table A-3 SIAP Evaluation Group Membership

<table>
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<tr>
<td>Anthony Moulds</td>
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<td>David Robson</td>
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<td>Diane Greenlees</td>
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<td>Karen Smyth</td>
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<td>Ken Gordon</td>
<td>SEP</td>
</tr>
<tr>
<td>Laura Dingwall</td>
<td>Highlands &amp; Islands Enterprise</td>
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## Annex B: Programme expenditure

### Table B-1 SIAP Expenditure 2004-2006 (£000)

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<th>Strategic Themes</th>
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<th>Total ERDF</th>
<th>Other public funding</th>
<th>Other private funding</th>
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<td>1,641,659</td>
<td>213,792</td>
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<td>Action 1.1 The Scottish Innovation System</td>
<td>812,037</td>
<td>406,018</td>
<td>372,613</td>
<td>33,405</td>
</tr>
<tr>
<td>Action 1.2 SME Demand for Knowledge &amp; Innovation</td>
<td>537,919</td>
<td>268,960</td>
<td>268,960</td>
<td>£0</td>
</tr>
<tr>
<td>Action 1.3 Knowledge Access, flows and management</td>
<td>1,473,748</td>
<td>736,874</td>
<td>603,254</td>
<td>133,620</td>
</tr>
<tr>
<td>Action 1.4 Innovation marketing &amp; product launch</td>
<td>887,198</td>
<td>443,599</td>
<td>396,832</td>
<td>46,767</td>
</tr>
<tr>
<td>Accompanying Measures</td>
<td>111,328</td>
<td>55,663</td>
<td>55,664</td>
<td>0</td>
</tr>
<tr>
<td>Action 4.1 Programme management &amp; secretariat (EU Networking of the programme)</td>
<td>111,328</td>
<td>55,663</td>
<td>55,664</td>
<td>0</td>
</tr>
<tr>
<td>Technical Assistance</td>
<td>185,545</td>
<td>92,772</td>
<td>92,772</td>
<td>0</td>
</tr>
<tr>
<td>Action 5.1 Programme management &amp; secretariat</td>
<td>185,545</td>
<td>92,772</td>
<td>92,772</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>4,007,775</td>
<td>2,003,887</td>
<td>1,790,096</td>
<td>0</td>
</tr>
</tbody>
</table>

Source: extract from Strathclyde European Partnership reports, November 2006

### Table B-2 Project budget and status

<table>
<thead>
<tr>
<th>Project Line</th>
<th>Project Description</th>
<th>ERDF support</th>
<th>Status as at November 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action Line 1 – Scottish Innovation System</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.1</td>
<td>Business Environment Mapping</td>
<td>£65,475</td>
<td>Allocated budget spent</td>
</tr>
<tr>
<td>1.2</td>
<td>Business Model Innovation</td>
<td>£81,000</td>
<td>Expenditure data not available</td>
</tr>
<tr>
<td>1.3</td>
<td>Mapping the Scottish Innovation Landscape</td>
<td>N/A</td>
<td>Expenditure data not available</td>
</tr>
<tr>
<td>1.4</td>
<td>New Interventions to Illustrate Innovation System Dynamics</td>
<td>£50,000</td>
<td>Expenditure data not available</td>
</tr>
<tr>
<td>1.5</td>
<td>Growth and Innovation Drivers for Businesses</td>
<td>£35,000</td>
<td>Allocated budget not fully spent</td>
</tr>
<tr>
<td>Action Line 2 – SME Demand for Innovation</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.1</td>
<td>Stimulating Demand for SME Product Innovation in the Electronics Sector</td>
<td>N/A</td>
<td>Expenditure data not available</td>
</tr>
<tr>
<td>2.2</td>
<td>MediaLab Europe</td>
<td>£300,000</td>
<td>Allocated budget nearly all spent</td>
</tr>
<tr>
<td>2.3</td>
<td>Structured Innovation Thinking for Scottish SMEs</td>
<td>£39,400</td>
<td>Allocated budget likely to be spent</td>
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<tr>
<td>2.4</td>
<td>Growing the Capabilities of Photonics SMEs</td>
<td>£42,000</td>
<td>Allocated budget spent</td>
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<tr>
<td>2.5</td>
<td>Manufacturing Capability Research</td>
<td>£70,500</td>
<td>Expenditure data not available</td>
</tr>
</tbody>
</table>
### Scottish Innovative Actions Programme Evaluation

#### Action Line 3 – Knowledge Access and Flow

<table>
<thead>
<tr>
<th>Project Description</th>
<th>ERDF Support</th>
<th>Status as at November 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.1 Intellectual Asset Management Support Infrastructure</td>
<td>£99,800</td>
<td>Budget likely to be spent</td>
</tr>
<tr>
<td>3.2 Probability Adjusted Contextual Valuation</td>
<td>£90,000</td>
<td>Close to full spend</td>
</tr>
<tr>
<td>3.3 Interface – The Knowledge Connection for Business</td>
<td>£215,500</td>
<td>Allocated budget spent</td>
</tr>
<tr>
<td>3.4 Innovative Licenses &amp; Technology from the University of Glasgow</td>
<td>£124,773</td>
<td>Allocated budget almost spent</td>
</tr>
<tr>
<td>3.5 Developing a Culture of Innovation in Family Owned Enterprises</td>
<td>N/A</td>
<td>Expenditure data not available</td>
</tr>
<tr>
<td>3.6 Development of Know-How Based Business Intangibles</td>
<td>£50,000</td>
<td>Allocated budget spent</td>
</tr>
</tbody>
</table>

