

DOP – Design Option Paper

High Growth Companies (HGC) Acceleration - “What can be the role of public Innovation Agencies for SME acceleration?”

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1. Introduction with 3 Regional Partners focusing on SME support and High Growth SMEs

PACA Region Presentation (ARII PACA) – France

PACA Region is 3rd strongest regional Economy in France with 5 million inhabitants in 2014 (like Denmark, Ireland, Finland). Known as a world class touristic destination (PACA the 1st French region for Tourism after Paris), the region is also very attractive for businesses, researchers and foreign investment:

R&D staff private and public: 26.500
13.379 researchers in 300 public research laboratories
157,370 students in higher education
1.740 businesses with foreign capital

PACA Region is one of the most active regions in terms of new innovation-based startup companies in France. But we are facing all the same issue: how to accelerate their growth?

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3 initiatives are already implemented in PACA Region to support High Growth SMEs:

- **The Pass French Tech** - a national label attributed to hyper-growth French companies (up-to now, only to companies from the Digital sector were eligible – but that will soon be extended) with an offer of premium services provided by national operators with high visibility during economical diplomacy missions. ARII is operating the local label : www.monpassfrenchtechnpaca.fr
- **The PACA accelerator** – a pilot scheme to accelerate super-growth PACA companies (tailored approach for each selected company – with contribution from experts specifically selected to answer the company needs) – www.thepacaaccelerator.fr
- **Support to growing SMEs** – PACA Region through ARII PACA launched a call for projects through the PACA innovation network operators (network of organizations supporting innovation in the region) to identify high potential start-ups or SMEs and provide them with specific services through programs implemented by local support organizations (such as clusters, incubators, private accelerators) acting as consortium. 6 projects have been funded and ARII is also in charge of their monitoring on behalf of the Region.

Flanders presentation (Enterprise Flanders Agency) - Belgium

Flanders is situated in the north of Belgium with around 6,5 million inhabitants and a total area of about 13.682,38 km².

The main priorities for Flanders within the European framework are to increase investment in R&D, adopt an integrated approach to research and innovation policies, put an emphasis on key enabling technologies and facilitate SME participation.

In 2015 the Flemish government presented a new future vision for Flanders. This vision shows the society Flanders wants to be in 2050: a social, open, resilient and international Flanders that creates prosperity and welfare in a smart, innovative and sustainable way and in which every individual counts. Seven transition priorities have been defined on which the Flemish government will work in the coming years together with all stakeholders in society:

- (1) Dealing with and being prepared for major technological and social changes
- (2) Taking a leap into the industry 4.0
- (3) Lifelong learning and employment opportunities for every individual
- (4) Developing a strategy on demographics and carrying out reforms to accomplish future care and welfare
- (5) Continuing the structural transition towards the circular economy
- (6) Working on a smooth and safe mobility system
- (7) Ensuring an energy transition

Flanders policy is focusing a lot on entrepreneurship:

- Stimulating an entrepreneurial attitude,
- Business support in the entrepreneurship live cycle : standups, startups, scale ups, growth companies, entrepreneurs in difficulty, business transfer
- Peer-to-peer learning for high growth companies

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- Access to finance

Flanders is evolved to 'entrepreneurship support ecosystem' thinking.

Based on the above focus, a lot of initiatives have been put in place together with several operators.

Hereby a list of the 2016 Flemish 8 initiatives to encourage companies in their growth:

1. "SME growth grant" for strategic support:

For all SMEs with the ambition to grow through transformation, innovation or internationalization.
Financial support to:

- Hire an expert consultant to buy the missing expert knowledge in order to realize the growth path of the company
 - Hire a strategic employee to strengthen the management committee of the company in order to realize growth path
2. Several instruments to facilitate the access to risk capital and loans
 3. Financial support to encourage innovation and internationalization
 4. Expert advice on special topics for scale-ups
 5. Learning networks for ambitious high growth entrepreneurs: learning from peers, exchanging experiences between entrepreneurs
 6. Growth accelerator programs focusing on growth readiness (growth diagnostic), business development (growth opportunities) and internationalization
 7. Mentoring of experienced entrepreneurs
 8. Clusters

Mikkeli presentation (MIKSEI Ltd) - Finland

The City of Mikkeli is situated in the South-Savo Region in East Finland. It has 55 000 inhabitants and it is strategically located close to Helsinki and Saint Petersburg. Total area of Mikkeli is 3229 km² of which 680 km² is water. Mikkeli is well known for the lake Saimaa, which is the fourth largest lake in Europe. It is also one of the fifth most beautiful lakes in the world (New York Times 6/2015). South-Savo has 30 000 kilometres of shoreline and lake Saimaa is connected to the Baltic Sea by Saimaa Channel.

Mikkeli is focusing on smart specialization, which means recognizing the strengths of own region and turning them into competitive advantages. New and flexible combinations of these areas of expertise constitute of the core of smart specialization. This smart specialization strategy defines the top areas of regional innovation in South Savo and Mikkeli. The future aim of regional R&D policy is to create centers of expertise of both national and international significance in the following areas of smart specialization.

Top areas of innovation:

- Forest based bio economy: New products and production processes in forest biomass

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Mikkeli is a leader in the utilisation of forest biomass for energy. The city-owned energy utility Etelä-Savon Energia Oy has been a pioneer in the large-scale utilisation of forest fuels in Finland. The strong regional bioenergy cluster includes companies, research institutes and other development organisations related to bioenergy.

- Clean water and environmental safety technologies

EcoSairila is one of the spearhead projects in Mikkeli and aims to create a unique growth centre for green industry. EcoSairila will provide a platform to develop and pilot new techniques and concepts for the circular economy. The new wastewater treatment plant and a biogas plant in connection with the waste management centre will create further opportunities, including the combination of sludges, biowaste and other biomasses for further refining, the optimisation of value chains from waste to energy, biogas fuels and other products, recycling of nutrients, and so on. One of the objectives is to take process management and environmental safety to a new level by means of smart measurements, monitoring and information management. The system will help both industry and authorities ensure environmental safety in the area.

