



# Transforming Irish Industry

**Enterprise Ireland Strategy 2005-2007**

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# Introduction

## Micheál Martin, Minister for Enterprise Trade and Employment



The future development of Irish industry through innovation and internationalisation is a priority for me as Minister for Enterprise Trade and Employment. Irish industry and entrepreneurship are of paramount importance to the Irish economy and to Irish society not least because of the significant regional economic impact arising from the activities of Irish companies. During 2004, this amounted to €17 billion in payroll and procurement expenditures with every county in Ireland benefiting. We are also witnessing strong growth in the number of entrepreneurs starting high value added, high export potential companies in areas such as software, medical devices, engineering, food and biotechnology. Over the last number of years Enterprise Ireland has supported 470 such firms which today employ 7,500 people and have a cumulative turnover of €1 billion. Equally encouraging has been the development of a thriving venture capital industry, driven by Enterprise Ireland, from which an increasing number of Irish companies source early stage and development capital funding.

Enterprise Ireland is acutely aware of the significant challenges and indeed opportunities that have emerged as a result of globalisation and increased global competition. Ireland is at a turning point in its economic development. The reality is that the low cost model is no longer an option for Ireland. Irish companies must increasingly compete through innovation, adopting best practice, a relentless focus on driving productivity gains and increased automation. In addition, to be successful companies need to be outward looking in their development strategies and should consider Enterprise Ireland as their development partner in harnessing opportunities which global markets offer.

The Enterprise Strategy Group, Chaired by Eoin O'Driscoll, published its report "Ahead of the Curve - Ireland's Place in the Global Economy". This provided a blueprint for the actions that need to be taken to secure and build on Ireland's position as a developed economy. It clearly focussed on the need to accelerate the development and internationalisation of the Irish owned business sector as a priority for future economic development. Following Government consideration of this Report, I published the Enterprise Strategy Group Action Plan which specifically detailed actions for implementation across a range of Government Departments. In particular I asked Enterprise Ireland to creatively rethink how best to help business as we deliver on the ESG recommendations. Enterprise Ireland has now undertaken a complete business process and organisational re-engineering of its overseas and internationalisation supports with a clear focus on client needs linked with a performance driven mission. Enterprise Ireland will be taking initiatives to underpin future performance of Irish industry making it central to industrial policy going forward.

This document outlines Enterprise Ireland's response to the Enterprise Strategy Group Action Plan. It clearly represents a major change in approach. The strategy will, I believe, make a substantial contribution to the further internationalisation of Irish companies in an increasingly knowledge driven global economy.

A handwritten signature in black ink that reads "Micheál Martin". The signature is written in a cursive, slightly slanted style.

**Micheál Martin**  
*Minister for Enterprise,  
Trade and Employment*

## **Enterprise Ireland Mission**

To accelerate the development of world-class Irish companies to achieve strong positions in global markets resulting in increased national and regional prosperity.

Growth

## Chief Executive Officer Statement



At no other time has the future of the economy depended so heavily on the performance of indigenous companies. Structural and transformational change is taking place. Ireland's future success increasingly lies in the research, commercialisation, production and sale of higher value added products and services to worldwide markets. As Irish companies increasingly reposition to bring more sophisticated products, services and customer solutions to world markets, Enterprise Ireland is changing to proactively meet the needs of Irish companies. We will join with our clients to bridge their strengths to the markets of the future. Specifically, we will strongly support innovation and creativity within our client companies and work closely with them to achieve increased competitiveness and scale: we will focus on driving increased exports and support our clients to become leading suppliers of products and services internationally. One of the important factors in achieving these objectives is the development of the management capabilities and critical business and technology skills of our clients. Enterprise Ireland will work closely with partner agencies and the private sector to enhance our client's capabilities.

Over the last ten years dramatic changes have taken place in the composition of Irish exports. Ten years ago exports of software by indigenous companies amounted to €57 million. Last year exports in this sector reached €1.3 billion. Prepared consumer foods now account for exports of €600 million from a standing start only five years ago. Increasingly Irish companies through their ingenuity, creativity, knowledge and expertise in developing new products and services are securing major contracts in overseas markets.

We in Enterprise Ireland are changing also. In this context the agency undertook a wide ranging review of its strategy and objectives

informed by our clients, market research, the work of the Enterprise Strategy Group, the Inter-Departmental Implementation Group, Forfás, the Board of Enterprise Ireland, the Department of Enterprise, Trade and Employment and the Department of Foreign Affairs. The implementation of the Enterprise Strategy Group Action Plan is a key priority for Enterprise Ireland. The objective is to expedite the transformation of Irish companies into market focused and innovation driven businesses. Specific deliverables have been set out in terms of export growth, achieving substantially increased levels of applied research in Irish firms and driving entrepreneurship to deliver greater numbers of new high growth companies with strong export potential and increased employment opportunities to every region of the country. We will work to create the environment where a close working relationship between our clients and third level colleges becomes an integral part of the competitive strategy of our clients. We will be open to new ideas, the evolving needs of our clients and to new opportunities.

I wish to recognise the flexibility and ongoing hard work of Enterprise Ireland staff and in particular their proactive involvement in the development and implementation of this new strategy. We look forward to working with our clients on the next phase of Ireland's economic development. We will be relentless in our efforts to meet and exceed client expectations.

A handwritten signature in dark ink, appearing to read 'Frank Ryan'. The signature is stylized and fluid, with a long horizontal stroke at the end.

