



## SCOTTISH INNOVATIVE ACTIONS PROGRAMME FINAL PROJECT LEARNING REPORT

- The final project learning report should be submitted to SEP Ltd **no later than two months** after the date of completion of the pilot project.
- The information included in this report will be used to assist with evaluating the learning and outputs from the pilot projects supported through the Innovative Actions programme.
- This form is separate to the final grant claim and progress report form, which should be submitted within four months of the completion date of the project.

<b>PROGRAMME</b>	<b>Scottish Innovative Actions Programme 2004-2005</b>
<b>PROJECT TITLE</b>	<b>Developing a Culture of Innovation in Family Owned Enterprises</b>
<b>PROJECT REFERENCE</b>	<b>IA/GLASCALUNI/FAMILY/AL3/005</b>
<b>ACTION LINE (Please Highlight)</b>	Action Line 1 – The Scottish Innovation System Action Line 2 – Stimulating SME Demand for Innovation <b>Action Line 3 – Knowledge Access &amp; Knowledge Management</b> Action Line 4 – Innovation Marketing & Product Launch

### PROJECT APPLICANT

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### PROJECT DELIVERY & LEARNING

#### Describe how the pilot project was actually delivered in practice.

The project delivery followed closely the original design. The companies were recruited as hoped – attrition rate was low (only one company withdrew from the programme; due to personal reasons). As this was at a late stage the company was not replaced as the remaining participants had developed close working relationships.

The visits and workshops took place as planned with only the final audit visits taking longer than anticipated. This was largely due to the project team having to organise a conference (and write a book on programme outcomes). However the final audits were complete by programme end.

Overall the project managed to operate as planned.

**Describe the top 3 learning points from delivery of the pilot project.**

The programme demonstrated the importance of having 'real life' businesses as ambassadors to encourage other SMEs to participate in innovative and creative approaches to growth and competitiveness-the need for owners to act as specialist speakers.

The programme also demonstrated the potential impact which family issues may have upon the business – this is important for policy makers, and business support agencies. Many of the participants were 2<sup>nd</sup>/3<sup>rd</sup> generation owners who are potentially in the 'stagnation' stage of SME lifecycle this often makes it difficult for owners to understand the threat to their future survival (less than 10% by 3<sup>rd</sup> generation). This is a real threat to the future of family owned SMEs (70% of all SMEs in Scotland).

The importance of networking to expose owners to the business practice and professionalism of 'good practice' companies. This approach generally encourages owners to emulate their peers rather than feel they perhaps engage in practices which are felt as less professional or less creative. Networking tends to inspire rather than depress the need for good practice.

**Describe the most successful aspects of the pilot project and why.**

This programme has provided Scotland with a group of ambassadors who are willing to speak about their own experiences and the importance of incorporating policies supportive of innovative best practice in family owned SMEs. The programme participants have also visited companies in Ireland to extend their network connections. This project involved an attempt at changing the culture of what is often described as 'life style companies' who rarely see the need to change or engage in innovation or creativity. Their cultures are often embedded in the success of their founders and the survival rates are poor by 3<sup>rd</sup> generation (less than 10%). This programme of activity attempted to change their risk averse nature and to some degree it has succeeded however changing the culture of organisations is generally a long term process and one which is often resisted. This programme has provided a greater understanding of the current cultures of many of these organisations and this knowledge will be useful for the design of future projects. The information will also provide policy makers with a greater understanding of the cultural and practices of the SMEs they advise and will ensure future projects take account of how these owners approach planning and strategy and how they relate these to operational practice.

**Describe the least successful aspects of the pilot project and how these aspects would be changed in the future.**

Encouraging SMEs to take responsibility for action – SMEs often find it difficult to find time to follow up action points after workshops and this was a major challenge. Many of the companies agree to undertake certain tasks however when returning to their day to day activities, fire fighting often dominates their actions leaving little time for strategic planning or engaging in change. The solution may be to try a variety of approaches to encourage owners to articulate a set of actions they need to take to ensure change takes place. Some of the participant companies appear to have succumbed to the idea that business support means that others will deliver exactly what their company needs whereas often the issues are only highlighted and require much more action on the part of owners. This is particularly an issue for 2<sup>nd</sup>/3<sup>rd</sup> generation family companies who often look externally for solutions to issues which also need to be addressed internally.

Perhaps future programmes could articulate this much more clearly or at least highlight the need for action to ensure solutions are explored.



**Describe the next stage planned for the delivery and rollout of the pilot project.**

The anticipated future roll out of the project was as a self-sustaining hub of innovative family owned SMEs who would act as ambassadors and as a template for other SMEs throughout the EU. Whilst this is still a target for the project, a spin-off variant, which would also help to achieve this, was identified during the course of the project's delivery.

This new project focuses on 'Developing Innovation Capability of Female Owners or Managers in SMEs', is receiving support from the European Social Fund under Measure 1.3 of the Scottish Objective 3 Programme. It aims to increase the skills, abilities and confidence in woman managers of SMEs and fits well with the Scottish wide objective of developing a competitive and skilled workforce through continued investment and training. Prior research identified that there was still potential to improve entrepreneurial activity among women at time when many women are directors and/or managers in Scottish SMEs.

The importance of Total Quality and Continuous Improvement practices were highlighted in the previous programme and these will be continued in future programmes.

The issue of succession planning (and its particular importance to family business owners) has been a major focus during informal networking and this will be encouraged in the new programme.

