



Innovation Growth Lab Global Conference 2017

by **nesta**

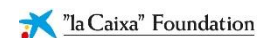
13-14 June 2017
Barcelona

 @IGLGlobal | #IGL2017

 IGL2017 | IGL2017

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Innovation Growth Lab Global Conference 2017

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13-14 June 2017
Barcelona

Reaching high impact businesses and
entrepreneurs

Policy & Practice Learning Lab
Session C1



IGL2017 | IGL2017



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Introduction

Workshop Objectives

- Explore dimensions on which entrepreneurship and business growth adds 'value'
- Consider what this means for policy targets and approaches
- Find something new

Workshop Structure

Introduction and context	14:00 – 14:10
1) What should policy makers value? <ul style="list-style-type: none">• Presentation• Group discussion	14:10 – 14:35
2) What does this mean for who to target? <ul style="list-style-type: none">• Presentation• Group discussion	14:35 – 15:00
3) What policy approaches could be used? <ul style="list-style-type: none">• Presentation• Group discussion	15:00 – 15:25
4) Wrap-up	15:25 – 15:30

**What is high growth
entrepreneurship?**

High Growth

- OECD and Eurostat definition of high growth firm

“enterprises with 10 or more employees in the beginning of the observation period with average annualised growth in employment (or turnover) greater than 20% over a three year period”



This is a small but important group...



Nesta Working Paper No. 16/03

Firm growth dynamics across countries: Evidence from a new database

Albert Bravo-Biosca

4.5% of surviving firms with 10 or more employees, 40% of all jobs created



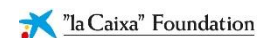
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COTEC



...making a large contribution in each country examined



How should we value the economic impact of entrepreneurship and business growth?

Section 1

What are policy interventions trying to achieve?



Increase economic growth



Equitable outcomes



Environment and well-being

Is focusing on the fastest growing businesses sufficient to achieve all of these?



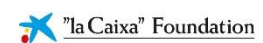
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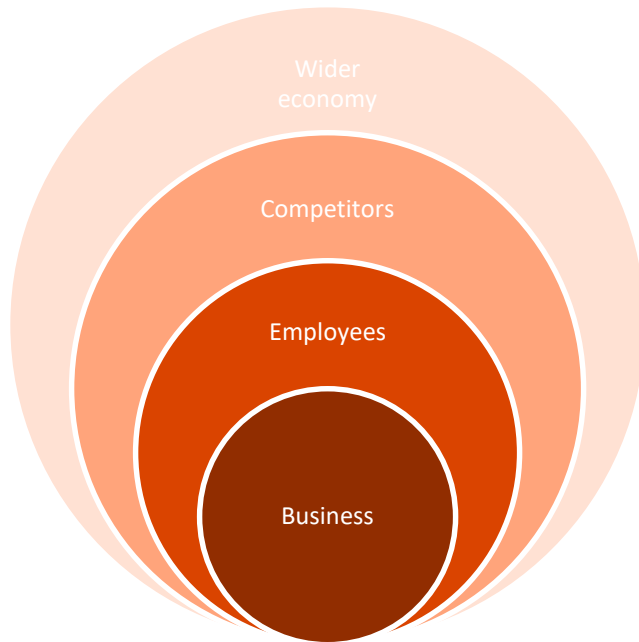
COTEC



What could we miss by focusing on HGFs?

- Reallocation of resources – depending on the source of HGFs and prevailing distortions
- Spillovers or externalities – specific technologies or sector/geographic dynamics
- Other equitable outcomes

Externalities



- **Negative Externalities**
 - Economic displacement and churn
 - How much growth is increasing market power or anti competitive
- **Positive Externalities**
 - Innovation spillovers
 - Regional development
 - Multipliers
 - Local demand
 - Supply chains
 - Social inclusion
 - Value of more equitable outcomes
 - Economic output from boosting labour supply

If not employment and turnover then what?

- Productivity
 - To what extent is the business becoming more productive (within) and its growth putting resources to more effective use (between)
- Innovation or research commercialization
 - Is growth based on novel new products and processes
 - Commercialisation of research
- Development of supply chains or linkages
- Increase the tax base
- Quality of employment
 - Earnings (absolute and relative)
 - Skills and training
 - Security/working conditions





A SOCIAL INNOVATION LENS

Social Innovation:

”Innovations that are both social in their ends and in their means”

EU Commission (2010).