- Digital management of data and information

The City of Mikkeli is home to numerous educational institutions and is recognised in Finland as a centre for research and education in the field of digital and traditional archives. The city houses the offices of the *National Archive Services of Finland* and the *National Library of Finland*. Research is also being carried out at *Digitalia*, the Centre for Digital Information Management and Research.

- Organic production and food safety innovations

Mikkeli has long tradition in organic food production. Development of local organic product and production innovations as at the core of this spearhead theme. Smart food safety solutions cover the new solutions, which enhance food safety traceability food stuffs, as well as the identification of the origin of raw materials.

Concerning support services for SMEs, 3 services are provided:

- **Lean Startup Services** to support potential growth companies (existing ones or creation project in the next 2 months)
- **Helping SMEs to internationalize** to China through collective training, individual training and support during meetings with potential Chinese partner companies – action based on the Friendship Agreement between the city of Shaoxing (5 million inhabitants region close to Shanghai) and the Region of South Savo. 90 Finnish SMEs were contacted and 5 SMEs have joined a group to work on their internationalization plan to China (companies from various sectors like textile or nuclear energy).
- **Inno booster** (fast program to make a development plan for a company in 2 to 4 weeks) – dedicated to several years old companies.

2. Methodology with the DOP preparation

Through open discussions during consortium meetings, the project participants have defined a list of topics that could be tackled in the DOP, based on experiences from the partners and from the benchmark of external initiatives:

1) Selection & support of High Growth companies: criteria and process, services for acceleration

Project partners shared feedbacks from existing programs implemented by partners (or not) and differences from one sector/ region to another.

High growth companies usually often have unmet needs in terms of funds, internationalization and human resources. One of their specificities is that they need a personalized and long term support. To follow-up this personalized support, a Key Account Manager (KAM) system would be relevant. Recent studies and evaluations (including from OECD) have shown that the more contacts a company has with a support organization the higher is the impact for the company and its growth.

2) Who is in charge of selection of experts, mentors and coaches for our HGC : criteria, certification process and way to “keep them warm”.

Project partners shared feedbacks from existing programs implemented by the partners or from outside the consortium, feedback from the KAM experience within H2020 SME Instrument.

3) Diagnostic tool to identify, confirm or precise the company needs

Project partners decided to look at various diagnostic tool and discussed on the question: does the diagnostic tool make a difference in the success of an acceleration process ?

- The SMEMPOWER program developed by Platinn in Switzerland, focused on innovation management.
- In the framework of the PACA Accelerator: ARII PACA works together with BPI France (Public Investment Bank) to adjust the “BPI France diagnostic tool 360” to the needs of the PACA Accelerator.
- Conclusions of the project partners : a diagnostic tool is an value added tool in the acceleration process to identify, to confirm or to precise the needs of the HGC. It is a strategic instrument to identify the business barriers to growth. There are a lot of proven diagnostic tools available, which can be used. F.i the above mentioned, business canvas, Ansoff analysis, blue ocean analysis, Porter 5 forces model, resistance model, ...

4) Impact of support provided to companies (what should be measured and how)

In the framework of the DOP, partners could tackle the way to measure the impact of the services provided to High Growth companies. Whereas some questions like “How many jobs were created thanks to the provided support?” are almost impossible to answer, open questions like “What would you have done without this support?” provide qualitative answers.

At the end of the meeting#2 held in Flanders, projects partners decided to work on 3 building blocks as a key of success for High Growth SME acceleration & support programs :

- **Building Block 1 : Design & provide a support process for HGC acceleration**
- **Building Block 2 : HGC and the Key Account Manager**
- **Building Block 3 : Impact assessment of an acceleration process**

3. Building Block 1 : Support process for High Growth Companies selection and acceleration

1. Concept of acceleration

SME acceleration has become a very popular process for High Growth Companies (HGC) or high potential SME support. “Acceleration of SME” is a way to support startups and high potential SME’s. It is implemented for the first time almost ten years ago, in 2005 in California, by an ad hoc organization named Y Combinator. Since that time, the “concept of acceleration” spread throughout the world and other structures, similar to the Y Combinator, adopting the same concept and the same spirit, were born in California and in the entire world. The basic of the acceleration concept is to exchange services like mentoring, entrepreneurship education and coaching (services provided to the startup and the entrepreneur) with a small amount of share in the company (usually 3% to 8%). Another important aspect of acceleration programs is the organization of an event usually named “Demo Day”. Demo Day is a whole day dedicated to startup pitches with an opportunity for them to meet a large panel of investors. This pitch opportunity in front of a qualified panel of investors is for those who followed the acceleration program and they are presented and introduced to venture capital funds and investors. An accelerator like the Y Combinator is recruiting at least 2 promotions of 100 startups in a calendar year. Ten years of experience proved that the right business model of accelerators is hard to find and that there are still some questions about the profitability of such a model. The key success factor of Y Combinator was the capability of the accelerator to detect the potential of companies like Stripe, Dropbox or AirBnB, just to mention a few, as they were still trying to find their business model and help them to do so. This is also made possible because of the impressive number of candidates and startups scanned by the Y Combinator. The Y Combinator reviews literally thousands of applications before deciding to accelerate a maximum of a hundred. For more information on Y Combinator and more specifically to understand the program of acceleration see <http://www.ycombinator.com>

2. Why European regions should have a Regional Policy for SME Acceleration?

The question remains after this introduction about acceleration: why a European region should have a regional policy to accelerate startup? Acceleration is a private business and not a public business. It is a new way for private investors to make new investments and to be sure (because there is a follow up of the companies after investments) that the startup is on the right track and that there is a higher probability for the startup CEO to succeed. After the (relative) success of the Y Combinator (even if the success was and still is not so obvious to find) there was a wave in Europe of creation of accelerators all based on the Y Combinator model and therefore with a questionable ROI.