**INNOVATION POLICY**

**Describe how the learning from the pilot project will be used to influence future innovation policy in Scotland.**

The learning from the programme has included:- exploring how family business owners learn best (the environment created for learning); how to develop networks for owners; how to gain maximum input from their management teams using a variety of tools and techniques); how to ensure company owners take action (rather than only discuss issues).

These issues have been articulated by the Director of the programme at a range of events including business forums, family business conferences (both nationally and internationally). A book highlighting the experiences of the programme has been produced by the Director (and co-author) and has been distributed to business owners, family business advice centres and a range of government support agencies and policy makers in Scotland. It is important that the lessons learned from this programme are considered by policy makers and advisors to ensure that Scotland's family business sector remains competitive across the generations in a challenging global market. One of the major issues will be how to encourage owners to take responsibility for 'change' in their organisations.

**INNOVATION PRACTICE**

**Describe how the learning from the pilot project will be used to influence future innovation practice and delivery in Scotland.**

Through a much deeper understanding of the issues which hamper innovation in family owned companies; such as lack of preparation for the 2<sup>nd</sup>/3<sup>rd</sup> generation to undertake positions of responsibility in family owned businesses Scotland's support agencies will be able to inform innovation practice and delivery more clearly. The need to innovate in these family owned companies requires government support agencies to understand the particular challenges subsequent generations face when they 'take over' the family business. Often these new owners have received little training or development in the key areas of management skills/competencies which other non-family owned companies take for granted. Whilst the family companies are often asset rich they may be asset poor in terms of their ability to innovate and therefore require particular more intensive business support.

### **COMMUNICATION & DISSEMINATION**

**Describe how the learning from the pilot project will be communicated and disseminated within your own organisation, to other organisations in Scotland and elsewhere in Europe.**

The first event undertaken to disseminate the knowledge and learning from the programme was a conference organised by the programme team and hosted at Glasgow Caledonian University for family business owners and business support agencies. In addition a book outlining issues relating to the programme was launched at the conference.

Since then the Centre's Director has participated in a considerable number of events ranging from business forums, round table events, speaking at conference and incorporating learning into future Higher Education programme design. The learning has also been shared with members from the Northern Ireland programme and also through a number of events hosted by Strathclyde European Partnership Ltd. Dissemination activities have also taken place across Europe and have included invitations to speak at conferences and a variety of meetings in Poland, Belgium, Spain and Portugal.

### **PRIVATE SECTOR**

**Describe how the private sector was engaged during delivery and how they have responded to the new approach or mechanism delivered through the pilot project.**

The Centre has a good reputation for working effectively and in collaboration with the private sector and owners approach working with the Centre in an often open and trusting way. This trust allowed us to 'try out' many new approaches including the use of a Solution Focused approach in developing new strategies for action. Our delivery during workshops was also balanced between the use of experts in a field and good practice family owned companies as well as visits to good practice family companies. Central was the use of effective networking strategies which ensured the exposure of good business practice. This approach was appreciated by all the companies and is most likely to encourage companies to emulate good practice however other strategies would need to be included to ensure companies begin to take responsibility for action within their own companies.

### **OUTPUTS & RESULTS**

**Describe the main qualitative outputs and results from the pilot project.**

The importance of having family business ambassadors will be one of the most important outputs. Companies want to listen to other owners who 'live in the same world' as they do therefore it is important to have a bank of owners who are willing to tell their story (good or bad) to highlight the importance of engaging with change and innovation in order to ensure the future survival of their companies. This programme builds on the number of speakers who will act as ambassadors (not only to tell good stories but also the challenges family business owners face). The new female programme will benefit from this innovative actions programme as 3 of the females who participated in the first programme have agreed to speak at workshop events. They report that having time to reflect following programme activity they feel they will be able to provide support to future participants.

All the participants reported on the importance gained from networking with not only family businesses from Scotland but also Ireland and elsewhere.

Since the completion of the programme two companies have already begun negotiations with higher education establishments to undertake knowledge transfer projects. In addition 3 companies have agreed to receive marketing placement students from a Scottish University.

Three companies have engaged with environmental organisations to undertake audits on their use of energy.

Generally the businesses have begun to engage more proactively with support agencies. Changing their approach from reactive to proactive is a change in culture and will take time to become part of their normal business behaviour.

**Please complete all the quantitative outputs and results relevant to your project in the list below. Please also add any others that are relevant to your project but not listed.**

<b>OUTPUTS</b>	<b>Total</b>
No. of SMEs assisted by the project.	<b>12</b>
No. of new innovative mechanisms and approaches introduced by the project	<b>5</b>
No. of new links made between SMEs and universities / the research base as a result of the project	<b>5</b>
<b>Other</b>	
<b>Publication of an advice book for family owned SMEs</b>	
<b>RESULTS</b>	
No. of new processes developed	<b>2</b>
No. of new products developed	<b>1</b>
No. of SMEs with active plans <sup>1</sup> in place to manage and exploit their intellectual assets	<b>3</b>
No. of SMEs with active plans in place to develop longer term relationships with universities / the research base	<b>3</b>

<sup>1</sup> Please note that the project applicant will be required to record the number of active plans in place with companies using a method suitable for the project concerned.



No. of SMEs with active plans in place to create new markets from their innovation / take their innovation to market	<b>1</b>
No. of instances of actual knowledge / technology transfer from universities / research base to SMEs (e.g. spin outs, licence agreements, technical co-operation, etc)	<b>2</b>
<b>Other</b>	
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