**Frank Ryan**  
*Chief Executive Officer*

vision



1

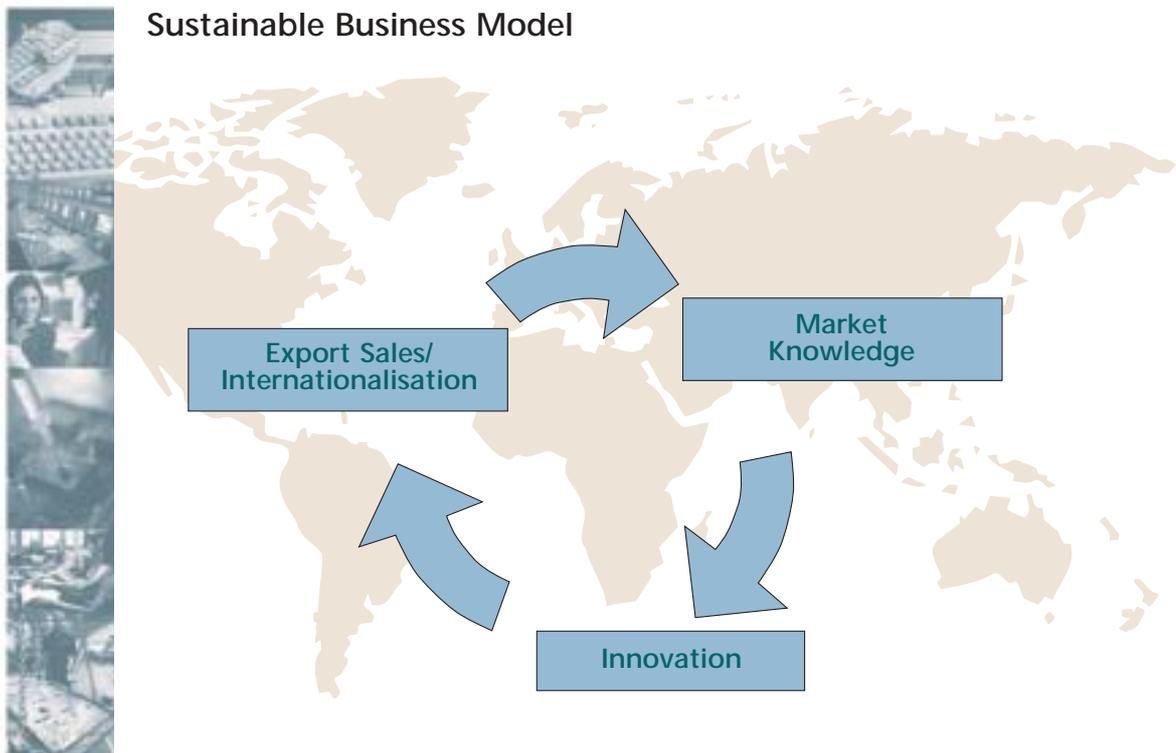
## New Business Environment

## 1.1 New Business Environment

Irish industry is at a crucial point in its economic development. Our clients now face new and different challenges. What is now needed is high value knowledge intensive activities that can support high value jobs and relatively high wage rates. The companies that provide these jobs are intensely market focused and innovative firms, providing new and sophisticated products and services at competitive international rates. Whole new sectors based on knowledge have emerged and continue to evolve, in software, consumer foods and lifesciences.

While Ireland has begun this journey future Irish economic success now lies in the research, commercialisation, production and sale of higher value-added products and services to worldwide markets.

To be successful in this new competitive environment all companies will have to embrace a new type of business model where market knowledge and innovation will increasingly determine success in export markets.



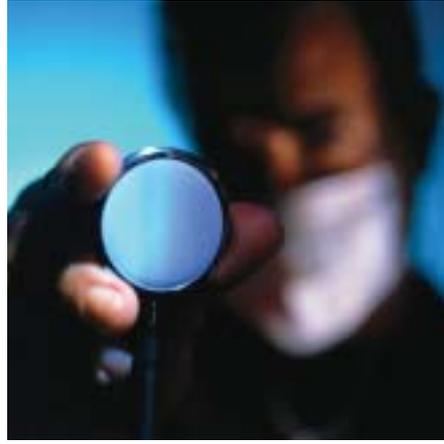
Growth in national and regional prosperity depends, now more than ever, on the performance of the indigenous sector. Transformational change is now required and Enterprise Ireland will be in the vanguard driving this change.

## 1.2 Our Vision of a Transformed Irish Enterprise Sector

- Being recognised globally as a **hotspot of new products** and processes, intensely market-focused and innovative businesses, and teams carrying out ground breaking market relevant research
- Being **strongly positioned in key niches** both in the emerging technology-driven sectors such as applied software and life sciences, and in knowledge-intensive segments of longer established sectors such as consumer foods, where significant opportunities for growth exist
- Having **world-class technology transfer mechanisms** and cultures that enable Irish-based companies to acquire and develop technology applications from third level institutions, research bodies and major firms both here and abroad
- Being **deeply integrated into world-wide networks** of companies including global corporations, large firms and small and medium enterprises (SMEs), through a range of relationships, alliances, partnerships, franchising, acquisitions and outsourcing
- Having a **cadre of large indigenous companies** which compete worldwide as significant players in their target global market segments
- Being recognised as **having highly skilled innovative and customer focussed management**, experienced in the **internationalisation of companies** and leading highly skilled and innovative workforces
- Having a significant and vibrant level of **collaborative research** being undertaken between **Irish based companies and third level institutions** based on **industry led agendas**
- Establishing a **significant presence in the Eurozone market** while continuing to grow the existing presence that many Irish companies already hold in the United Kingdom, the United States and Asian markets
- Operating in a **competitive, market-driven business environment** that provides world-class levels of infrastructural, financial, educational and sectoral supports to innovative businesses

The challenge for Enterprise Ireland and our clients is to **effectively develop** into an innovative, productive and scaled enterprise base, one that generates knowledge driven, high value added activities and incomes for Irish people.





## 1.3 Key Deliverables - Measuring Success

### Enterprise Ireland Targets and Impact Measures

- **€3 Billion New Export Sales** over the next three years
- Double to **1,050** the **Number of Firms Engaged in Meaningful<sup>1</sup> R&D** by 2010
- **Support the Creation of 210 New High Potential Start-Up (HPSU) Companies nationwide** (by year end 2007)
- **Drive Export Readiness by Implementing Productivity and Competitiveness Improvement Projects in 300+ firms** (by year end 2007)

The progress made in pursuing Enterprise Ireland's objectives, will be reported on through a range of specific operational targets to ensure that the impact of Enterprise Ireland's intervention is visible, measurable and comparable against the key organisational targets. Performance will be detailed in each subsequent Annual Report.

The overall aim of this strategy is: to transform Irish companies into market focused and innovation driven businesses across all regions and sectors; to increase their exports, sales and employment; and develop a highly competitive, self-sufficient, world-class industrial structure.

The outcome of Enterprise Ireland's overall strategy will be to maximise export sales through the **utilisation of applied research, technology and innovation while ensuring economic development is achieved in a regionally balanced manner**. Enterprise Ireland's strategy will continue to evolve to anticipate and meet the changing needs of our clients into the future.