Social Innovation

Develops a more inclusive economy, which everyone can benefit from

An inclusive economy:

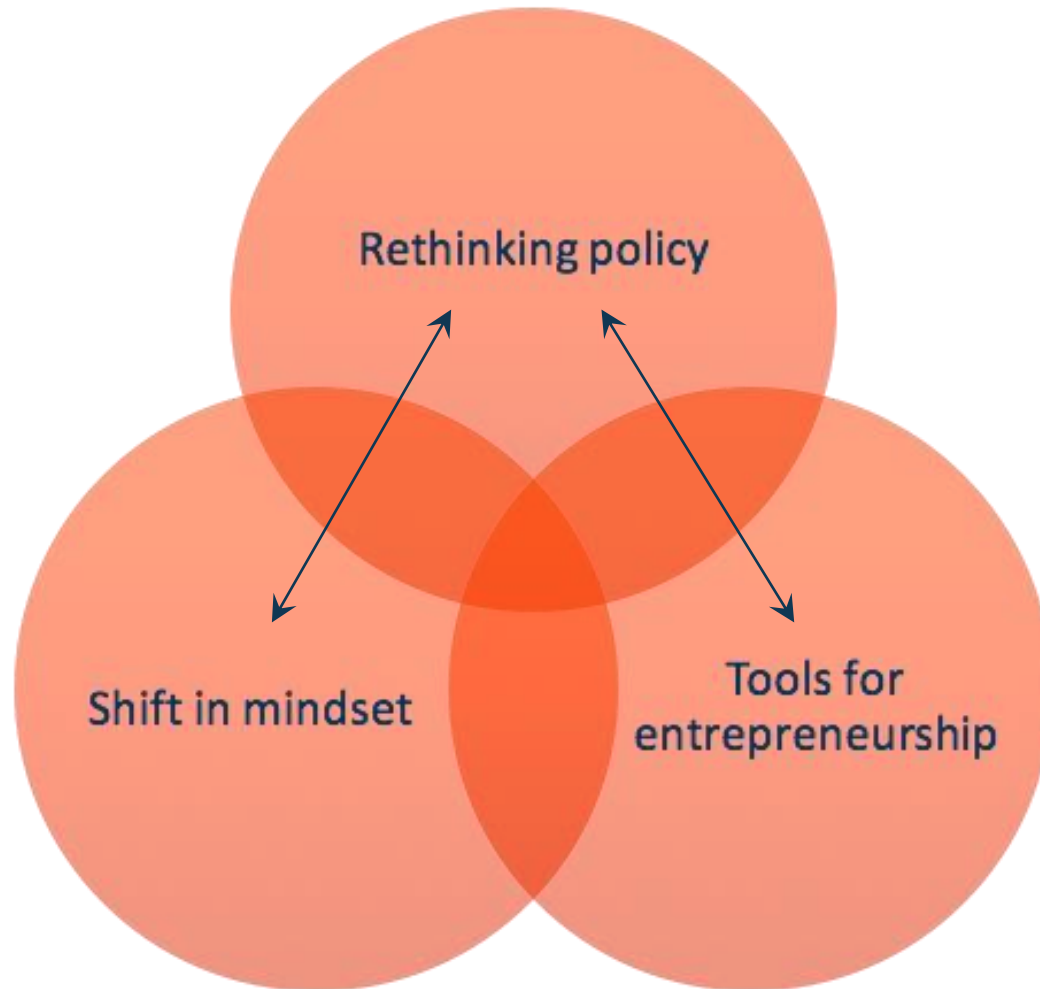
Involve, reach and empower individuals who otherwise were 'lost' in the system