There are two ways of supporting SME accelerators:

- Regional institutions support directly existing private structures of acceleration programs. Support helps these acceleration programs to survive as they have an important mission for

start ups and scale ups.

- Regional institutions have their own public acceleration program

The next important question: what is the objective of the regional authority when they decide to help the acceleration ecosystem?

There are 3 options:

- 1) Invest, help startups and make money
- 2) Don't want to lose money but help startups
- 3) Want to create jobs.

why a public institution should support an accelerator ?

Should the regional institution support directly existing private structures like accelerators ?

Or, should a regional institution has its own acceleration structure ?

Help Startups + Invest and make money

Help Startups + don't loose money

Create Jobs

Y Combinator Type (short term)

50 Partners Type (long term)

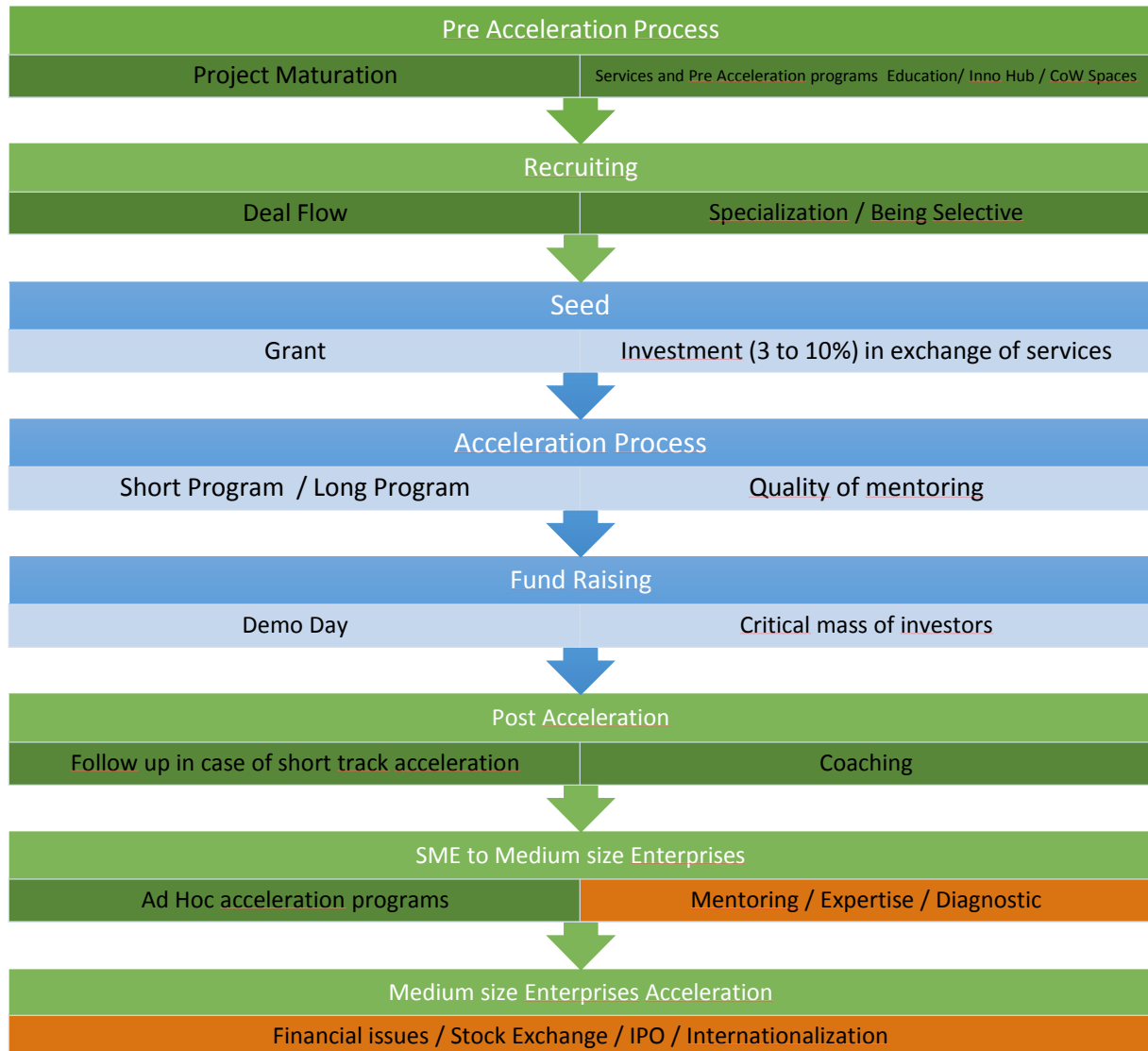
A dedicated fund

The choice between the 3 options will shape the policy of the Region regarding acceleration and give a partial answer to the question: why should a public institution support accelerators? Besides potential investments and potential profit, an accelerator could be a very powerful tool for Startup attractiveness. Indeed, the accelerator Key Success Factor, mainly for the Y Combinator model, lies on a *very important deal flow of applicants*. This is the sign of a healthy process involving high level *mentors and coaches* who are usually very much appreciated by the startup CEO. Therefore, **an attractive accelerator is a an accelerator that can show a big deal flow, the deal flow being the consequence of a good mentoring process and a good coaching process and therefore a good reputation for the acceleration program**. The fact that many startups are applying for a program, based in a given region, makes automatically the region more attractive.

Example : The idea of the Halle Freyssinet in Paris, able to host 1000 startups in one place, is making the city of Paris, de facto, one of the most attractive city in the world for SME support services and acceleration. It is important for regions to show that it is possible to accelerate an important deal flow of startups regionally. A common understanding of territories to show one objective - which is to make the territory a place where enterprises have excellent mentoring, coaching and acceleration process - is a must have.