<sup>1</sup>in excess of €100,000

## 1.4 Enterprise Ireland - Restructuring for Improved Delivery

In response to these challenges, staff throughout Enterprise Ireland both at home and overseas, are being repositioned and where appropriate supplemented, to better service the changing needs of our clients. The new strategy and future focus of the agency will assist key Irish industry groups to compete and grow by developing their capabilities in: **internationalisation; research, innovation and technology; competitiveness and management capability.**

Under the new organisational structure, new dedicated business divisions have been established internally to better match changing client and market requirements. These new business divisions provide specialist client support in the following areas:



All overseas offices now report to a centralised **International Sales and Partnering Division** where the staff are aligned on a sectoral basis with their counterparts in Ireland to enhance customer support and teamwork.

Research, technology and innovation supports will be applied and managed by the newly restructured **Applied Research and Commercialisation Division** to provide a comprehensive and focused approach to the essential technological and innovation needs of Irish based companies in collaboration with the research community.

The **Regions and Entrepreneurship Division** will support the development of all regions, implementing the Enterprise Ireland strategy in partnership with local agencies and unleashing entrepreneurial potential to maximise growth.

Competitiveness and productivity improvements are critical for our client companies to achieve sustained export growth. The new **Technology Automation and Productivity Division** will support client companies in the early adoption of best practice, automation, benchmarking, supply chain management and technology licensing to increase efficiencies, productivity and reduce time to market. Increased competitiveness is vital if more Irish firms are to outperform strong competition in overseas markets.

The **Client Management Development and Mentoring Division** will have the responsibility of providing human resource development initiatives that will equip our clients with the necessary skills and management capabilities to effectively steer and implement development strategies into the future.

All entrepreneurs establishing high export growth potential enterprises will be supported by a dedicated **High Potential Start-Up (HPSU) Division** which has the resources to work with these firms as they progress from start-up to the growth phase of their development.

The new **SME Scaling Division** will implement Enterprise Ireland's scaling strategy. The objective of this SME Scaling Division is to focus on intervention designed to accelerate the growth of Irish SME companies to scale<sup>2</sup>. We believe that the emergence of such a cohort of companies will have a significant positive impact on the growth of the Irish economy.

Enterprise Ireland's **Corporate Development and Human Resource Division along with the Corporate Services, Investment Services and Policy Division** will provide key supports to all of our divisions to ensure effective implementation of our strategy. Planning is also underway to enable the orderly decentralisation of Enterprise Ireland in due course.

Enterprise Ireland and its staff will lead by example. In this regard, the Agency has been re-configured, including the move from a *cellular to matrix* organisational structure, in order to better meet market requirements. Our client interaction is centred around service to clients that is

- Adaptable
- Innovative
- Responsive

Our new organisational structure, underpinned by ongoing training will

- Shift our focus and resources into the major growth opportunities that are emerging for our clients
- Sharpen our focus on our client companies so that they receive customised supports from our new specialist teams
- Increase the resources that we allocate to innovation and market access overseas
- Enhance the commercialisation and technology transfer mechanisms between colleges and companies
- Articulate and advocate client needs for improvements in the business environment in relation to costs, infrastructure, etc.
- Focus on enhancing the critical management, business and technology skills within our companies.

<sup>2</sup>Sales of €20 million or 250 employees.

## 1.5 Partnership Approach

Our future working relationship with key government departments (including Department of Enterprise, Trade & Employment, Department of Foreign Affairs, Department of Agriculture & Food, and the Department of Education and Science), industry representatives as well as other key state agencies (including Forfás, IDA Ireland, Science Foundation Ireland (SFI), Bord Bia, FÁS, Bord Iascaigh Mhara (BIM), Teagasc, InterTrade Ireland and county/regional bodies) will be characterised by an openness to co-operate and partner with these bodies to increase the effectiveness of Enterprise Ireland's interventions, to better address the needs of our clients and realise national objectives.

## 1.6 First Class Service - Adaptable - Innovative - Responsive

Enterprise Ireland's new organisational structure provides an enhanced service offering that is focused, proactive and efficient. Enterprise Ireland, as outlined in our recently published Client Charter, is committed to delivering a first class service to our clients. In order to deliver on this commitment a specialised group has been established and charged with creating initiatives to drive and improve our speed of response and client service as well as developing the efficiency of delivery to all of our stakeholders. In carrying out the Government's decision on decentralisation, our priority will be to maintain an excellent level of service.

New initiatives to further streamline our service offering are being implemented to provide ease of access and improved customer efficiency. Pilot initiatives enabling interactive online facilities for submitting and processing applications are underway for our new Productivity Improvement Fund and these facilities will be expanded to incorporate similar schemes over the coming months.

While substantial progress has been made to date, the work of this group will continue to ensure our clients receive the highest level of customer service.

### Enterprise Ireland Values

In supporting the strategy, Enterprise Ireland is formally launching our seven core values to staff and clients in 2005. The purpose of this initiative is to develop a positive business culture that will facilitate the achievement of the Enterprise Ireland mission. These values are:

**Core Value** - "Client Centred"

**Personal Values** - "Integrity, Innovation, Learning, Excellence"

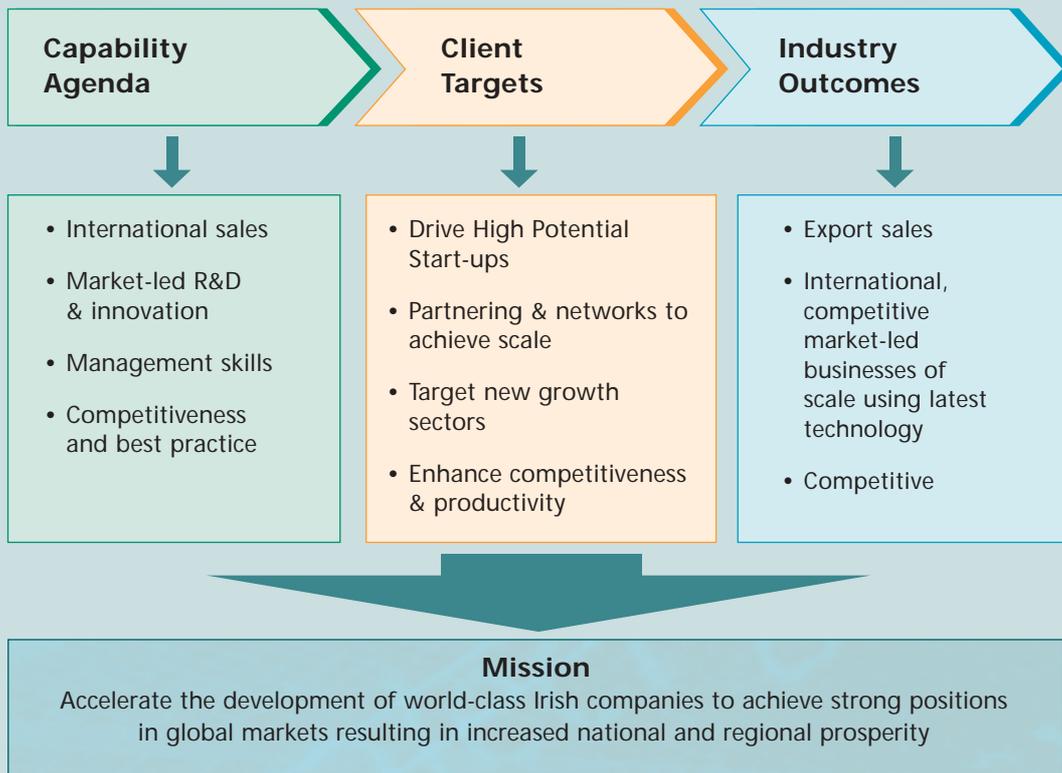
**Organisational Values** - "Proactive Leadership, Teamwork"



# 2

## Enterprise Ireland Strategy

## Enterprise Ireland Strategy Overview



### 2.1 Transforming Irish Industry

The performance of Irish industry will be increasingly important for the continued growth of the Irish economy and transformational change is needed over the next ten years to achieve the vision set out in section one. Consequently, in the short to medium term, client companies in a highly competitive global marketplace need to excel at

- Winning strong positions in global markets
- Developing unique innovative products
- Achieving the highest levels of international competitiveness
- Building strong world-class management teams with international sales capabilities
- Developing strong, durable relationships with their business partners based on mutual trust and a joint commitment to excellence

This will require a major change in the profile and performance of Irish industry.

## 2.2 Internationalisation and Export Growth

€3 Billion New Export Sales over the next three years

### Enterprise Ireland will

- Focus our international offices on helping clients to win sales in key target sectors and to establish market presence overseas
- Strengthen the international sales impact of client firms
- Develop and strengthen the sectoral and technical skills and knowledge of our overseas staff
- Build an international mentor network of external market experts
- Target global corporations for sales opportunities, strategic alliances and venture capital

Internationalisation of Irish firms is essential for the establishment of global players. Companies both large and small must increase export activity, investments and presence abroad.

Enterprise Ireland's International Sales and Partnering Division will help clients to compete for and win international sales and establish on-the-ground presences in overseas markets. Delivering quality sales and partnering opportunities for Irish companies in key sectors and markets remains a priority. This new division will also support existing clients and new start-up companies to achieve sales reference sites which are of particular importance.

## Enterprise Ireland International Network



We will continuously reposition our international office network to ensure that our resources are available to clients where and when they need them most.

In pursuing the objective of internationalisation within our strategy we will work closely with the Bilateral Trade Promotion Unit within the Department of Enterprise, Trade and Employment and the Department of Foreign Affairs.

Enterprise Ireland's **Internationalisation Strategy** is designed to

- Identify and develop market opportunities relevant to specific client sub-sectoral groups, strengthen our overseas sectoral and technical knowledge and expertise, build an international network of external market experts, expand and intensify our relationships with buyers and reorganise our international network to better meet the needs of our clients.
- Address the existing sales and marketing skills gaps, provide high grade, actionable market intelligence.
- Target global corporations as investors and partners for Irish firms, seeking out sales opportunities, strategic alliances and venture capital.
- Work intensively with clients to enable them to assess their export readiness, to strengthen their knowledge of customers and markets and organise to win new business. Assist clients to correctly position and promote their products/services in international markets.
- Provide advice and in-market assistance to clients seeking to internationalise linking them where appropriate to local technical, legal and financial expertise. Facilitate the establishment of a permanent presence in export markets through the provision of overseas incubator facilities.



## 2.3 Industry Led Research and Innovation

By 2010, Enterprise Ireland will

- Double to 1,050 the number of firms engaged in meaningful<sup>3</sup> R&D.
- Increase three fold, to over 100, the number of indigenous enterprises performing significant R&D<sup>4</sup>.

### Enterprise Ireland will

- Drive **in-company R&D activity** to higher and sustained levels
- Enable **industry led technology collaboration** between companies and colleges
- Pilot the development of **Technology Centres** linked to third level focused on working with industry on medium term research and technology issues
- Fund, on a pilot basis, **Industry Led Cluster Based Research** agendas
- **Maximise the commercialisation opportunities** for industry arising from publicly funded research in third level institutions/hospitals
- Work closely with **Institutes of Technology** and relevant **Universities** to strengthen their ability to **support industry at regional level**
- Facilitate the **participation of Irish enterprise in international science and technology initiatives** such as the EU Framework Programme

Effectively and creatively using technology and having the ability to develop innovative products and services will be the drivers of future success for Enterprise Ireland's client companies. Our clients will place the use and commercialisation of knowledge at the heart of business strategy. The Applied Research and Commercialisation Division will work with the research community and other state agencies to apply our expertise and experience, our regional and international presence in conjunction with our funding offer, to turn research potential into commercial reality.

### R&D within Enterprises

Enterprise Ireland will strive to promote the R&D 'message' to client companies across Ireland regardless of size and R&D activity levels. Working with company management in Ireland we will provide tailored assistance to enterprise to build in-house R&D operations and to undertake key R&D projects through **R&D Initiatives** and the **RTI Scheme**. We will continue to enhance the flow of business start-ups from the research community.

