

Innovation Policies for Inclusiveness – Policy Cases

Competitive Start Fund for design-led start-up companies

Country: Ireland

1. Short Description

The *Competitive Start Fund for design-led start-up companies* aims to accelerate the growth of start-up companies in the design sector that have the capability to succeed in global markets. The fund is designed to enable these companies to reach key commercial and technical milestones, such as evaluating overseas market opportunities, building prototypes and securing third-party investments (e.g. business angels and venture capital). The programme supports projects on a competitive basis, focusing on companies with a high growth potential within three years in terms of international sales volume and employment creation in Ireland.

This policy profile is part of a [policy toolkit on innovation policies for inclusiveness](#). It is relevant for industrial inclusiveness.

2. Policy Characteristics

Basic Information

Country and implementing institution(s):	Timeline:
Ireland Enterprise Ireland	Launched in June 2015
Target group	Size and budget:
Firms: start-ups in the design sector	Budget: EUR 350 000 (approx. USD 406 200, PPP) Number of policy recipients: seven applicants were funded under this national competitive call. Successful applicants were awarded up to EUR 50 000 (USD 58 000) for a 10% ordinary equity stake in the start-up company. In addition to financial support, successful applicants were appointed a mentor who will work with them for up to ten sessions.
Type of policy instrument(s)	Inclusiveness focus
Financial support: equity funding Non-financial support: mentoring	Industrial inclusiveness as a driver of economic growth and job creation in Ireland



Policy objectives

The priority of the Competitive Start Fund for design-led start-ups is to provide young companies in the design sector with critical early-stage funding to help them reach key commercial and technical milestones. This will enable them to get off the ground and launch new products and services in the international marketplace, such as evaluating overseas market opportunities, building prototypes, developing a market entry plan for exploiting international opportunities, securing partnership deals, identifying suitable channels to international markets and securing third-party investments (e.g. business angels and venture capital).

The Competitive Start Fund is part of a series of measures developed by Enterprise Ireland to fulfil its strategic objective of increasing the number and quality of High Potential Start-Up companies (HPSUs), defined as start-ups with the potential to employ more than ten persons and achieve EUR 1 million (USD 1.16 million, PPP) in export sales within three years.

The Competitive Start Fund is a standard instrument within Enterprise Ireland's toolkit, which can be used to target specific areas/cohorts. Enterprise Ireland's support system for young companies includes help with business planning, mentoring and development advice, and feasibility funding and finance, often in the form of equity investment, as appropriate to the founder's ambitions and the company's potential and stage of growth.

Rationale

The Northern and Western Regional Assembly was funded by the European Commission to develop awareness and raise levels of understanding of the benefits of applying design-driven innovation in Ireland, as part of a European project. The report *Design-Driven Innovation: Why it Matters for SME Competitiveness* illustrates the potential value to the Irish economy of adding another dimension to its ecosystem of innovation supports, while also bringing this innovation process to the attention of SMEs.

The report, compiled by the Northern and Western Regional Assembly and funded by the European Commission, shows how design impacts positively on individual businesses. It also details the kinds of government measures in Ireland and abroad that support design. According to the report, there is evidence in Ireland of under-utilisation of design processes in business support programmes and by SMEs in their day-to-day business. As part of the response to the report's publication, the Irish government asked Enterprise Ireland to evaluate its suite of programmes and explore ways in which they could support design.

The overarching context was the Irish Year of Design (ID2015), formally a one-year programme of events and initiatives. However, Enterprise Ireland is adopting a dedicated approach to bringing forward client-relevant actions, and is focused on generating a longer-term benefit, or legacy, from exploring client needs and desires for design support programmes. Design can become an important ingredient of the innovation systems of Irish-owned companies and a source of competitive advantage for Ireland's key sectors.

One of the dedicated competitive funds used by Enterprise Ireland to support the use of design in innovation processes across Irish-owned, design-led start-ups is the Competitive Start Fund.



Policy target recipient and selection mechanism

The programme targets design-led start-ups using design as a strategic element.