Foster more long-term sustainable solutions

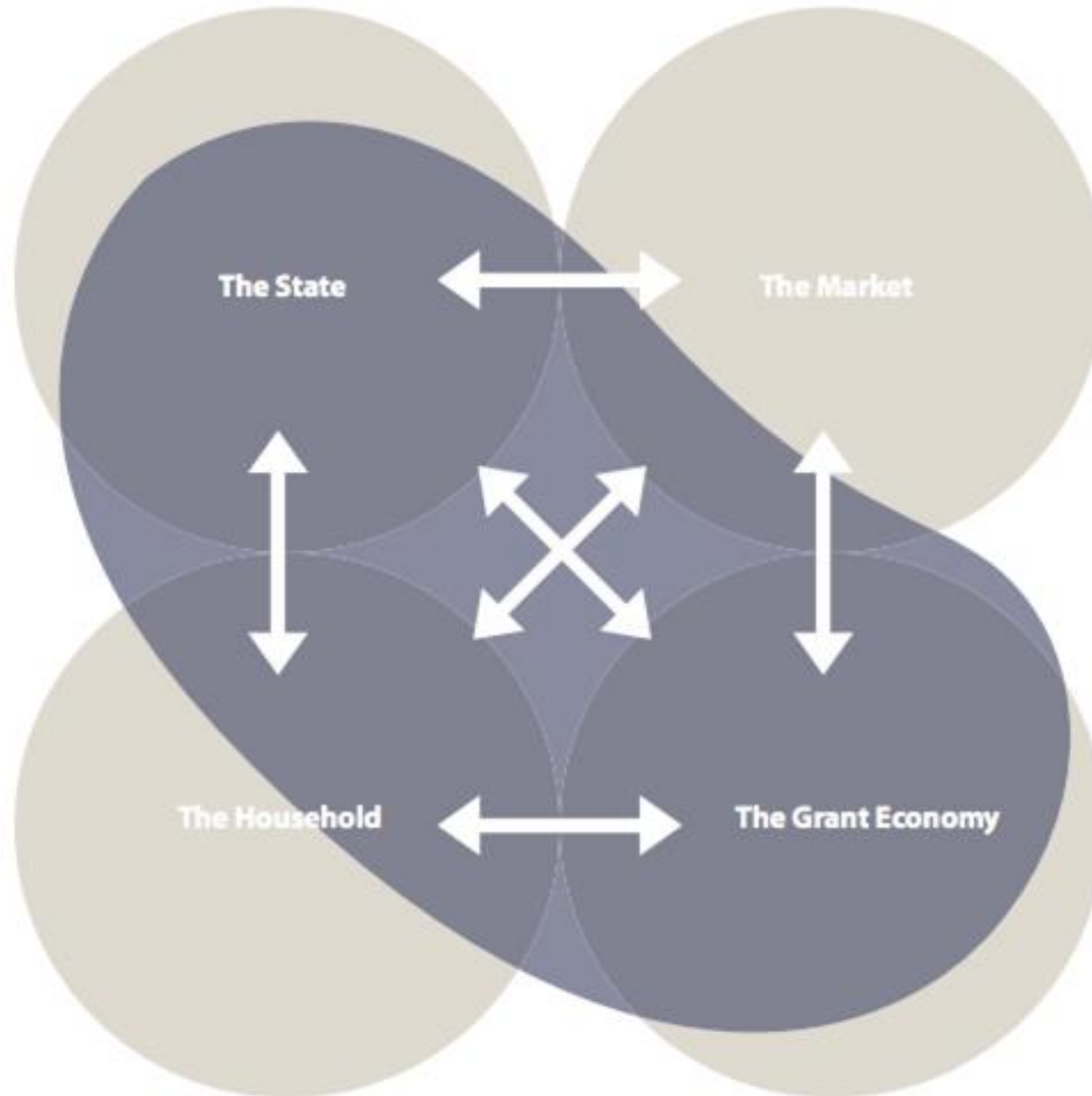
Serve as a bridge between enterprises and governments

How do we embed and
benefit from this value?

What does it take to accelerate an inclusive economy?



Public value - a matter of societal collaboration?