#### Action Line 4 – Marketing and Product Launch

<table>
<thead>
<tr>
<th>Project Description</th>
<th>ERDF Support</th>
<th>Status as at November 2006</th>
</tr>
</thead>
<tbody>
<tr>
<td>4.1 Marketing Capability Research</td>
<td>£35,000</td>
<td>Allocated budget spent</td>
</tr>
<tr>
<td>4.2 Marketing of Marketing</td>
<td>£65,000</td>
<td>Likely all funding has been spent</td>
</tr>
<tr>
<td>4.3 Provision of Services</td>
<td>£118,000</td>
<td>Expenditure data not available</td>
</tr>
<tr>
<td>4.4 Access to Skills</td>
<td>£150,000</td>
<td>Expenditure data not available</td>
</tr>
</tbody>
</table>

*Source: Strathclyde European Partnership (SEP) project profiles, SEP claim forms, SQW consultations with project managers*
Annex C: Project performance

C.1 This annex contains a summary assessment of SIAP project performance
| Action Line One | 1.1 Business Environment Mapping  
Scottish Enterprise  
**Purpose:** to examine the critical components of the “environment” in which businesses operate. The project looks at how a range of external factors (e.g. access to finance, availability to skilled staff, physical infrastructure, etc) affect business growth, particularly in technology based sectors |
|---|---|
| Activities | The project was undertaken in three main phases:  
Phase 1 – Development: Defined the business environment into six identifiable components (e.g. Human and financial capital); identified the key characteristics for high growth and established how they can be measured  
Phase 2 – Pilot Application: Collated existing data and created new data where gaps existed – focused on three ‘pilot cluster areas’ - Energy, Life Sciences and Techmedia  
Phase 3 – Assessment done for broader application |
| Outputs | ‘Business Environment Mapping’ report produced  
dissemination of findings to external audiences. Examples include: Association for Technology and Innovation in Europe (TAFTIE), NetBioClue, Welsh Development Agency, EC High Level Working Group on Innovation Evaluation, Australian innovation organisation CISRO, the Dutch Ministry of Economic Affairs and others  
study visit by project management team to Oslo to meet Innovation Norway and develop partnership working  
met with economists from Aston Business School to discuss the methodology used for the research  
project being used to shape Scottish Enterprise’s approach to cluster and industry development policy and its growing business strategy |
| Actual v Forecast results | Project Status:  
project complete  
project objectives achieved  
Project budget spent (as at November 2006)  
phase two of the work was completed in-house |
| Learning and development | *addressing weaknesses* – this project facilitates the identification of new interventions required to address the weaknesses and improve the Scottish innovation system  
*knowledge sharing* - significant dissemination of learning among international audiences  
*development of an evaluation framework* - project legacy; the methodology used in the project is likely to be used by Scottish Enterprise (SE) in studies of other priority industries and is being built into SE’s measurement and evaluation framework so that the organisation’s influence on certain sectors can be captured more readily. |
<table>
<thead>
<tr>
<th>Action Line One</th>
<th>1.2 Business Model Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scottish Enterprise</td>
</tr>
<tr>
<td><strong>Purpose:</strong></td>
<td>identify whether it is possible to define and pictorially capture a company’s business model and also whether it is possible to identify areas within that business model which provide the basis for future business innovation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Activities</th>
<th>The project was undertaken in two phases:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Phase 1 – research carried out on different business models and mapping methods in various business sectors</td>
</tr>
<tr>
<td></td>
<td>Phase 2 – piloting of these approaches and testing of new techniques with SMEs</td>
</tr>
</tbody>
</table>

| Outputs | engagement with international ‘experts’ from Universities of California, Berkeley and Edinburgh |
|         | workshops with SMEs including at Phillips Lighting HQ at Eindhoven - research findings tested with business contacts of Scottish Enterprise |
|         | development of methodology of investigation as well as the development of approach and tools to understand the new business models |
|         | dissemination via workshop presentations - four in the UK and two internationally |

| Key findings | it is possible to capture a company’s business model, and display it pictorially. This offers the prospect of providing a “tool” or framework for systems thinking for individual SMEs |
|              | a methodology of investigation has been developed and which has helped to understand the nature of new business models. In addition, these advances will inform Scottish Enterprise’s own work on key sector development |

<table>
<thead>
<tr>
<th>Actual v Forecast results</th>
<th>Project status:</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>complete</td>
</tr>
<tr>
<td></td>
<td>project objectives achieved</td>
</tr>
</tbody>
</table>

| Learning and development | *informing strategy development* - work from the project now being used within the Scottish Enterprise electronic markets group to help advise its strategy development. |
## 1.3. Mapping the Scottish Innovation Landscape

**Scottish Executive**

**Purpose:** to identify all the relevant organisations and interventions involved in Scottish Innovation System (SIS)

### Activities

mapping and identifying the key actors in the Scottish Innovation System, their roles in the system and the level of system interaction

mapping approach involved four stages: benchmarking; identifying key functions; key organisations and linkages between organisations

evaluation of system strengths and weaknesses

### Outputs

production of the report ‘The Scottish Innovation System: Actors, Roles and Actions’ by Aston Business School and Cardiff University

report presented at seminar hosted by Scottish Enterprise

Scottish Executive will use the material derived from the research on this project to initiate discussions in the Scottish Innovation System on how to maximise the research output

### Actual v Forecast results

**Project status**

complete

**project objective achieved**

### Learning and development

future activity - further dissemination activities required to “infect” the relevant community with these concepts

exceeding objectives - the objectives of the study included an assessment of whether the system (SIS) is operating at optimum capacity. In the final report, this has been translated into a useful, but arguably a different, output on system strengths and weaknesses

encouraging discussion - the Scottish Executive will be using the material derived from this research to initiate discussions with other key players in the Scottish Innovation System on how to maximise the impact of the research output. The outputs from this study are already informing new thinking

framework development - provide a valuable framework for comparison between the nature and workings of the Scottish and Finish innovation systems and their institutional structures.
### Action Line One

