



**Thematic Working Group
“Services and Support to Start-ups and Spin-offs”**

**Thematic Network ERIK+
European Regions Knowledge based Innovation
Network**

**Selection of TWG specific indicators
for ERIK+ database**

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1 Target group

The Thematic Network ERIK+ - European Regions Knowledge based Innovation Network and its member regions are mainly interested in the impact of knowledge on regional innovation and regional economic growth. Thus the Thematic Working Group "Services and Support to Start-ups and Spin-offs" focus on

- knowledge based start-ups (KBSU) which develop and commercialize new products, engineering processes or services based upon a proprietary technology or skill. Start-ups in high and medium tech sectors without own R&D activities and no intentions to commercialize a proprietary new technology, product or service don't belong to our target group; most of those firms are engaged in activities such as distribution, software vending, building of web sites, specialized advice, etc..
- start-ups with potential for global competition.

2 Selection process for TWG specific indicators

Based on the indicator set for the description of the support activities for the whole start-up process, developed by the Thematic Working Group (TWG) "Services and Support to Start-ups and Spin-offs", the TWG has identified during the first weeks within the Thematic Network ERIK+ the most appropriate indicators for the description of Good Practice Cases under the Regional Program of Innovative Actions (RPIA) and similar regional actions with respect to "Services and Support to Start-ups and Spin-offs". The final decision on the set of TWG specific indicators was made in a joint indicator session of ERIK+ partner regions on 20th March 2006. The identified indicators will be integrated into the internet based ERIK database which is already online.

Due to the broad variety of services in the field of support of start-ups and spin-offs the limited number of selected indicators can only give an impression of the described Good Practice Case. But in conjunction with the complementary description of the respective region, the overall Regional Program of Innovative Actions and of textual description of the Good Practice Case the data base user will gain a good overview over implemented Innovative Actions and can gather a clue about the impact of these Innovative Actions. In fact almost all described Good Practice Cases of Regional Innovative Action Programs have recently finished thus it is not possible at this point of time to consider indicators in the ERIK+ database which are measuring a mid- or long-term effect like the survival rate of start-ups or number of created jobs after 5 years.

Within the ERIK database (including the TWG specific indicators) persons, who are responsible for regional innovation policies as well as for regional support of start-ups / spin-offs, are able to identify Good Practice Cases for the experience exchange and further on transfer to their own region with the necessary adaptation according the regional framework.



3 TWG specific indicator set for the ERIK Database

3.1 Integration of entrepreneurship in education and training of researchers and students

[Reynolds 2000]: The promotion of entrepreneurship, its role in society and the opportunities it presents for personal gain, appears to be critical for facilitating economic growth. Policies geared toward enhancing the entrepreneurial capacity of a society (i.e., the skills and motivation to pursue opportunities) will have the greatest impact on the level of entrepreneurial activity.

General skills in entrepreneurship and economics are crucial success factors for successful start-ups. Furthermore gaps in economic and entrepreneurial skills are serious barriers for generating the own business. Thus teaching the basic entrepreneurial skills [and raising awareness for the opportunities of an own start-up/spin-off] is evident to recognize and exploit an entrepreneurial opportunity at all levels of the educational system as well as within the research organisations.

Awareness raising and educational activities at universities, other institutions of higher education and research institutions comprise

- Information events,
- Integration of courses in existing technical studies,
- Corporate strategic planning simulations and practical case studies

for students, employees and external people.

Source: surveys in regional universities, information material and university calendar of regional universities

Measurement: qualitative indicator measuring the improvement of the indicator as outcome of the described Good Practice Case

Metric:

- 0:= no improvement of integration of awareness raising and entrepreneurship topics in higher education and training of researchers; still poor awareness of researchers and students about own start-up as business opportunity
- 5:= improved integration of awareness raising and entrepreneurship topics in higher education and training of researchers; improved awareness of researchers and students about own start-up as business opportunity
- 10:= highly improved integration of awareness raising and entrepreneurship topics in higher education and training of researchers; highly improved awareness of researchers and students about own start-up as business opportunity; insufficient awareness and lack of basic entrepreneurial knowledge is no longer a barrier for successful start-up activities in the whole region



3.2 Number of elaborated business idea papers

The development and clear description of a business idea is the basis for the feasibility assessment as first step of the potential new company. The business idea paper forces the potential entrepreneur to develop a clear vision of his/her business idea, helps to complete, amend or even to discard the business idea at an early point of the overall start-up process.

Source: own regional surveys

Measurement: Quantitative indicator measuring the number of elaborated business idea papers as outcome of the respective Good Practice Case

Metric: Absolute Number of elaborated business idea papers

3.3 Number of developed business plans

The business plan is the document that summarizes the operational and financial objectives of a business and contains the detailed plans and budgets showing how the objectives are to be realized. The business plan contains detailed financial projections, forecasts about your business's performance as well as a marketing plan, and is thus indispensable tool for structuring and establishing the new business and for attracting external financial resources.