### Technology Collaboration Based on Enterprise Needs

R&D collaboration between companies and with the wider research community will constitute a critical component of future business success. While our focus is on indigenous industry we will be particularly concerned with building R&D and commercialisation interactions between firms (regardless of size and ownership) and third level institutions and research bodies. With this in mind we will work in close collaboration with other relevant state agencies especially IDA and SFI and we will work proactively to foster collaboration by developing a flexible yet consistent approach based on clearly identified enterprise needs and driven by enterprise on-going involvement.

<sup>3</sup>in excess of €100,000

<sup>4</sup>in excess of €2 million

The ***Innovation Partnership Initiative***<sup>5</sup> will be invaluable in making connections necessary for collaboration between enterprise and the research community. A new initiative to provide for more complex and long-term research relationships between companies and colleges through the formulation of ***Cluster Based Research Agendas*** is currently being piloted.

### **Commercialising Research**

Enterprise Ireland is committed to getting commercially viable technology out of the research environment and into the marketplace. This will be achieved through enabling a flow of technology, ideas and skills from the research community to business start-ups and established industry players. We will deliver comprehensive financial and specialist advisory supports through our on-campus specialists and through Enterprise Ireland's Intellectual Property and Commercialisation resources.

### **Technology Collaboration Centres**

We will also work, in collaboration with other relevant agencies to develop technology collaboration centres, strongly linked to Universities and Institutes of Technology. The mission of these centres will be focussed on working in collaboration with industry on research issues of medium term interest to Irish based industry and providing improved access to technology solutions.

### **Regional Innovation**

We will work actively with Institutes of Technology and relevant Universities to strengthen their ability to support the development of industry at regional level through investment in research initiatives working to regionally relevant industry agendas and structures to facilitate close interaction with industry.

### **International Technology Collaboration**

Enterprise Ireland will continue to work proactively with companies in Ireland ensuring their full participation in international initiatives such as the European Framework Programme, EUREKA and the European Space Agency. Our overseas office network will work to maximise relationships between Irish companies and the corporate headquarters of major international corporations and to identify and access appropriate research currently underway around the world.



<sup>5</sup>The Innovation Partnerships Initiative can provide financial support to encourage your company to undertake research projects with Irish universities and institutes of technology.

## 2.4 Regional Development and Entrepreneurship

### Enterprise Ireland will

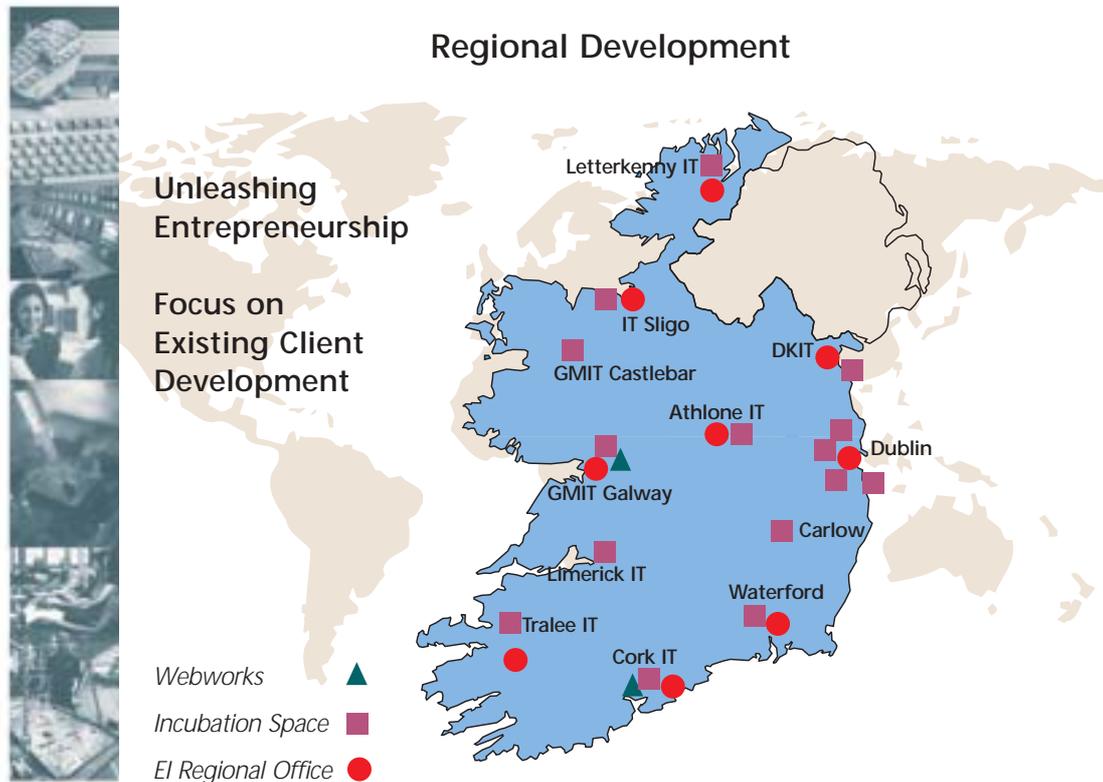
- Support systematically the development of entrepreneurship in the regions through our assistance to, and collaboration with, local authorities, third level institutions, and the regional development structures and bodies - CEBs, BICs, CECs, CDBs, FÁS
- Enterprise Ireland will work with the Department of Enterprise, Trade and Employment to implement the Government decision on setting up a CEB co-ordination unit to bring greater cohesion to the strategic and operational activities of both agencies
- Introduce a new support initiative to prospective entrepreneurs - Enterprise Start - to augment our existing offer in the regions
- Work with the Universities and Institutes of Technology to maximise collaboration between industry and academia to develop clusters of high technology companies in the regions
- Encourage Irish expatriates and managers of Irish and multinational companies in Ireland and overseas to support the generation of spin-offs and start-ups
- Deliver First Time Exporter workshops followed by market visits for all prospective new exporters throughout the regions
- Further develop regionally focused Seed & Venture Capital Funds to augment the resources available to regionally based clients

Enterprise Ireland clients in established and emerging sectors contribute greatly to their regions. In urban centres and rural communities the entrepreneurial spirit that drives national economic growth is becoming more and more apparent. Encouraging and supporting entrepreneurs and businesses along all stages of the business development process is at the heart of Enterprise Ireland's strategy to ensure that prosperity and development is realised throughout the entire state.

Our dedicated High Potential Start-Up Division will deliver tailored regional support to assist entrepreneurs to establish new high growth businesses, actively supporting them throughout the challenging early stages of business development and growth.