<table>
<thead>
<tr>
<th>1.4 New Interventions to Illustrate Innovation System Dynamics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scottish Executive</strong></td>
</tr>
<tr>
<td><strong>Purpose:</strong> the original aim of the project was to build a portfolio of case studies illustrating the workings of the Scottish innovation system - to show the interactions and dynamic flows of the various components within the system and to illustrate how these work not only in theory but also in practice for a range of different innovation opportunities</td>
</tr>
</tbody>
</table>

### Activities

- used material from study Scottish Innovation System (SIS) Mapping study
- desk based study benchmarking examples of good practice to address weaknesses in the Scottish Innovation System
- a portfolio of cases developed showing how the system works in practice

### Outputs

- final report submitted to the Scottish Executive

### Actual v Forecast results

- Project status and funding: complete

### Learning and development

- Study issues:
  - this project has suffered delay
  - delays in starting, resulted from waiting for outputs from the SIS Mapping study as well as the tendering process
  - re-formulation of project objectives
  - there have been discussions with the SIAP evaluation sub-group of deploying the approach proposed by this project to assess the effectiveness of other SIAP projects, an idea that was not taken forward
  - the final report for this project has not been made available to review.
| Action Line One | 1.5 Growth and Innovation Drivers for Business  
Scottish Enterprise (with Scottish Executive and Highlands and Islands Enterprise)  
**Purpose:** to identify the drivers and barriers to growth especially in relation to the life cycle of the company, in order to ensure timely and tailored public sector interventions to help increase the duration of the growth period |
|---|---|
| Activities | Desk research reviewing international literature:  
**Phase 1:** desk research; commissioned DTZ Pieda to find state of knowledge of growth and innovation drivers. The brief took some time to put together but the got going in Dec 05 and report made available in Jan 06  
**Phase 2:** involved working with SE industry teams and HIE and analyse more the dynamics of the sector and how it impacts business growth |
| Outputs | Report by independent consultants – Literature review of Growth and Innovation Drivers (DTZ Pieda 2006)  
**Key conclusions:**  
the triggers and barriers to growth can be classified as either endogenous and exogenous and vary during the lifetime of a business  
the factors influencing business growth include: the entrepreneur, the business, industry sector, market conditions and social, environmental and regulatory conditions  
of the endogenous factors, leadership stands out as the driver of growth with the greatest impact  
business growth is a discontinuous process and can be influenced by: a new product or service offer, change in business ownership, improved business skills or recruitment of a new leader or team. |
| Actual v Forecast results | Project status: complete (with the exception of final paperwork)  
objectives achieved  
allocated budget not fully spent – contacted SEP 6 months into project informing them that the allocated budget would not be utilised |
| Learning and development | **flexible approach** – the project evolved over time and the initial plans for the second phase changed when phased one was complete. This ‘phased approach’ allowed changes to be factored in to ensure a satisfactory outcome  
**potential for knowledge sharing** - the research has provided a ‘working model’ which potentially can be shared with other industry teams. |
### Action Line Two

#### 2.1 Stimulating Demand for SME Product Innovation in the Electronics Sector

**Electronics Scotland**

**Purpose:**
- to promote members capability and interests
- to raise awareness of new market opportunities
- to develop a strong, collaborative community and network of companies
- to inform and connect businesses across the sector, enabling them to share knowledge, benchmark and build business relationships in delivering new technologies.

#### Activities

Originally three initiatives were planned under this project:
- Medical Devices
- 21st Century Networks and Security Products.

- **Medical Devices**: The initiative was stopped/not pursued by Electronics Scotland because it duplicated a similar intervention run by Scottish Enterprise.

- **21st Century Networks**: the expected outcome from this initiative related to companies attending a brokerage event at Gleneagles.

- **Security Products**: for example, Electronics Scotland acted as matchmaker between CIRCO a new company and a detention centre for asylum seekers in North Scotland. The detention centre needed a particular type of security product, Electronics Scotland approached CIRCO who were able to meet the requirements of the detention centre and produce a new innovative security device for them.

#### Outputs

- **Brokerage event** held at Gleneagles Hotel in June 2006
- Delivered a matchmaking service between CIRCO, a new company and a detention centre for asylum seekers

#### Actual v Forecast results

- Unable to make contact with Project Manager (for progress update)
### 2.2 MediaLab Europe
Highlands & Islands Enterprise (in collaboration with Massachusetts Institute of Technology, MediaLab in Boston)

**Purpose:** The project aims to fill a gap in the existing business innovation support system by bringing a new and innovative way of exposing SMEs and rural micro businesses to global research concepts. It also seeks to provide easy access to intellectual property, to researchers and to corporate partners. The project aims to address the difficulty faced by SMEs located in remote rural areas of engaging with the university-based research and of accessing sources of knowledge. The pilot aims to identify specific SME commercialisation opportunities in niche markets.

**Activities**
- Activities in helping SMEs located in remote rural areas facing difficulty of engaging with the university-based research and of accessing sources of knowledge
- Identified specific SME commercialisation opportunities in niche markets
- 9 research projects completed
- 28 events held
- 22 academic visits made
- Highlands & Islands Enterprise engaging with other parts of MIT and not just MediaLab in Boston

**Outputs**
- Significant number of outputs achieved:
  - 9 products and processes developed by SMEs
  - 6 spin-outs created
  - 9 collaborative groups established - initiatives established for priority sectors in the H&I: Culture, Tourism, Learning, Healthcare and Contact Centres
  - 20 policy impacts made
- Approx 60 Highlands & Islands businesses engaged in some way (for example through attending an event) and 10 obtained a “tangible” or significant benefit
- Substantial dissemination programme – 48 workshops; 17 technology demonstrations; 9 R&D projects and researcher secondments; 4 specialist consultancy and 27 SME visits

**Actual v Forecast results**
- Project status:
  - The project is due to end in November 2006 but the relationship with MediaLab will continue till 2007
  - As at November 2006 project almost completed with some activities outstanding
  - Project has met almost all its targets - the outstanding target (academic visits) likely to be achieved
- Allocated budget nearly all spent.