Source: own regional surveys

Measurement: quantitative indicator measuring the number of business plans elaborated as outcome of the Good Practice Case

Metric: Absolute Number of elaborated business plans

3.4 Number of new start-ups in innovation relevant areas

The considered sectors include the medium-high and high technology sectors including chemicals (NACE 24), machinery (NACE 29) office equipment (NACE 30), electrical equipment (NACE 31), telecom equipment (NACE 32), precision instruments (NACE 33), automobiles (NACE 34), and aerospace and other transport (NACE 35) as well as the high-tech service sectors post and telecommunications (NACE 64); information technology including software development (NACE 72); and R&D services (NACE 73).

Source: own regional surveys

Measurement: quantitative indicator measuring the number of established start-ups/spin-offs as outcome of the Good Practice Case

Metric: Absolute Number of elaborated start-ups/spin-offs



3.5 Number of created jobs

SMEs are of regional drivers of job creation especially young and innovative firms. Thus the total number of created jobs as impact of supporting start-ups and spin-offs is a crucial indicator.

Source: own regional surveys

Measurement: quantitative indicator measuring the number of created jobs as outcome of the Good Practice Case

Metric: Absolute Number of new created jobs (in FTE Full Time Equivalent)

3.6 Public amount spent for every job of a start-up

The average public amount spent for every new created job within a new created start-up/spin-off is an indicator for the effectiveness and efficiency of the respective Good Practice Case.

Source: own regional surveys

Measurement: quantitative indicator: total public money spent within the respective Good Practice Case divided by jobs (in FTE Full Time Equivalent) created by the new start-ups/Spin-offs

Metric: Absolute amount in Euro

3.7 Existence of a regional start-up/spin-off strategy

Entrepreneurial motivation by financial support and professional entrepreneurship in education and training in combination with effective technology transfer create the framework conditions for prosperous innovation oriented start-ups. The regional policy has to integrate all these aspects into a holistic regional start-up strategy – including vision for new businesses, turning into action, adoption and further development of start-ups – as necessity for a target oriented innovation policy. This strategy should be embedded in the overall Regional Innovation Strategy.

Source: own regional survey

Measurement: qualitative indicator, describing the framework of the respective Good Practice Case – NOT measuring the improvement of the Regional Start-up Strategy as outcome of the respective Good Practice Case.

Metric: 0:= no regional start-up strategy exists at all

5:= a regional start-up strategy exists; some of the pillars are implemented with the necessary backing. Cooperation of actors as the case arises.



- 10:= Existence of a regional start-up strategy with full political backing, based on the consensus building of the actors of the regional steering committee. Exactly defined permanent tasks and temporary measures/projects with clear responsibilities exist. The regional start-up strategy is embedded in the overall regional innovation strategy and its measures (e.g. involvement of new entrepreneurs in existing regional clusters, start-up strategy as corner pillar of overall regional innovation strategy).

3.8 Existence of "soft" services for regional start-ups and spin-offs

The existence of the full bandwidth of qualified "soft" services is an important success factor for an active population of young and innovative enterprises as a regional driver of job creation. The "soft" services covers the whole process of a start-up from the awareness raising over the feasibility of the business idea, preparation of the start-up incl. development of the business plan, foundation of the young company until the stabilisation and growth of the young company and comprises e.g.

- Initial und individual consulting, training
- "First proof" of business ideas
- Profiling of the future entrepreneur
- Idea and Partner matching
- Business plan development
- Market & competitor analyses
- Patenting & licensing
- Testing the business idea (Entrepreneurship on probation)
- Acquiring financing
- Cultivation of industrial and financial relationships
- Mentoring of foundation
- Basic (secretariat) services within incubators
- Continuous coaching of the new company
- Advanced training and qualification for the staff of the new company
- Innovation awards



Physical Infrastructure like buildings (incubators) is not included and should not be considered because these investments were no topic of the Innovative Action Program.

For more information about "soft services" see also the comprehensive description of the model of the start-up process and related indicators, paper of the Thematic Network ERIK prepared by the Thematic Working Group "Services and support to start-up and spin-offs"

Source: own regional survey

Measurement: qualitative indicator measuring the improvement of "soft" start-up services as outcome of the respective Good Practice Case.

Metric: 0:= no improvement of the bandwidth and quality with respect to the targeted "soft" services was achieved

5:= improvement of the bandwidth or of the quality with respect to the targeted "soft" services was achieved

10:= The bandwidth and of the quality with respect to the targeted "soft" services has achieved the full bandwidth with superior quality.

3.9 Regional pervasion of start-up culture

Awareness raising for the potential importance of a start-up/spin-off for the own occupational future must not be limited to research organisation, universities and other higher education institutions even though these are the most important sources for innovation oriented start-ups/spin-offs. But it also important to create a region wide start-up culture which is not labelling an unsuccessful young entrepreneur as loser and untrustworthy person and increasing the awareness of the regional population for the importance of new innovation oriented firms for the regional economy.

Source: own regional survey

Measurement: qualitative indicator measuring the improvement of the start-up culture among the regional population

Metric: absolute number of addressed inhabitants by the Good Practice Case out of 1.000.000 inhabitants in the region which have gained a higher start-up culture and better awareness for the economic importance of innovation oriented start-ups