A call for proposals is issued and funding is attributed on a competitive basis. To be eligible, applicants must have registered a company, headquartered in Ireland, that is active in any manufacturing or internationally traded sector, and is a design-led start-up using design as a strategic element. The company must be less than five years old from the date of registration, and all its intellectual property and assets must reside in the Irish entity. The company must not have received equity funding of more than EUR 100 000 (approx. USD 116 000) prior to the competition closing date, and its annual revenues must be under EUR 60 000 (approx. USD 69 600) in any previous financial year. In addition, such companies should be capable of creating ten jobs in Ireland and realising sales of EUR 1 million (USD 1.6 million) within three years.

Applicants are required to complete a written online application, as well as an online video interview/pitch (6 to 8 minutes) presenting their project. Applicants are evaluated in two phases:

- In the first phase, an evaluation panel comprising representatives from Enterprise Ireland and external consultants evaluates all applications and scores them based on the strategic role of design in the business project (20%), the profile of the founders/team (20%), the proposed product/service and its market opportunity (20%), the company's capability to execute the proposal presented in a video pitch (20%), the innovativeness of the proposed good or service (10%), and the ability to deliver key commercial and technical milestones over the following 12 months (10%).
- In the second phase, shortlisted applicants are invited to give a short presentation on their project to an evaluation panel comprising representatives of Enterprise Ireland and external industry experts. The applicant's performance will be scored based on three equally weighted criteria: the specific needs that the product or service addresses, the capability of the applicant and/or its team to execute the business plan presented, and the expected impact of an investment of EUR 50 000 (USD 58 000) on the execution of the business plan. Applicants scoring highest will be selected.

Policy instrument(s)

Financial support (equity funding): Successful applicants will receive an equity investment of up to EUR 50 000 (USD 58 000) from Enterprise Ireland for a 10% shareholding in the company. The equity investment will be made in two equal tranches of EUR 25 000 (USD 29 000). The first tranche must be matched by a new investment of EUR 5 000 (USD 5 800) from the promoters or other third-party investors. The investment aims to support costs associated with developing the business plan and making progress on key technical and commercial milestones, including salaries, travel expenses and consultancy fees.

Non-financial support (counselling): Successful applicants will receive support from a business mentor who will work with the company for up to ten sessions.



Policy challenges

The key challenge for Enterprise Ireland going forward is to build on the increased awareness of design as a driver of innovation, as a result of the Irish Year of Design (ID2015). In the National Action Plan for Jobs 2016, Enterprise Ireland committed to:

- identifying necessary follow-up actions in response to the Department of Jobs, Enterprise and Innovation research study on the “Economic Impact of Design Across All Sectors of the Economy”;¹
- promoting product design and design thinking as part of management capability in client companies via existing supports.

Actions undertaken to address challenges

Discussions within the agency and across government are ongoing.

Evaluation and outcomes of the scheme

Enterprise Ireland will conduct a review (or interim evaluation where appropriate) to consider the benefits, costs, outputs and impacts of the range of approaches piloted as part of its suite of responses in the design innovation area. The outcome of this review will represent a further opportunity to assess any potential gaps in support, and will be supplemented by research focusing on identifying client feedback and needs.

Additionally, Enterprise Ireland will compile a report on design-focused initiatives.

Sources

Enterprise Ireland (2015), “Competitive Start Fund – for design led start-up companies”, Enterprise Ireland, Dublin, www.enterprise-ireland.com/en/funding-supports/Company/HPSU-Funding/Competitive-Start-Fund-for-design-led-start-up-companies.html.

Information provided to the OECD by Ian Hughes and Paula Maguire.

Background

*This document is part of a repository of examples of **innovation policies that have for explicit aim to contribute to territorial, industrial and social inclusiveness**. The repository is part of an innovation policy toolkit developed for the **Innovation for Inclusive Growth** project and gathers national innovation policy programmes that:*

- Explicitly target **lagging and less innovative regions** (outside of regions that are highly innovative) or by design are more likely to support these lagging / less innovative regions.*
- Explicitly aim to include in innovation activities **individuals and groups that are not usually participating** in those activities and in support of broadening the group of innovators.*

¹ See <https://djei.ie/en/Publications/Publication-files/Policy-Framework-Design-in-Enterprise-in-Ireland.pdf>.



- C.** *Explicitly aim to foster innovation activities in non-innovative firms, in particular by targeting non-innovative sectors and non-innovative **Small and Medium-sized Enterprises (SMEs)**.*

Policies are searchable by inclusiveness type, objective and implementation challenge on:
<https://innovationpolicyplatform.org/inclusivetoolkit>