**Learning and development**
- Networking - the project has brought about a better understanding of the benefits of human networking and knowledge exchange, in particular the interaction between academics and businesses. There is also evidence of not just working with ‘global university research labs’ but also with ‘business research labs’ as has been the case with the BT research lab
- Project legacy - the development of a research/technology institute DistanceLab and the mainstreaming of MediaLab’s work
### Action Line Two

#### 2.3 Structured Innovation Thinking for Scottish SMEs

**Targeting Innovation Ltd (with Fusion Scotland Ltd)**

**Purpose:** to help companies generate creative ideas in relation to their products and processes through using the Systematic Inventive Thinking (SIT) technique

#### Activities

- engaged with SMEs in developing innovative ideas
- consultancy and mentoring delivered through workshops by advisors from Targeting Innovation and Fusion
- study visit by Targeting Innovation to Brabant region in the Netherlands – project based on the work already carried out in the Netherlands

#### Outputs

- 9 companies participating in project
  - each company generated on average 50 ideas
- several companies translated their ideas generated through the Project into new improved products or processes
- 3 companies have embedded the Systematic Inventive Thinking (SIT) procedure they have learned on the project into their business
- independent evaluation report produced

#### Actual v Forecast results

**Project status:** complete

- originally, the target was to get 18 companies on the project recruited from 5 LECS (Ayrshire, Fife, Glasgow, Grampian and Renfrewshire); However, Scottish Enterprise budgetary issues resulted in the withdrawal of SE Fife and a reduction of targets in Ayrshire, Glasgow and Grampian. In the end total of 9 companies participated
- project met modest target of generating one idea per company
- allocated budget likely to be spent

**Learning and development**

- *change in innovation culture* - project well received by participating companies, it has introduced a sustainable, structured system of new product development into companies, with at least 3 companies applying it in the future, indicating a change in innovation culture within participating companies. But difficult to see how more companies in Scotland would want to use the SIT technique to develop their products and processes
- *more marketing* - there is an issue around convincing Scottish SMEs to see the benefits of the project – therefore more needs to be done in marketing the SIT technique to companies
- there is scope to improve on the marketing of the project and better ‘filtering’ process for recruiting companies
<table>
<thead>
<tr>
<th>Action Line Two</th>
<th>2.4 Growing the Capabilities of Photonics SMEs</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Scottish Enterprise</strong></td>
<td><strong>Purpose:</strong> to identify the issues affecting the demand for innovation in an environment where both supply and infrastructure exist</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td>project activities centred around the photonics incubator and fabrication laboratory, Photonix Ltd, at West of Scotland Science Park – promoted as a ‘hub of innovation’. The facility offers R&amp;D and incubation services to spin-out companies undertook an economic impact assessment of current and future opportunities within the photonics sector mapped the current photonics innovation system investigating activities and attitudes of actors - produced recommendations on where the innovation system could be improved</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>approx 40 SMEs engaged in the project – through seminars which provide a valuable opportunity for networking findings from investigative research – not enough is being done to get people together to start a business i.e. Phd students are not taking up opportunities as entrepreneurs production of newsletter which informs interested parties of the progress of the other projects small internal evaluation and detailed evaluation currently underway (November 2006)</td>
</tr>
<tr>
<td><strong>Actual v Forecast results</strong></td>
<td>Project status: complete – findings yet to be disseminated objectives of project achieved would like to extend but insufficient funds to do so allocated budget spent</td>
</tr>
<tr>
<td><strong>Learning and development</strong></td>
<td>resource implications past and future - in hindsight, the project required more resources for its implementation and in the future it would be useful to obtain funds to conduct seminars across universities in a range of subjects – not just science stimulating discussion - the project generated many ‘innovative suggestions’ which could be explored in more depth by encouraging participants to think differently and try something new</td>
</tr>
</tbody>
</table>
| Action Line Two | 2.6 Manufacturing Capability Research  
Scottish Chamber of Commerce  
**Purpose:** to explore new ways of encouraging manufacturing companies to collaborate more easily with each other, in order to produce innovative processes and new methods of inter-company co-operation within the manufacturing sector. To pilot new methods and new technology to bring together companies with manufacturing capacity with other SMEs with new ideas in collaborative ventures to produce new products and processes. |
|----------------|--------------------------------------------------------------------------------|
| Activities     | meetings and workshops have been held with the SMAS exploring collaboration and utilisation of complementary business networks  
A technical specification for the IT database was developed and 4 subcontractors interviewed |
| Outputs        | Scotland wide audit of organisations holding manufacturing data  
2 manufacturing groups established (Ayrshire & Renfrewshire) |
| Actual v Forecast results | Unable to make contact with Project Manager (for progress update) |
### Action Line Three

**3.1 Intellectual Asset Management Support Infrastructure Development**

**Scottish Intellectual Asset Management Ltd**

**Purpose:** to build upon baseline research into the failures in Intellectual Asset Management awareness and activity

#### Activities

- The project consists of three parts:
  - examination of SME Intellectual Asset Management (IAM) activity
  - comparison and benchmarking of practices of Scottish SMEs against international best practice
  - investigate feasibility of developing an IAM scoreboard

#### Outputs

- Several key outputs:
  - worked with four Scottish SMEs
  - brought European SMEs and economic development agencies on a study visit to Scottish SMEs
  - dissemination at 8 international events
  - new website has gone ‘live’