### Developing our Existing Client Offer

Enterprise Ireland is also committed to developing existing established clients in the regions. Client companies will benefit from our new structure that will support their continued strategic development by ensuring technological innovation, research and development, productivity improvements and links to international markets are accessible and relevant to their needs.



### Regional Infrastructure and Supports

Establishing essential business and technology infrastructure continues to be a priority for Enterprise Ireland and our regional partners. Significant strides have been made to date to put in place enterprise space, third level enterprise incubation facilities and specialised staff to further the development of new businesses. Maximising the utilisation and return from these investments will be central to driving regional growth.

The Enterprise Ireland regional network will play a pivotal role in promoting and implementing the overall strategy, informing clients of the range of support structures available to fully realise the growth potential of regionally based enterprise. This will be achieved in partnership with regional players including local authorities, third level institutions, County/City Enterprise Boards (CEBs), Business Innovation Centres (BICs), Community Enterprise Centres (CECs), County Development Boards (CDBs) and FÁS.

A review of Enterprise Ireland's regional strategy is currently underway in order to better ascertain the impact of our activities under each of our existing regional initiatives. The outcome of the review, due in 2005, will drive the development of Enterprise Ireland's new Regional Strategy in order to better tailor future activities where greater additionality can be achieved. This review of regional strategy is being undertaken at the request of the Department of Enterprise, Trade and Employment.

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Implementation -  
Company Development  
from Start-Up  
to Global Enterprises



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## 3.1 Sectoral Approach

### Enterprise Ireland will

- Work intensively with individual companies and sectoral groups to exploit market growth opportunities
- Organise client fora to identify and drive sectoral development agendas
- Join with industry partners to highlight the importance of innovation and increased productivity to SMEs nationwide
- Use sectoral fora to ensure that Enterprise Ireland trade missions and trade fairs continue to meet client needs

Enterprise Ireland's organisational structure will drive the implementation of our new strategy. Under this structure Enterprise Ireland clients will now be clustered based on the end market that they serve. Three new major Sectoral Divisions have been established namely:

#### • Food and Retail Consumer Markets

The food industry is a major priority for Enterprise Ireland, given its scale and impact on the economy. Its potential for growth is considerable. This is an industry that is in transition, with new sectors emerging that reflect lifestyle changes and consumer trends, particularly in relation to health and wellness. Innovation, market-led products and higher value products are the key requirements for companies that want to be part of this growth cycle. We will continue to work closely with the Department of Agriculture and Food, Bord Iascaigh Mhara (BIM), Bord Bia, and Teagasc in meeting the needs of our clients. We will work with our clients in the Retail Consumer Markets to develop strong internationally branded propositions in selected markets overseas e.g. fashion and furniture in Northern Europe and giftware in North America and additional targeted markets.

#### • Software, Services and Emerging Sectors

Software, Services and Emerging Sectors Division is focused on companies targeting global software markets in Financial Services, Public Sector, eLearning, Telecommunications, eCommerce, Digital Media, Middleware and Tools as well as key services markets including Education and Financial. It is also responsible for the identification of opportunities in emerging sectors.

In addition to working with individual companies, a key priority for the division is to develop a strong partnership with industry to realise overall targets for sector/cluster development. Joint initiatives to develop sector specific strategies and agendas, will be accompanied by a tailored programme of activities in sales, marketing, research and development, competitiveness and management development, designed to support the on-going development and success of our client companies.

### • Industrial and Lifesciences Markets

In partnership with our client companies in the Industrial and Lifesciences sectors Enterprise Ireland will underpin its overall corporate strategy by a clear focus on

- Driving the expansion of export sales in the new emerging markets of medical devices, biotechnology, biopharma, optoelectronics and nanotechnology as well as in target segments of the traditional markets of construction, print and packaging, engineering, electronics and environmental services
- Exploiting technology and innovation opportunities through an industry driven research agenda resulting in a significant increase in the number of client companies becoming research-driven key players in international markets
- Building strategic management skills at senior level in client companies to drive the long-term competitiveness of these industrial sectors

Supports will be provided on an individual and group or cluster basis. Specifically this will mean more proactive and intensive use of sectoral and group interventions to jointly agree priorities and sectoral development agendas.

Enterprise Ireland's client offering will provide a holistic approach to business development addressing all elements of the *Business Development Model*<sup>6</sup>. Enterprise Ireland will agree targets and deliverables with clients, linked to each support to allow for effective monitoring and evaluation to ensure that decisions on investments and projects are maximised.

### Industry-Directed Networks

During 2005 Enterprise Ireland will bring forward proposals on supports for business-directed networks to further enable the development of regional and sectoral agendas. Proposals will be evaluated based on their ability to address specific needs and objectives of the network members and the additionalities that can be achieved through an industry-directed approach. In developing our proposal Enterprise Ireland will liaise with other state agencies as appropriate and InterTrade Ireland where the possibility exists for networks that will deliver benefits of an all island dimension.



<sup>6</sup> The Business Development Model approach, as set out in the Enterprise Ireland Policy, underlies interaction between Enterprise Ireland and client companies, ensuring that the strategic development of client companies assesses needs in a holistic manner by evaluating company requirements in Finance, R&D, Human Resource, Production and Marketing.

## 3.2 High Potential Start-Ups

**Support the Creation of 210 New High Potential Start-up (HPSU) Companies nationwide by year end 2007**

### Enterprise Ireland will

- Deepen support for and engagement with start-ups during the initial phase to accelerate their growth later
- Help to build management capability through skills audits, mentoring and advice
- Directly finance and lever third party finance by further developing Enterprise Ireland supported seed and venture funds, so that their contribution to the creation and building of strong businesses embedded in Ireland is maximised
- Use the Enterprise Ireland overseas network at an early stage to provide intensive assistance to assist companies achieve their first sale reference site, thereby accelerating their route to market
- Provide these new, high potential start-up companies with advice on evaluating and developing new business concepts and introductions to potential business partners

Stimulating the establishment of new High Potential Start-Ups with an export focus and supporting and driving their establishment, growth and development is central to Enterprise Ireland's strategy for the continued development of Irish industry. Our approach going forward will be two-pronged:

- Stimulating and supporting an increased number of start-ups with high growth potential, particularly in regions outside of Dublin, and improving the quality and sustainability of these start-ups.
- Working intensively with start-ups with high growth potential to help them access and build export business and achieve scale in their target market.