3. Visualization of the acceleration process (AP)

All project partners agree on this chart as a “generic” acceleration process, applicable to a wide range of SME from a startup company to Scale Up company, and mixing critical steps with suitable services or actions requested to move to the next stage.



4. Different stages of the acceleration process

A) Pre-acceleration process: What is at stake?

The studies tend to enhance that only a few startups are really prepared to the acceleration phase. Most of them don't completely understand what the acceleration will demand from them and their company. Indeed, they are not very well prepared for the pivot phase and this is a matter of entrepreneurship culture. The result is that they do not take a complete advantage of the acceleration process and they don't fully benefit from the high level service of the acceleration

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program. The risk exists that the investment of the accelerator may be lost and the startup will never grow as expected. Therefore the screening process is important. The selection committee should be more careful when selecting the startup for the acceleration program. The acceleration coaching could be made difficult due to the personality of the CEO or members of the team. Similar for investors, they are not betting any more on a business plan (for already quite a long time) but they try to evaluate the risk related to the team when they invest. Of course, the business model and the idea still have a big importance but the business model can change during the acceleration phase. The business plan is not any more the main criteria that will determine the selection of the startup that will benefit from the acceleration process, but also the importance of the team. How coachable are they, which competences have they...

The public or private support ecosystem structures should contribute to find a solution to this issue. Therefore, we suggest that a preparation phase for acceleration should be put in place. If there is an existing ecosystem of support structures to innovation and entrepreneurship, we suggest that this ecosystem should be the main contributor to the entrepreneur coaching upstream to the acceleration phase. Services should be put in place in order to mature their project and eventually help them to find some cash in order to pursue or finish a prototype development or test the innovation on a potential market.

B) Recruiting: Deal Flow and attractiveness

Recruitment phase is not critical by itself. If the accelerator is attractive (due mainly to the quality of mentoring and seed capital) the recruitment of startups is easy to organize. This is the key to the process: make the accelerator an attractive support organization. The track record, the mentoring quality or amounts available in the accelerator fund can make an accelerator attractive. However, the amount of funds is not the main criteria to make an accelerator attractive to applicants. The accelerator could also be attractive by its specific geographical situation: close to concentration of big businesses, a specific building in which there are dedicated offices for startups. Finally communication is key to the accelerator life cycle and start up testimonials can be leverage. All these elements will make recruitment of startups easier. Another final aspect that we should mention here is the deal flow, or more specific the potential deal flow in a given territory. If the accelerator is located in a territory where the potential deal flow is poor it will be a must have for the accelerator to attract by any means (the most important being the mentoring capability of the structure). Having said that, the number of startup candidates for the acceleration process pitch is a key success factor (KSF). According to existing accelerator programs this number could be as important as thousands of applicants (YCombinator). Therefore, accelerators mention the volume of applicants as one of the most important KSF. As a consequence, a regional accelerator should check first if the local potential deal flow of startups is important enough to justify the creation of a special financial support or creation of a special structure for accelerators. If the deal flow is not consistent enough the accelerator cannot be “regional”, it must have a national or international influence. We meet here the communication issue and the different arguments that the accelerator should enforce to show its attractiveness.

Specialized accelerator and specialized mentoring are focusing on one sector of economy (Biotech for instance, see example of IndieBio¹ accelerator) and could be an important factor for attractiveness of the region proposing this type of service. Indeed it is difficult for a public institution to propose with public funding an acceleration process competing directly with private initiatives around acceleration. Indeed the purpose of the public structure is not to compete with private acceleration

¹ <https://eu.indiebio.co/about/>

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companies but rather to help them to finance the seed phase (see below) or help the ecosystem to get structured around the acceleration process and help startups and high growth potential SME's to benefit from the services of the various existing support structures and public and private funding. However the **role of the public institution (directly or through its agencies) is to identify the missing links and try to provide a solution in the acceleration process when the link does not exist**. The public institution could help the private organizations to get some seed money for startups or to finance pilot acceleration programs for specific segments of industries (see above).

C) Seed phase: Another Chasm to cross?

In the Ycombinator model, after selection process, comes the time to start the acceleration process. In order to succeed, seed capital could be necessary and YCombinator usually gives an amount of 50k to 100k USD to go through the acceleration process successfully and get an MVP² (minimum viable product) and a market lead. Accelerators could take shares of the startup (usually from 3 to 7 or 8%) and provide a free support with education and practical support during the whole process.

D) Acceleration phase: here comes the real challenge

Acceleration phase, according to the type of accelerator, could be a long or short phase. Short means usually 4 to 6 months maximum (very intensive) and long means 12 to 24 months. A long acceleration process can be compared to an incubation phase with a dynamic support except that most of the time incubator don't take shares in startups. However objectives of the incubation process and the acceleration are comparable on the long term as they both aim, from the startup perspective, at raising funds after showing that the product and the business model are robust and viable and that the market can be reached. In France the two logic of acceleration (long and short) have their motive to co-exist. It is a matter of being consistent with the startup ecosystem and the available mentoring system or available mentors. However the attitude of the startup CEO is also one of the elements to integrate when starting an acceleration process: is the CEO willing to invest enough time in the enterprise pivot, for instance?

E) Fund raising phase: the ultimate goal or the beginning of more challenges?

The fund raising phase is the first important milestone after acceleration and comes true through an event called "Demo Day", gathering a big number of private investors and VC funds who are coming to "shop" through the catalog of accelerated startups. The "Demo Day" is a day of pitches and shows the result and outcome from the acceleration process, both for startups and for the accelerator itself. It is also a unique occasion for some startups to pitch in front of high-level investors and a unique occasion for more visibility. For investors it is a unique opportunity to meet and see achievements of many startups projects in one day. The key success factor for the accelerator is its capacity to attract high-level investments funds on one event for one whole day. Therefore, quality of mentorship but also the capacity of the accelerator to lead a project to success is at stake (quality, speed of pivot and market access). Some accelerators who have their own funds are also investing at this stage. But the question remains for the startup: with a huge amount of money raised, how do they manage in a wise manner the use of the cash collected during the fundraising process? Many startups are failing during the post acceleration phase with the use of the money raised and they need help more than ever. This is leading us to the following stage.