#### Actual v Forecast results

- Project status:
  - complete – on time. Progressed to plan and extended
  - objectives achieved
  - external evaluation carried out
  - likely to have used allocated budget

#### Learning and development

- *making links* - strong connections with other project teams and this informal working is very beneficial and a good work ethic to help spread and feed into the wider innovation actions programmes across the UK. In addition, the project embodies joint working and proactively bringing people together
  - *team work* - the team have been proactive in maintaining press attention.
### 3.2 Probability Adjusted Contextual Valuation

**Scottish Enterprise**

**Purpose:** the project developed two complementary methods of valuation known as Probability-Adjusted Expected Value (PAVE) and Value Release Options (VRO). The aim being to enhance the ability of Scottish SMEs to value their intangibles assets and the associated risks, with the aim of being able to obtain finance.

### Activities

- Critical review of the literature on PAVE.
- Activities primarily through workshops relating to enhancing the ability of Scottish SME’s to obtain financing based on value potential of intangibles and to create means for Scottish SME’s to model value potential of intangibles, reflecting all possible contexts in which that value could be released.

### Outputs

- Accountants Johnston Carmichael co-ordinated a number of internationally recognised experts to lead the workshop element of the project.
- Report produced by Accountants Johnston Carmichael on the workshops.
- Experts involved in workshop delivery.
- Commissioned Intellectual Assets Centre to create a light weight tool that is on their website. This tool makes SMEs go through the thought process of valuing their intangibles.

**Key findings:**
- The project has highlighted that technology is not the issue for SMEs but areas such as market & sales are more of an issue.
- The project has made apparent that the management concepts/tools in valuing the intangibles of the company are rare. It has found there are multiple revenue streams from intellectual assets which companies can exploit.

### Actual v Forecast results

- Project status and funding:
  - Project completed.
  - Project exceeded objectives.
  - Close to full spend.

### Learning and development

- **Sustainability** - Evidence of sustainability of the project in terms of tangible outputs is evidenced by the commissioning of Accountants Johnston Carmichael to develop the technology which will allow companies to calculate the risks/intangibles assets.
- **SMEs not ready to adopt** - There is concern that Scottish SMEs are not quite ready to adopt the valuation techniques introduced in the project, but the development of the software by Accountants Johnston Carmichael should help towards encouraging and preparing companies to value their intangible assets. In addition, input from the wider finance community is required in order to determine the future usage of the valuation methodologies in the Scottish SME context.
- **Exceeding objectives** – A software tool was developed to be used by SMEs in valuing their intangibles.
### Action Line Two

**3.3 Interface – The Knowledge Connection for Business**  
Edinburgh University (on behalf of Universities Scotland)

**Purpose:** This project is delivering a web-based portal/gateway (www.interface-online.org.uk) to act as a single point of entry for SMEs to the skills, expertise and resources available in Scottish universities and research institutions. The portal is hosted by Edinburgh University, through the organisation Interface, on behalf of all Scottish universities.

### Activities

delivery of web based portal acting as a single point of entry for SMEs to access expertise in Scottish Universities and Research Institutes  
Interface team meets with SMEs face-2-face after initial enquiry and then act as ‘matchmaker’ between SMEs and Academia

### Outputs

- over 200 enquiries  
- 136 searches of university capability initiated  
- 7 university – company collaborative projects have commenced to date as a result of introductions facilitated by Interface. Four other outcomes have resulted from Interface activity including academics attending company workshops etc.  
- approximately 70% of the companies Interface has matched with university partners have never previously worked with that particular university  
- significant number of public relations, marketing and other events attended  
- dissemination at The 2006 Creativity World Forum

### Actual v Forecast results

Project status and funding:  
initial delay in starting the project because of staff recruitment – started in August 2005  
due to end in 2008 with SIAP support ending Nov 2006  
allocated budget spent  
except from the initial delay, project went to plan with consistent progress  
objectives achieved

### Learning and development

- **organisational good practice** – good management on strategic and operational level with large dissemination output  
- helping to bridge the gap between academic and the business world - it has delivered successful new collaborations between academia and the Scottish business base  
- **project legacy** - matching 70% of companies with a university is a significant legacy in itself.
### Action Line Two

#### 3.4 Innovative Licenses & Technology from University of Glasgow (UoG)

**University of Glasgow**

**Purpose:** The project provides Scottish SMEs the opportunity to license technology from the University of Glasgow. The types of technology cover mainly the sectors of – biosciences/biomedical, engineering, IT/software, optoelectronics

#### Activities
- Development of website offering SMEs license technology from the University of Glasgow
- Marketing campaign advertising website for licensing agreement
- Answering queries from SMEs
- Working with DIALOGUES from Business Development Managers (DIALOGUES is an initiative from the UoG which facilitates knowledge transfer from the university to SMEs)

#### Outputs
- Live website - [http://www.innovativelicences.co.uk/](http://www.innovativelicences.co.uk/)
- Website has 10 license agreements but none have been taken up by SMEs
- 70 SMEs helped with advice/information
- 5 new links with SMEs and Research Institutions
- 11 SMEs assisted

#### Actual v Forecast results
- Project status and funding: project is complete
- Objectives not met
- There have been significant delays in constructing the website for this project. It finally went live in May 2006 - nearly a year late from original start date of March 2005. This was mainly due to the complexity of the legal issues associated with the licensing the technology agreements
- Allocated budget spent