Enterprise Ireland has established a dedicated High Potential Start-up Division to build the number and quality of High Potential Start-Ups and maximise the number of these start-ups that achieve sustained growth in export markets.

The biggest single source of entrepreneurs is existing business, both Irish and foreign owned. In recent years an increasing number of entrepreneurs have originated from Irish owned businesses and now exceed those from foreign owned, demonstrating the positive disposition towards innovation and creativity in Irish owned businesses. Another important factor is the emergence of the serial or repeat entrepreneur as many new businesses are now started with the involvement of those that have proven track records as successful entrepreneurs.



### 3.3 Developing Companies to Scale

#### Driving Irish Companies beyond the €20 million Threshold

##### Enterprise Ireland will

- Work in partnership with eligible client companies to maximise growth opportunities that will create a cadre of sustainable indigenous companies of global scale and significance
- Agree a growth strategy for each company
- Build relationships with large global corporations in key areas of procurement, venture investments and research and development, so that we can seek out and develop opportunities for Irish business
- Develop the strategic and acquisition skills of managements so that they can handle the complex transition to companies of global scale and significance
- Develop a range of business mentors with global business experience who can assist businesses and managements going through the transition to scale
- Develop and facilitate global selling and marketing experience and expertise within growth SMEs

While it is recognised that start-ups have been buoyant over the past number of years, there has been a relatively small number of companies which have achieved scale i.e. sales of €20 million.

Enterprise Ireland aims to tackle this issue head on. The newly established SME Scaling Division has been specifically formed to facilitate the growth of Irish companies to a scale capable of competing more aggressively in international markets. This will be achieved through dedicated teams working in partnership with clients.

Our objective is to focus resources on interventions designed to accelerate the growth of client companies to scale.

Such high potential growth firms select themselves by having achieved a sustainable platform for further international growth and have the ambition to grow in a major way over the next three to five years. Criteria for identifying such companies will target businesses that typically have

- Achieved circa €5m export sales and approximately 50 employees
- 5 years experience as commercially trading entities
- A structured management team that is ambitious and committed to growing significantly internationally
- An ambition to at least double in scale over the next 5 years

The aim will be to assist an increasing number of client companies that meet the criteria for scaling to achieve annual sales of greater than €20m worldwide while maintaining headquarters and a substantial presence in Ireland.

Enterprise Ireland will work with potential scale companies on the basis of an Implementation Partner approach. This will involve Enterprise Ireland identifying jointly with clients the obstacles to achieving scale and agreeing on a programme of both separate and joint actions, with a schedule of specific milestones, to achieve scaled sales targets.

The emergence of a large group of Irish international midsize businesses will fundamentally change the nature of our economy. Over time, the Irish economy will become characterised and driven by a range of self-sufficient international companies of scale.

Experience has shown that many successful Irish SMEs become attractive acquisition targets for foreign multinationals. Enterprise Ireland will work closely with growth companies to explore alternatives to trade sales including refinancing strategies, IPOs, mergers and strategic alliances.



Value	Change %
3,006.62	38.97 ▲
2,649.71	33.35 ▲
807.90	2.93 ▲
10,744.54	96.03 ▲
1,367.40	13.28 ▲
626.42	4.70 ▲
11.22	0.49 ▼



## 3.4 Enhancing Management Capabilities

### Building critical business and technology skills in client companies

#### Enterprise Ireland will

- Focus on building the management and executive competencies in our client companies that are critical to their success in export markets
- Introduce a new specialist service which will enable companies to assess their current and future required competencies in their sectors
- Put in place action plans to build management teams to the required levels - this will include supports for the recruitment of new talent along with building the current capabilities within the firms
- Work in partnership with FÁS, third level institutions and training providers
- Develop a new international mentor network across our main markets and continue to build the existing mentor network in Ireland
- Enable clients access to our specialist market information services and databases - through our "Client Knowledge Services" unit

#### Management and strategic development

For Irish companies to compete successfully in the international marketplace they need world-class management teams, with strong international sales capabilities and critical business and technology skills. Investment in this area becomes more important as the demands of the marketplace evolve and become more competitive. The Client Management Development and Mentoring Division will work with industry partners to identify and develop the key management capabilities and the critical workforce skills that are required. The key areas of focus include management skills, sales and marketing skills and technology and innovation skills.

#### International Sales and Marketing

Of particular importance to our exporting success are the sales and marketing capabilities within our client companies. Enterprise Ireland will expand the supply of future professionals in this area through the continued provision of learning and placement opportunities for newly qualified graduates as well as specified in-company training.

#### International Sales and Marketing Pilot Programme

In order to directly address the importance of international sales and marketing skill sets to client companies to achieve global export sales, Enterprise Ireland during 2005, will bring forward proposals on a joint pilot initiative with FÁS specifically designed to increase international sales and marketing skills within Irish firms. This pilot is being developed in consultation with our clients and will determine the direction and focus of future schemes.

## 3.5 Competitiveness and Productivity

### Major New Initiative to Drive Competitiveness and Productivity

#### Implement Competitiveness and Productivity Improvement Projects in 300+ firms by year end 2007

##### Enterprise Ireland will

- Extensively use its benchmarking service to encourage clients to think about change and monitor progress
- Introduce a **New Productivity Improvement Fund** to increase competitiveness through technology and training
- Roll out the **TechSearch initiative** to assist clients identify new technology acquisition opportunities
- Offer a holistic supply chain capability building measure through the **Supply Chain Management (SCM) Initiative**
- Increase client access to world-class expertise in automation and productivity related issues

Building competitiveness has become a priority in the face of growing international competition. In an ever increasing global competitive environment Irish firms face challenges and must re-evaluate their business strategies to remain competitive. Under the new strategy Enterprise Ireland clients will be offered a range of supports of strategic importance as alternatives to outsourcing including, automation, up-skilling and product and process development. As a result we will assist our clients to increase their exports, sales and employment, and develop a more competitive and self-sufficient industrial structure.