F) Post acceleration: Another difficult step?

² The Lean start up methodology <http://theleanstartup.com>

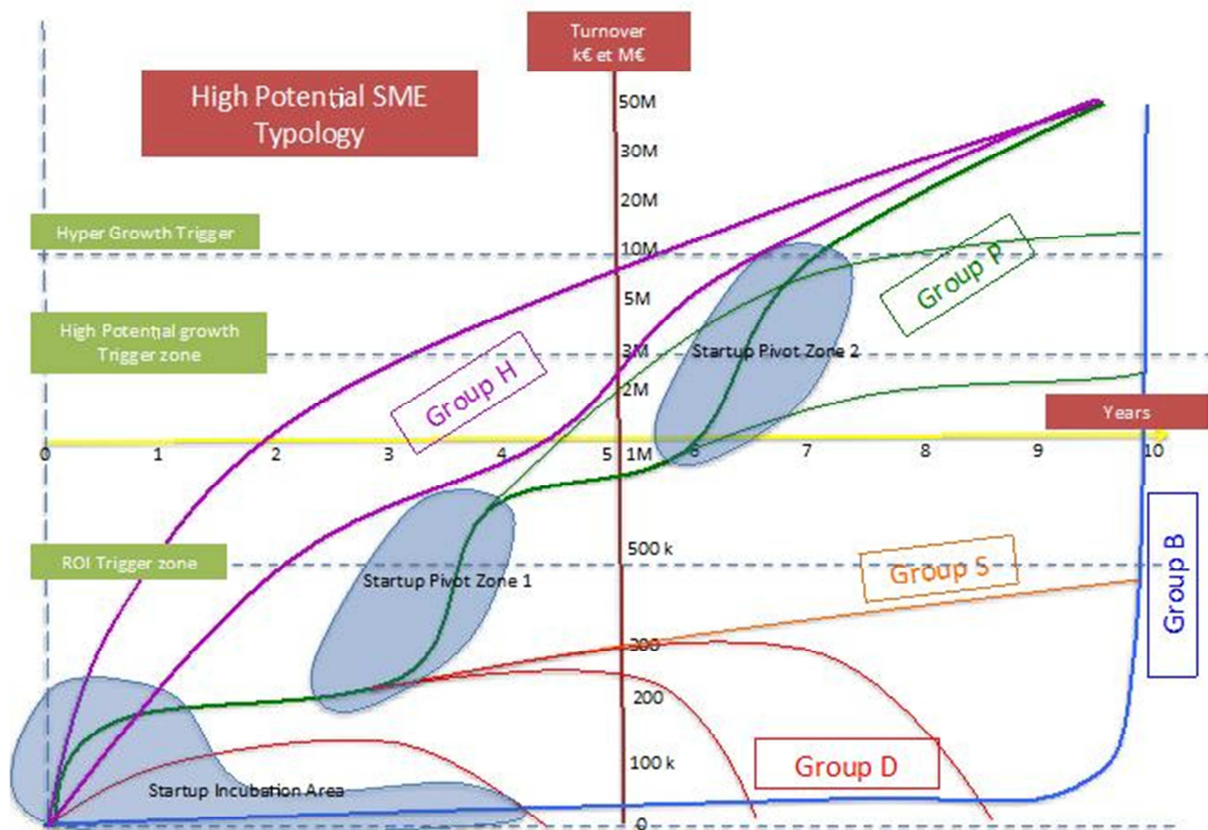
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Indeed, post acceleration phase is not in the classical acceleration process and is something that funds usually do to follow up on their investment. However it appears that this is a difficult phase for startups as they will have to realize and materialize their objectives and commitments they took in front of investors. More questions arise like: is the company robust enough to face the forecast they usually force themselves to do? Such companies never had a big amount of cash to manage before, and managing huge cash is sometimes a challenge. Is the company now looking for HQ? Where and why? All different choices to make and questions to look answers for.

Some support on those questions is fulfilled by the investment funds and eventually by the accelerator itself if the company is very promising. We would like to underline that all the actors of SME support should not forget this aspect of acceleration, post acceleration phase.

G) From Small to Medium: The Next Step, accelerating the “P” companies.

The diagram below shows the most interesting categories of SME to accelerate. The “group P” in green is the one we would like to concentrate on in the following paragraph. They are SME’s who were already accelerated during a phase of incubation by an accelerator and grew in a very satisfying way, up to a turnover between 1 to 3 M€. They also reached a staff headcount of 20 or more and they need to cross a new bridge. Most of the time, they know the way to go but they need help to reach their objective. It is the second opportunity for them to pivot, and not necessarily from the business standpoint but sometimes from the international strategy standpoint or the internal organization of the company. We suggest to put in place a specific action for this type of SME including mentoring (mentors must be successful CEO), together with workshop on subjects like internationalization, IPO, M&A, ... and specific diagnostic and expertise. Networking, mentoring and expertise are the key words at this step.



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H) Mid-size company's acceleration: Unnecessary?

Is it necessary to accelerate mid-size successful enterprises? **The answer is yes.** A mid-size or small size enterprise which does not need help does not exist. They may need less help but they definitely need some help. According to their size they will have different needs and the challenge for this type of support is to be able to detect the right control stick to activate and to activate it with the right timing. This is obviously a specific support to put in place and it needs very specific and significant resources to do it.

5. Support structures within the SME acceleration process

This table shows the involvement of the different support structures in the acceleration process and how they interact with the funding actors. This table could be representative of what we need as ecosystem to cover to whole process described in section 4.