#### Learning and development
- **Under performance** - This project has underperformed in relation to its objectives and outputs. Plus, as there has been no uptake of the 10 license technologies on offer – there has been no impact to date
- **Poor SME take-up** - The lack of interest by SMEs and other evidence suggests that the nature of the licensing agreements and the technologies themselves on offer do not fit the needs of SMEs. An assessment of the SMEs needs and why the current technology is not attractive needs to be carried out. An independent assessment is currently taking place exploring these issues.
<table>
<thead>
<tr>
<th>Action Line Two</th>
<th>3.5 Developing a Culture of Innovation in Family Owned Enterprises</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Glasgow Caledonian University</td>
</tr>
<tr>
<td><strong>Purpose:</strong></td>
<td>to create a self-sustaining Community of Best Practice for family-owned SMEs, themed around leading practices and creative leadership, and utilising innovative methodologies</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td>baseline measurement on current company innovation practices</td>
</tr>
<tr>
<td></td>
<td>interactive workshops led by experts</td>
</tr>
<tr>
<td></td>
<td>participating companies assisted to develop structured innovation plan</td>
</tr>
<tr>
<td></td>
<td>Family Business Innovation conference held in Glasgow</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>3 companies participated in graduate placements with Strathclyde University</td>
</tr>
<tr>
<td></td>
<td>1 company developed a new product as a result of contact made at a workshop</td>
</tr>
<tr>
<td></td>
<td>60 participants attending Glasgow conference</td>
</tr>
<tr>
<td></td>
<td>book launched, including case studies on participants - providing sections on resources for innovation, tools and techniques to assist in introducing innovation and creativity into the family business</td>
</tr>
<tr>
<td><strong>Actual v Forecast results</strong></td>
<td>Project status:</td>
</tr>
<tr>
<td></td>
<td>complete</td>
</tr>
<tr>
<td></td>
<td>project has proceeded according to plan as at November 2006. The only aim which has not been achieved relates to knowledge transfer: it was intended to achieve this through graduate placements in conjunction with Strathclyde University but only three companies took up the opportunity.</td>
</tr>
<tr>
<td><strong>Learning and development</strong></td>
<td>long-term resource – the book included information on resources for innovation and creativity in the family business</td>
</tr>
</tbody>
</table>
### 3.6 Development of Know-How Based Business Intangibles

**Scottish Intellectual Asset Management Ltd**

**Purpose:** to develop a series of web based interlinked tools to support SMEs embark on journeys to more effectively manage and exploit their intellectual assets. Field trial the tools with 10 case study companies and to prepare final project report detailing lessons learned

**Activities**

Rowanhill Consultants were employed to develop a series of web based tools aimed in helping SMEs to identify those intangible assets that are of most value to their business, find and prioritise their know how/ show how and explore avenues of exploiting these assets

**Outputs**

- 10 SMEs assisted
- 5 new innovative mechanisms and approaches introduced by the project
- 10 new links made between SMEs and universities / the research base
- 5 new process developed
- 10 SMEs created action plans for managing and exploiting intellectual assets
- 2 instances of knowledge/ technology transfer from universities/ research base to SMEs
- study visit to Iceland
- dissemination event in Glasgow (Hidden Wealth of Scotland- Innovative Actions)

**Actual v Forecast results**

Project status and funding:

- complete
- objectives achieved - tools and support mechanisms developed
- funding spent

**Learning and development**

**SME acceptance** - the tools developed are acknowledged by many SMEs involved in the piloting process to be valuable and useful and further work is underway to ensure consistent use of terminology, and a coherent structure that will allow SMEs to progress from one tool to another

**changing operational structures** - changed the way the Intellectual Asset Centre (IAC) operates internally. The internal processes and project implementation was reviewed as a result of the positive impact of this project - as a consequence IACs internal operations strategy were changed

**enhancing awareness** - raised profile of the IAC and the an awareness of intellectual assets among SMEs through the work of the IAC.
| Action Line Two | 4.1 Marketing Capability Research  
Scottish Enterprise (with Scottish Executive, Highlands & Islands Enterprise)  
**Purpose:** to capture a 'holistic view of marketing' as many Scottish SMEs had not considered innovation in marketing - SE commissioned Strathclyde Business School to carry out research on how firms use marketing when developing and commercialising products or processes or services |
<table>
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</thead>
<tbody>
<tr>
<td>Activities</td>
<td>commissioning of independent research study - purpose of the report is to present the findings of a survey of 'innovating firms' approaches to marketing</td>
</tr>
</tbody>
</table>
| Outputs | research report produced by Department of Marketing at Strathclyde Business School – ‘Innovative Firms in Scotland’  
findings from the Strathclyde Business School report suggest:  
SMEs appear to pursue innovation proactively and in association with customers.  
there is a greater impediment to innovative activity in the overall approach and culture of the SMEs than a shortage of financial resources and the standard processes of innovation are recognised and largely followed, with an emphasis on idea generation, concept development and market testing.  
throughout the process of innovation, customers are extensively used to help in evaluating the viability of a project, but there are gaps in the scope of evaluation with regard to competitors, the full business analysis and its staging in the process.  
many aspects of marketing practice are not highly rated by the SMEs, relating to all stages of the innovation process  
there are very few significant differences in the practices reported across industries or firms of varying sizes. - SMEs appear to pursue innovation proactively and in association with customers. |
| Actual v Forecast results | Project status and funding:  
project almost complete and objectives met  
the funding for the project has been spent and overall the project went according to plan apart from the survey element of the research took longer than expected  
more comparator element of the work has not been completed - this had begun in November 2006  
a research project - the Strathclyde Business School has produced a comprehensive report |
| Learning and development | **innovative approach** - using a 'holistic' view of marketing the study has delivered a better understanding of how business see and use marketing as part of their innovation process  
**future** - as at November 2006, the findings of the report had not been digested and taken forward, but there is an intent to do so. |
### Action Line Four

**4.2. Marketing of Marketing**
Scottish Enterprise (with Scottish Executive, Highlands & Islands Enterprise)

- **Purpose:** to create a new approach to ensuring that the decision makers in innovative businesses have a better understanding of marketing and its importance to creating success. Secondly, pilot this approach, capture the change in awareness, and determine if and how it should be developed in the future.