##### Productivity Improvement Fund

Enterprise Ireland's **Productivity Improvement Fund** will support eligible SME client projects on a competitive tendering basis to ensure that the best projects are funded. It will enable firms adopt advanced technology and focus on skill developments to improve their competitive position by increasing the company's gross output, value added and exports while providing new employment or securing existing employment. It is intended that through this support a sustainable improvement in productivity will be embedded in the recipient companies thereby increasing exports or establishing a base from which they can develop their exports. Activities covered by the fund include

- Technology Acquisition
- Management and Staff Training
- Capital Investment, in Machinery/Automation Equipment

## Supply Chain Management (SCM) Initiative

The Technology, Automation and Productivity Division will take a leadership role in promoting supply chain best practice as a key driver for productivity improvement and competitive advantage.

As part of Enterprise Ireland's new strategy a holistic supply chain management building measure in line with current best practice is being established. The **Supply Chain Management (SCM) Initiative** will incorporate and refocus existing initiatives, including the Supplier Development Programme (SDP) and World Class Logistics (WCL) and World Class Manufacturing (WCM) Programmes. The objective is to improve a company's best practice performance in the following areas:

Partnership/Relationships	E-Business Enablement
Procurement Efficiency	Quality and Standards Management
Transport/Warehousing	Inventory/Planning/Forecasting

Training validation and accreditation to appropriate standards including training certification will play an important role in measuring the progress of this initiative.

## TechSearch

Productivity and competitiveness improvements in firms result from product and process developments. Adopting and incorporating external technologies can have a positive impact on the firm in a relatively short timeframe.

As a result, there is an increasing emphasis on the role of technologies developed outside the company. Companies that license-in technology, in addition or as an alternative to R&D, increase their potential to develop their products and deliver these products to market in a shorter timeframe.

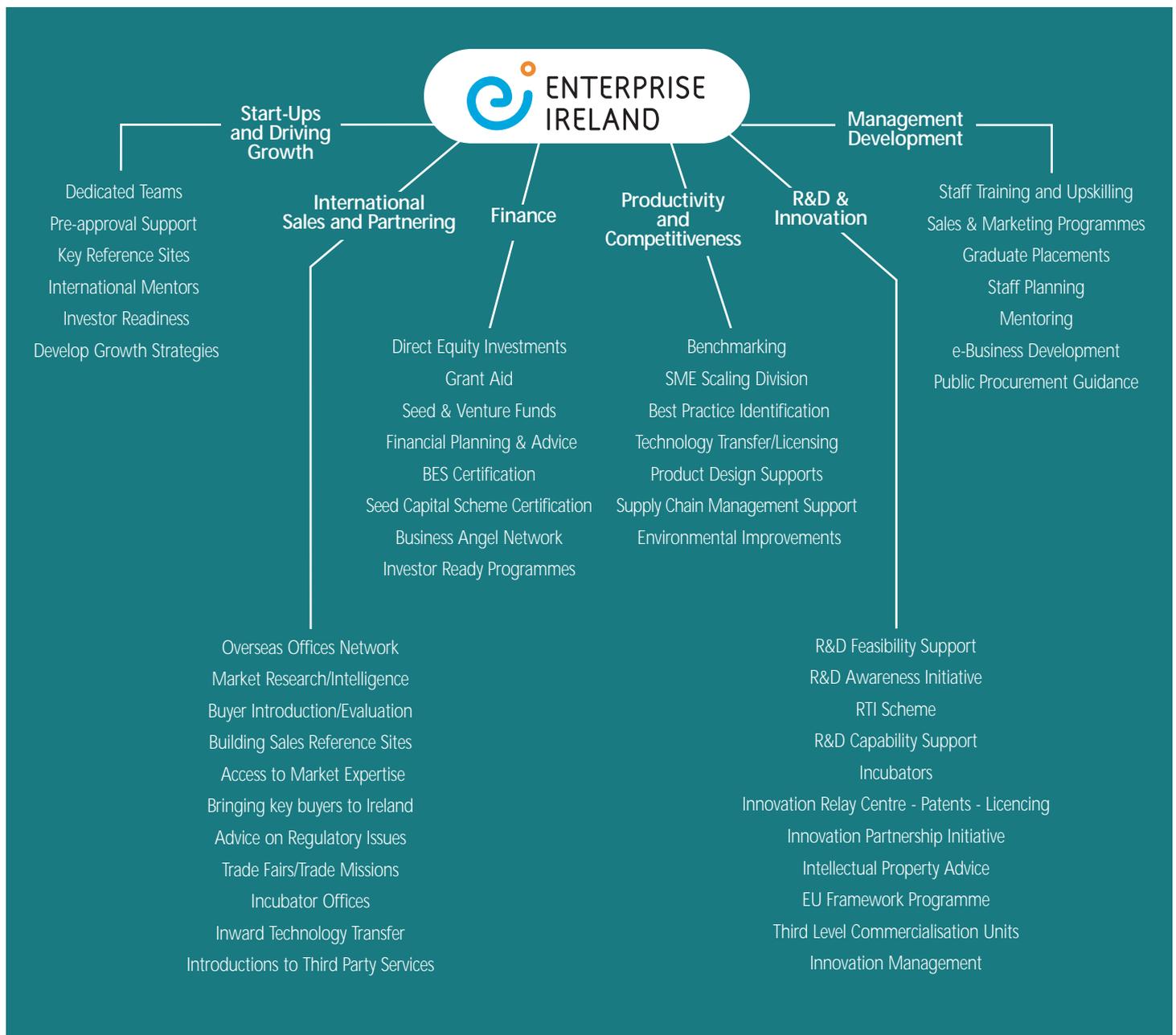
Enterprise Ireland's Technology Transfer service **TechSearch** has been redesigned and will support companies to, specify, identify, locate and acquire technologies external to the company that are not readily available from commercial sources. The source of these technologies will include international companies and research centres.



### 3.6 Enterprise Ireland Support - A Holistic Business Creation and Development Package

Starting up global businesses, developing innovative products and processes, achieving competitiveness and productivity improvement, implementing expansion projects and growing overseas through effective internationalisation are highly resource-intensive activities.

Enterprise Ireland's new strategy offers Irish companies a complete business creation and development package. Advice and strategic development services combined with financial support will enable clients to **Transform Irish Industry** - clients will effectively implement and realise key growth projects and develop their critical capabilities all of which are central to their growth and development, driving the achievement of sustained national economic growth.





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