	Phase	#	Key Success Factors	Who is involved?	Where is the money coming from?
up to 2 years	Pre Acceleration	1	Maturation Process, Entrepreneur Education, Innovation Hub, Co Working	Incubators, Co working Spaces	Love Money (family and friends), Public Grants, Seed capital
2-3 months	Selection Process	2	Accelerator Attractiveness, Deal Flow critical mass, Funds available for investments and grants	Support structures, Accelerators	
3-18 months	Seed	3	Grant 30k to 100k, Capital exchange (3 to 8%) with services	Accelerators, support structures	Public or private Grants, Accelerator funds
	Acceleration	4	Quality of Mentoring and Coaching, Exit strategy for investors, high possibility to find investors	Accelerators, Specialized Acceleration Programs (industry sector, countries and so on...)	Exchange of Services/ mentoring/ Coaching with Equity
	Fund Raising	5	Demo Day, Number of Funds involved in the Demo Day and the fund raising process	Acceleration funds, BA, Investment funds and venture Capital funds	
2-4 years	Post Acceleration	6	Follow up, Diagnostics	Accelerators, Investment funds, support structure	Public Loans, Investment funds
6-12 months	SME to Medium size	7	Diagnostics (control stick, activation) Mentoring Quality, Expertise, Fund Raising	Specialized Programs	Grants, Loans, Funds and specialized funds
1-3 years	Accelerator Medium Size	8	High quality coaching and expertise	Specialized Programs	

4. Building Block 2 : High Growth Companies Acceleration and Key Account Manager

1. Why a company needs a Key Account Manager (KAM)?

How a growth budget should be spent to achieve best possible results? Do we distribute it by grants or by external services paid with an envelope or should we provide services? If companies receive a short of envelope they are allowed to spend it in every way they want, this complies with the needs of the SMEs. The questions are, do they know their own needs and who would be their best interlocutor?

A Key Account Manager is necessary to follow up the Action Plan agreed with the balance between direct support provided by its host organization and support given by external consultancy paid with public grants.

A Key Account Manager is a challenger & connector. But he is not a problem solver: as a governmental organization he is more neutral than a consultant. The more mature the company is, the harder it gets to know what they need. The KAM needs to understand the needs of the companies and connect the company to the right support. Mutual trust is very important. The KAM follows this company on a regular basis: for some phases it could be on a daily basis, and later for a longer period each month.

2. KAM : what are the basic principles of their job ?

KAM's mission (and principles) started in late 2014 when European Commission commissioned the EEN Network to put in place Business Coaching services for SME instrument H2020 granted companies. Since, with several cases of Coaching Plan validated for SMEs, we are convinced that a KAM role is necessary in the process of HGC support.

*Project partners decided to put the following items as **basic ideas of the co-operation with KAM:***

A special relationship:

We are used to interact with companies on the mode *One2many = like standard services* (start-ups, SMEs); whereas KAM mode adapted to Growth company is much more *one2one = tailor made* .

KAM has to find a balance between few and not too many companies: he/she doesn't have to be overloaded, but enough client cases are necessary to build experience from various topics and sectors.

Contact Frequency:

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OECD recommends for each company at least 5 contacts in a duration of 12 months, but by experience this is not enough for Acceleration on short period.

For example with the PACA Accelerator, frequent interactions are necessary with the CEO, for instance:

- Relation to the CEO to launch and follow the acceleration process with external consultancy,
- Matching between the CEO and the mentors

KAM is part of a simple process / lean administration:

A regional government has now two choices to support its companies: support companies on demand or identify some winners/ high potentials and work with them (pro-active support).

For a High potential company it should be simple, with clear rules, and with a low threshold to get access to the program information and then the KAM process:

- On demand
- By picking the winner through a selective process
- Ongoing evaluation process, achieving objectives, and only retain the winners along the whole process.
- Offering a soft support: management skills (see the next section, lotus methodology results)

Conclusion:

The KAM helps to overcome the critical incidents, by providing specific diagnostics, opportunities with information on accessible grants (with public or non-public support) or by providing soft skills.

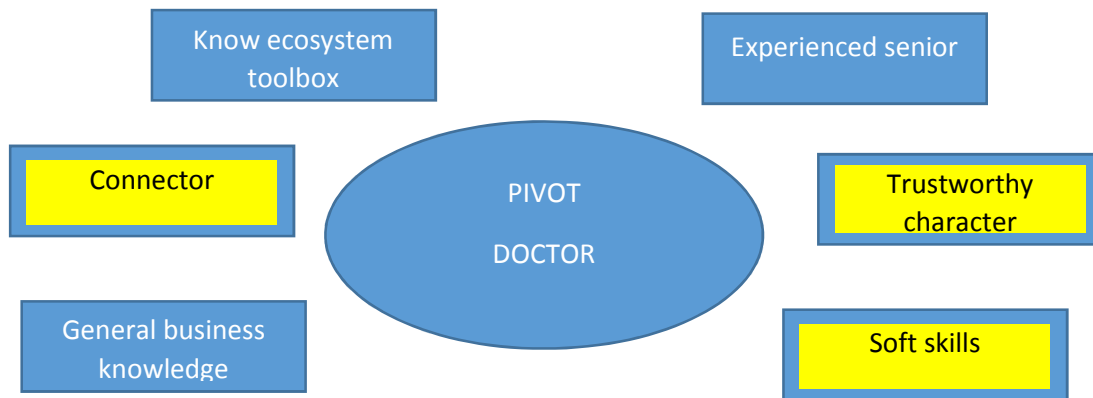
KAM should propose a toolbox with qualified label diagnostic tools for instance BPI France Diagnostic 360, PLATINN SME instrument, Growth Wheel Denmark, Growth House, UK Growth Accelerator.