#### Activities
- Development of a ‘game’ based learning tool to teach the benefits of marketing and increase awareness targeted towards decision makers in companies.
- Bringing together of online learning with experts in sales and marketing.

#### Outputs
- Game developed.
- Yet to go live (as at November 2006).

#### Actual v Forecast results
- Project status:
  - Yet to go ‘live’ - some areas to finalise (as at November 2006), testing complete.
  - The project is due to finish later than planned.
  - Likely that all funding has been spent (as at November 2006).

#### Learning and development
- Project was recently taken over by a new project manager who did not have up to date information – hence the lack of more detailed information.
<table>
<thead>
<tr>
<th>Action Line Four</th>
<th>4.3. Provision of Services</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Scottish Enterprise (with Scottish Executive, Highlands &amp; Islands Enterprise)</td>
</tr>
<tr>
<td><strong>Purpose:</strong></td>
<td>This project focuses on product marketing and channel management – more orientated towards sales. It identifies companies that are in a position to engage in channel marketing through nomination from the network. Companies are able to participate in placements and learn from Global Scot hosts.</td>
</tr>
<tr>
<td><strong>Activities</strong></td>
<td>identification of companies that are in a position to engage in channel marketing through nomination from the network</td>
</tr>
<tr>
<td></td>
<td>companies participate in placements and learn from Global Scot hosts</td>
</tr>
<tr>
<td><strong>Outputs</strong></td>
<td>training with 3 pilot companies was undertaken and completed with additional monitoring interviews with companies following completion of the training element</td>
</tr>
<tr>
<td></td>
<td>the matching with hosts with placement taken place</td>
</tr>
<tr>
<td></td>
<td>one participant company has restructured as a result of the project and claims are made for positive improvements in business attitudes.</td>
</tr>
<tr>
<td></td>
<td>candidate companies are identified by the SE Network. However the project has been “a bit of a hard sell” internally as at present it is unproven</td>
</tr>
<tr>
<td><strong>Actual v Forecast results</strong></td>
<td>the project hindered from slow start because suitable company nominations took longer than anticipated to obtain</td>
</tr>
<tr>
<td><strong>Learning and development</strong></td>
<td>Project was recently taken over by a new project manager who did not have up to date information – hence the lack of more detailed information</td>
</tr>
</tbody>
</table>
### Scottish Innovative Actions Programme Evaluation

**Action Line Two**

<table>
<thead>
<tr>
<th>4.4 Access to Skills</th>
<th>Scottish Enterprise (with Scottish Executive, Highlands &amp; Islands Enterprise)</th>
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</thead>
<tbody>
<tr>
<td><strong>Purpose:</strong></td>
<td>to explore how to improve the marketing skills within innovative businesses in Scotland. The aim is to build a resource to sustain the marketing message</td>
</tr>
<tr>
<td><strong>Activities:</strong></td>
<td>activities relating to construction of website which would build a sustained marketing message to improve the marketing skills and knowledge of SMEs</td>
</tr>
<tr>
<td><strong>Outputs:</strong></td>
<td>website constructed and to go live at end of November 2006</td>
</tr>
<tr>
<td><strong>Actual v Forecast results</strong></td>
<td>Project was recently taken over by a new Project Manager who had little knowledge and information on the project - hence the lack of more detailed information</td>
</tr>
<tr>
<td></td>
<td>The project was delayed because of the internal Scottish Enterprise budget problem. Consequently, the website has not gone ‘live’. At time of consultation with new Project Manager, the site was still under construction and was envisaged to live at the end of November 2006 – It aimed to be launched in May/June 2006</td>
</tr>
</tbody>
</table>
Annex D: Interview guides

Scottish Innovative Actions Programme – Interview guide – strategic consultations

**Background / Context**

Discuss the series of steps that led to the development of the SIAP

Discuss the wider (global) context within which the Programme was put together

Describe the relationship between the SIAP and SSS and SSS H&I dimension – how do they link together?

What other local / regional / national plans and strategies had to be taken into account in developing the SIAP?

Describe any other factors influencing the context and development of the Programme.

**Development and Management of SIAP**

Discuss the timescales involved in pulling the Programme together. Did the timescales influence the planning process? (Or vice versa?) How were the various projects identified and worked up? Who was responsible for this?

How were target outputs and outcomes set, and by whom?

Describe the processes and procedures set up for managing the Programme

Were specific management processes put in place for individual projects? If so, please describe.

**Partnership Arrangements**

Describe the roles played by the key partners (SEexec, SE, HIE) in drawing up and delivering SIAP

What have been the roles and responsibilities of a) the Steering Group, b) the Appraisal Group c) the Development Groups d) the Programme management Group, d) the Project Sponsors?

What working arrangements / protocols through which the partners drew up the SIAP. (E.g. what is the form of communication, how often are meetings held, who attends them, etc?)

Have the working arrangements changed during the lifetime of the SIAP so far?

What have been the advantages / drawbacks of the partners working together? Any barriers to partnership working?
What role, if any, have other stakeholders in the Scottish Innovation System played in drawing up and delivering the SIAP? (CBI, Universities, Other)

Describe the working arrangements for this wider partnership (including frequency and type of communication, meetings, reporting, etc)

**Monitoring**

Discuss the role of performance monitoring – EU/SEP requirements – how effective, and how suitable, has it been?

What evidence is in place on Programme and project level progress – outputs and financial performance? (Describe timelines.)

What role does the Steering Group play in this regard?

What role, if any, do the Development Groups have in monitoring?

Describe any changes which have been made to SIAP as a result of performance monitoring

**Learning and Legacy Issues**

Views on additionality – has SIAP stimulated useful new or different activity of a significant nature that would not have occurred otherwise?

Views on displacement or substitution – has any of the activity been at the expense of existing/other provision?

How successful has SIAP been at leveraging funds from elsewhere?

In what ways, if at all, have the various projects within the SIAP portfolio inter-acted? Any examples of synergy?

Any significant synergy with other innovation system initiatives?

Interviewee’s overall assessment of SIAP contribution to Scottish Innovation Support System?

How can improvements be sustained over time? (Is there a need to sustain and/or mainstream projects, or will they have achieved their purpose by the time the Programme ends?)

Has any learning come out of the programme that could be applied elsewhere? Based on the learning from the SIAP, how would you advise those facing comparable circumstances to act in future?

With hindsight, what could/should have been done differently?
Scottish Innovative Actions Programme – Interview guide – project consultations

**NB** SIAP Projects are a mix of research, development and delivery so the interview guide will need to be used to reflect this – not all questions suit all projects.

**Background / Context**

Background to their involvement in the programme – who approached them, how was the project worked up, etc?

**Core Measures**

What is the Project Name?

Who has operational responsibility? What was the fully operational start date?

Describe the main areas of spend – capital and revenue. What are the aims and objectives, especially in relation to outcomes set out in the bid for funding?

What was actually achieved vs. planned/expected - is this known at this stage?

How have outputs contributed to outcomes? Are the target outputs the most effective way of delivering the desired outcomes?

Views on additionality – did the project stimulate new or different activity?

Views on displacement – has any of the activity been at the expense of existing/other provision?

How successful has the project been at levering funds from elsewhere?

Who have been the beneficiaries of the project (direct and indirect)? – identify for possible case studies later

**Internal Processes**

How does the project fit with other local/regional strategies?

How were customers/beneficiaries identified and engaged in the project?

(If appropriate) Discuss the methods used for local engagement with businesses/clients, and the success/failure of these

How was the project monitored? Has it been necessary to take any action as a result of monitoring?

In what ways, if at all, has the project inter-acted with others? Any examples of synergy – within the action line, and across the action lines? (Show diagram)
**Customer and Stakeholder Relationships**

How – and how significantly - have partners and how significantly have partners shaped and influenced the development and delivery of the project?

How do the partners work together - e.g. how often do they meet? What form do meetings take?

What barriers have there been to partnership working?

Has the way in which partners work changed as a result of the project?

Have wider stakeholders/partners been involved in the selection, design and/or delivery of services?

Do customers ‘feel’ that they and have benefited from the project – if so why, and in what ways (e.g. knowledge, business development, innovative actions, etc)

**Learning and Growth**

Overall assessment of project success/failure

How can improvements be sustained over time? (Is there a need to sustain and/or mainstream the project funded under SIAP, or has it achieved its purpose?)

Any examples of good practice?

Has any learning come out of the project that could be applied elsewhere?

Suggestions for future direction
## Annex E: Evidence Log

### Table E-1 Evidence log

<table>
<thead>
<tr>
<th>SIAP documents</th>
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<tbody>
<tr>
<td>SIAP Programme Objectives and Anticipated Outputs</td>
</tr>
<tr>
<td>SIAP Project Summaries</td>
</tr>
<tr>
<td>SIAP Final Project Learning Reports</td>
</tr>
<tr>
<td>SIAP Project Application Forms</td>
</tr>
<tr>
<td>SIAP Project Funding Forms</td>
</tr>
<tr>
<td>Innovative Actions in Scotland – Programme Overview</td>
</tr>
<tr>
<td>Regional Programme for Innovative Actions Region (EC Financial Table)</td>
</tr>
<tr>
<td>EC - The Regions and the New Economy – Guidelines for Innovative Actions under the ERDF in 2000-06</td>
</tr>
<tr>
<td>Innovative Actions under the ERDF 2000-06 – Regional Programme of Innovative Actions-Application Form</td>
</tr>
<tr>
<td>SIAP Development Group Membership Document</td>
</tr>
<tr>
<td>SIAP Development Group Meeting Notes</td>
</tr>
<tr>
<td>SIAP – Decision Making Process Overview</td>
</tr>
<tr>
<td>SIAP Steering Group Papers</td>
</tr>
<tr>
<td>SIAP Newsletters</td>
</tr>
<tr>
<td>European Structural Funds Programmes in Scotland Project Profiles</td>
</tr>
<tr>
<td>SIAP Activity Progress Reports</td>
</tr>
<tr>
<td>Scottish Innovative Actions – EU Networking Forecast</td>
</tr>
<tr>
<td>Scottish Innovative Actions – Action Line Promotion, Project Learning &amp; Dissemination</td>
</tr>
<tr>
<td>SIAP EU Networking Plan</td>
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<table>
<thead>
<tr>
<th>Other documents</th>
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</thead>
<tbody>
<tr>
<td>Business Environment Mapping Report (Hardcopy and CD)</td>
</tr>
<tr>
<td>PAVE/ Value Release Options Project – Overview for Prospective Pilot Project Participants (2004)</td>
</tr>
<tr>
<td>Value Release Options – Preparation Document for Dec1-2/04 Workshop Glasgow</td>
</tr>
<tr>
<td>Systematic Inventive Thinking Evaluation Report undertaken by Ekos</td>
</tr>
</tbody>
</table>
SiAP documents

Innovative firms in Scotland report by the University of Strathclyde

Interface Annual Report 2006

Interface key performance indicators

Interface project update reports

Innovative Licensing & Technology Opportunities from the University of Glasgow - Brochure

Outputs spreadsheet from MediaLab Project

SiAP Claim Forms