KAM should also be very well aware of the funding and networking possibilities of the European Commission, especially SME Instrument funded by H2020 providing a real *gearing effect* to growing companies.

3. What are the characteristics of the Key Account Manager (KAM)?

Project partners worked specifically on this question by using Lotus methodology. We found out **six characteristics of the Key Account Manager:**

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Know ecosystem toolbox

KAM has to know the ecosystem very well to play its role of connector. He should be part of the design of support system, involved in the local support programs/initiatives designed with local governments. Connector should be well known by the local stakeholders and by the regional ecosystem and he should have an helicopter view on the ecosystem. Connector should also be anticipating in designing new service support.

Experienced senior

Experienced senior is able to see big picture and he has a long term experience of supporting companies. He has knowledge of business management and possible entrepreneurship experience and good knowledge of private business. Experienced senior should have international experience and awareness of the new innovations.

Connector

KAM is also a Connector who actively works on the relations in his network and he is connected to a lot of specialists. By having connections he is able to open new doors and build new relations when he faces new business ideas. He specially needs two skills:

Skill 1 : good knowledge on industry / market connections to be an effective 'mentor hunter'

Skill 2 : know how finances and funding options works: he knows how to raise funds and to access venture capitalists, able to make introductions with companies, with venture capitalists or financial partners.

Trustworthy

KAM is someone who proves to be trustworthy and is able to build a long term relationship with SMEs. Prove of involvement is that the success of company is also a success of KAM.

Soft skills

Soft skills are often personal skills, which are difficult to learn. Most important is psychological approach, ability to deliver messages and recommendations in a smart way avoiding conflicts. KAM should be a good listener and be service minded. In most of the cases it is needed to have creative approach in linking issues. He should have patience and empathy, but KAM should also have analytical skills and be able to challenge the entrepreneur by asking Why? KAM also knows when it is time to let the case be, because time is money.

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Knows the basics of a good company / general business knowledge

KAM should have master degree and have the knowledge on strategy, finance, HR & organization, innovation, marketing, sales and internationalization. He should also have experience in diagnostic analysis and driver's analysis f.ex. Blue ocean (company positioning & strategy), Ansoff (new product, new market) and Porter (competition analysis) and understand what is the stake of the company.

4. KAM: a connector or a networker?

A connector not only introduces persons to each other. This person deepens relationships and is more effective, he makes the search and the connection with someone (one-to-one) during different phases.

He/she assures the connection stays in a healthy relationship. He not only introduces the different parties, but he remains involved in the relationship to monitor the action plan agreed between the parties.

Conclusion: besides knowing the basics of a company, project partners agreed that most important characteristics to identify and hire a KAM are:

1. Soft skills
2. Connector
3. Trust

5. Building Block 3 : Impact assessment of an acceleration process.

1. Why do we need to assess the impact of a policy?

Why is there a need for impact assessment ?

“It’s not only important to do the job right, but also to do the right job”

It is important to evaluate whether the policy “to increase high growth companies” achieves their goals. All evaluations must assess the evaluation criteria of effectiveness, efficiency, coherence and the relevance of the intervention, or provide due justification why this is not the case³.

Effectiveness analysis considers how successful a policy has been in achieving or progressing towards its objectives. The evaluation should form an opinion on the progress made to date and the role of the policy in delivering the observed changes. If the objectives have not been achieved, an assessment should be made of the extent to which progress has fallen short of the target and what factors have influenced why something hasn't been successful or why it has not yet been achieved.

Efficiency considers the relationship between the resources used by an intervention and the changes generated by the intervention (which may be positive or negative).

Relevance looks at the relationship between the needs and problems in society and the objectives of the intervention.

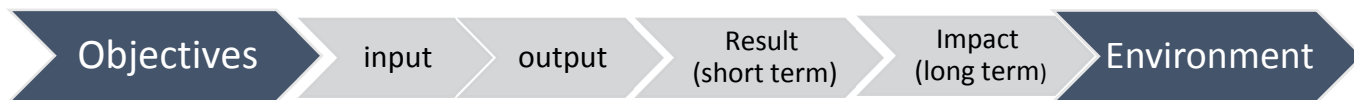
The evaluation of **coherence** involves looking at a how well or not different actions work together. The aim of evaluating the impact is:

- gathering knowledge
- gathering information supporting the right policy, supporting the efficient instruments and supporting the added value of these instruments

2. How can we assess the impact of a policy?

The **Intervention Logic Model** can be used to evaluate the implementation of a policy. The model illustrates the relationship between the objectives, inputs, outputs and the expected results and impacts as defined in the objectives. In other words, it evaluates the logic how the means are expected to lead and contribute to the targeted objectives.

³ EC better regulation toolbox



For each policy/ instrument the following will be defined and monitored:

1. Primary objective
2. Input : means, measures
3. Output: deliveries (products, services)/ what is done for the company? (business plan, growth plan, KPI plan, HR plan, innovation plan, ...)
4. Result: immediate change for the participant at the end of the participation. Relates to the Micro impact on company level
5. Impact : long term effect (fi. increase turnover, employees,...) Relates to the Meso (on the level of the ecosystem) and Macro impact (on society level)
6. Environment : environment variables relevant to examine the impact and effect of the policy (f.i. increase of HG companies within the region)

Impact assessment is a matter of achieving objectives.

There are three levels of impact:

- Micro: at the company level (quantitative – and qualitative figures) turnover, employees, profitability, % in export, other significant achievements for the company : new product/services launched, new (foreign) market introduction, new organizational improvement (production, after sales,...)
- Meso: on region / eco system level
- Macro: on world / society level

3. Criteria for selection and result assessment of high growth SME's

Some of the selection criteria for high growth companies can be linked to the indicators to assess the impact of the high growth company policy and means.

Hereby a list of a common set of criteria with recommendations in their use **for selection (S)** and/or **impact assessment (I)** :

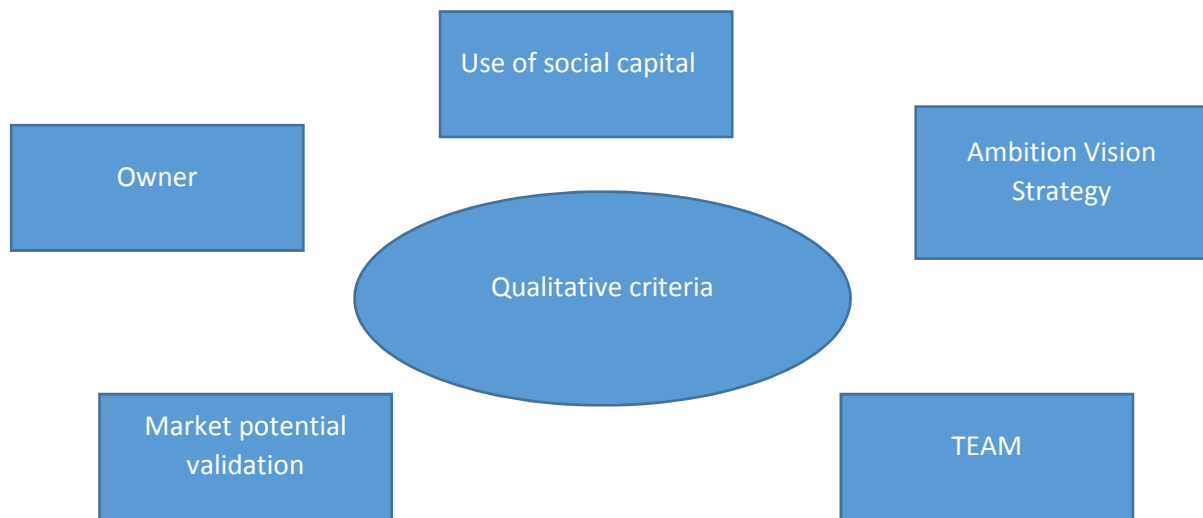
Quantitative criteria:

- Turnover history with Turnover ambition in euros (S+I)
- Date of incorporation (when created) (S)
- Share of turnover coming from (new) products developed in the past 3 years (S+I)
- Share of turnover on export market in the last years (S+I)

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- Job creation in the country, not only the employees, also freelancers are taken into account. Subcontracting within the country. (I)
f.i ratio how many employees you have and how much employees you are growing
- Financial performance: ability to get break even, profitability of the company (S+I)
- Already experienced to raise money? How much? Depending on growth stage: how they are going to raise? (S+I)
- Share of international turnover currently and expected : depending on growth stage (S+I)
- Business plan, ambition for future profit. (S+I)

Qualitative criteria / soft criteria:



Owner

- Coachability of the entrepreneur (S)
- Is the general manager / CEO a shareholder? (S)
- Owner attitude to raise external capital (amount & easiness) (S)
- Opportunity recognition by entrepreneur (S)
- Taste of challenge / able to take risks / inventing / creative (I)
- Able to build a team (I)
- Trustworthy (S)
- Ambitious for growth (S)
- Is the company a one man show? (I)
- Company structure: decision, execution, follow-on (I)

Management / Team

- Owner / Team growth & ambition (S)
- Shared vision on growth strategy (I)
- Competences of the team/ specialist (S +I)
- Team leader / track record (S + I)
- Shared culture / values (I)
- Creative problem solving (teamwork) (I)
- Interaction: the management team versus employee relations (I)

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Ambition, vision, strategy

- Intellectual Property Scheme (I)
- Impact of products and services on society (S)
- International vision (S)
- Clear vision on growth(S)
- Existing Development Strategy related to market opportunities (differentiation, cost leadership, focus on niche) – (I)

Market potential validation

- How to prove potential for growth? Based on new products / services addressing new, international or existing market (existing market, new market, growing market). Is there a Market opportunity?(S)
- Value Chain position (I)
- Creating value (I)
- Existing Business model - New business model? (= transformation) :
 - (S) not for startup companies, mandatory for already existing companies on existing markets
 - (I) for startup and growing companies
- USP (Unique Selling Proposition) (S+I)
- User driven innovation, connected with customers or suppliers, for incremental evolution (I)
- Scalability (S + I)

Use of social capital

- Use of social capital (peer entrepreneurs, board, clients, research institutes, government, network contacts, local eco system) (I)
- Knowledge (education, network, connections) (I)

Among all of these criteria, it is worth mentioning that the key Success Factor of an acceleration program **is the team of the company**. The team needs to be ambitious, coachable, shared vision and shared culture, creative, competent,...

6. Conclusion

Acceleration is becoming throughout the world and Europe the subject that will concentrate the attention of most of the incubation ecosystems. It is already the case in many countries like Germany, France, UK, The Netherlands, Belgium and Nordic countries quite advanced in the organization of acceleration. The public institutions cannot ignore any more that acceleration (although the business model for acceleration is still fragile) is already the next step to support the growth of High Potential SMEs. The question remains: how public institutions could cope with a rapidly changing landscape of SME support? Regional authorities cannot stay outside the debate and the evolution of acceleration. There are several steps that are mandatory to fulfill that we tried to cover through this paper: 1) Understanding acceleration and engineer acceleration 2) Acceleration is a matter of people rather than money (although money is still one of the keys to a successful process) 3) A public policy always need an evaluation. This document was build using the regional experience of Provence-Alpes-Côte d'Azur, Flanders and Mikkel and, with simple methodological approaches, by confronting experience in SME support as well as the most recent experience in SME acceleration of each regions. Methodology used was experience sharing during meetings but also brainstorming session to determine the best profiles for KAM or the best indicators according to the type of reporting needed. The consortium that builds this document is ready to share the content with other region facing the same issues regarding SME acceleration.