New Nordic School in Denmark: Co-creating public policy



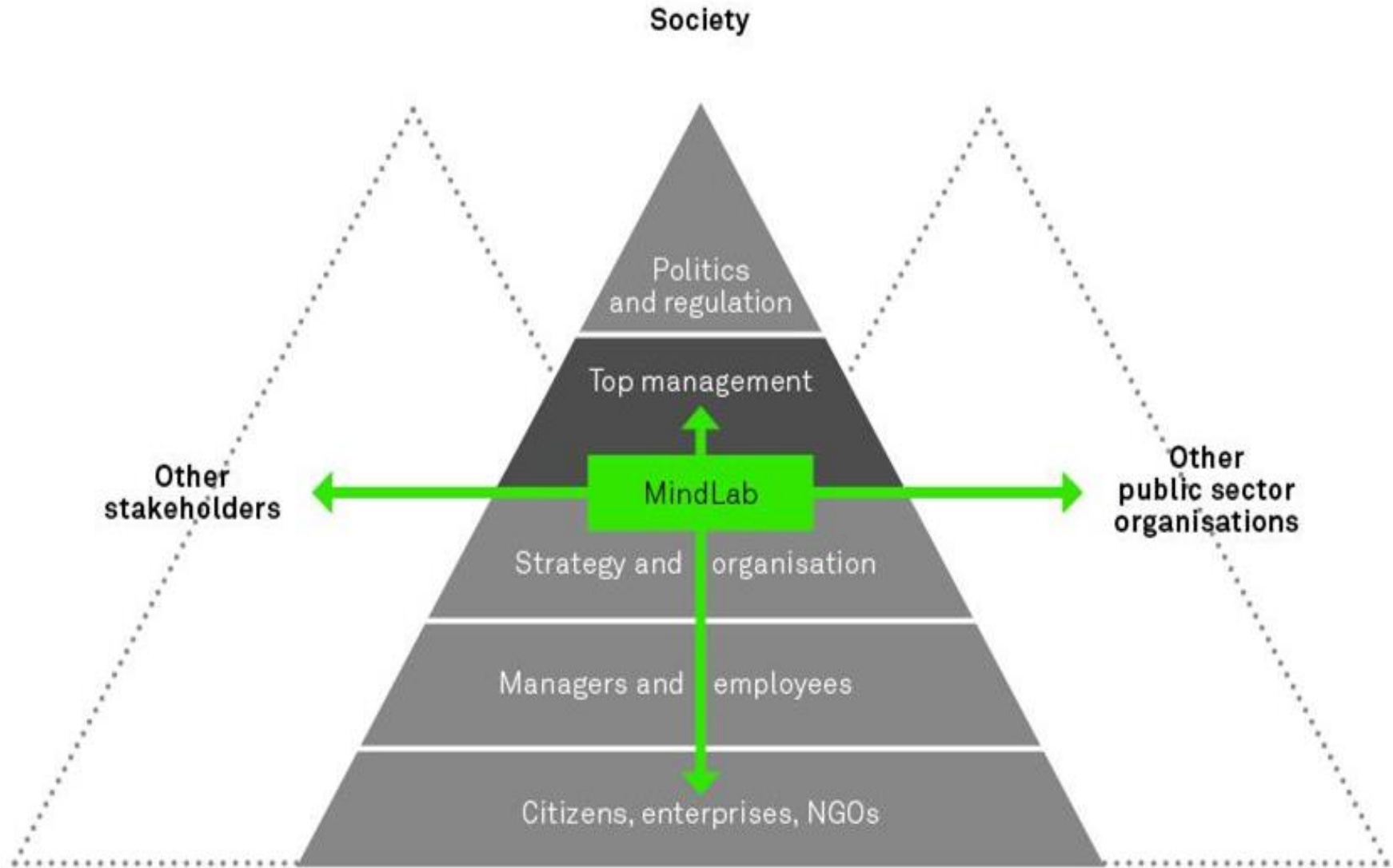
Features and values in a more systematic approach

- Practical responses to immediate local needs or experience
- Bottom-up development
- Local knowledge and ideas
- Co-productive and collaborative
- Peer-to-peer networks
- New kinds of professional roles and expertise
- Centralized decentralization – new role of government

A more systematic process - *with* and not *for* people

- Broader scope of **people** [citizens+]
- New mode of **knowledge** [qualitative, first-hand]
- Different kind of **process** [design-driven, iterative]
- New kinds of public service systems [human-centred, co-productive]

A governmental culture for social innovation?



Environmental management + social innovation → saving cost increasing profit in the public sector

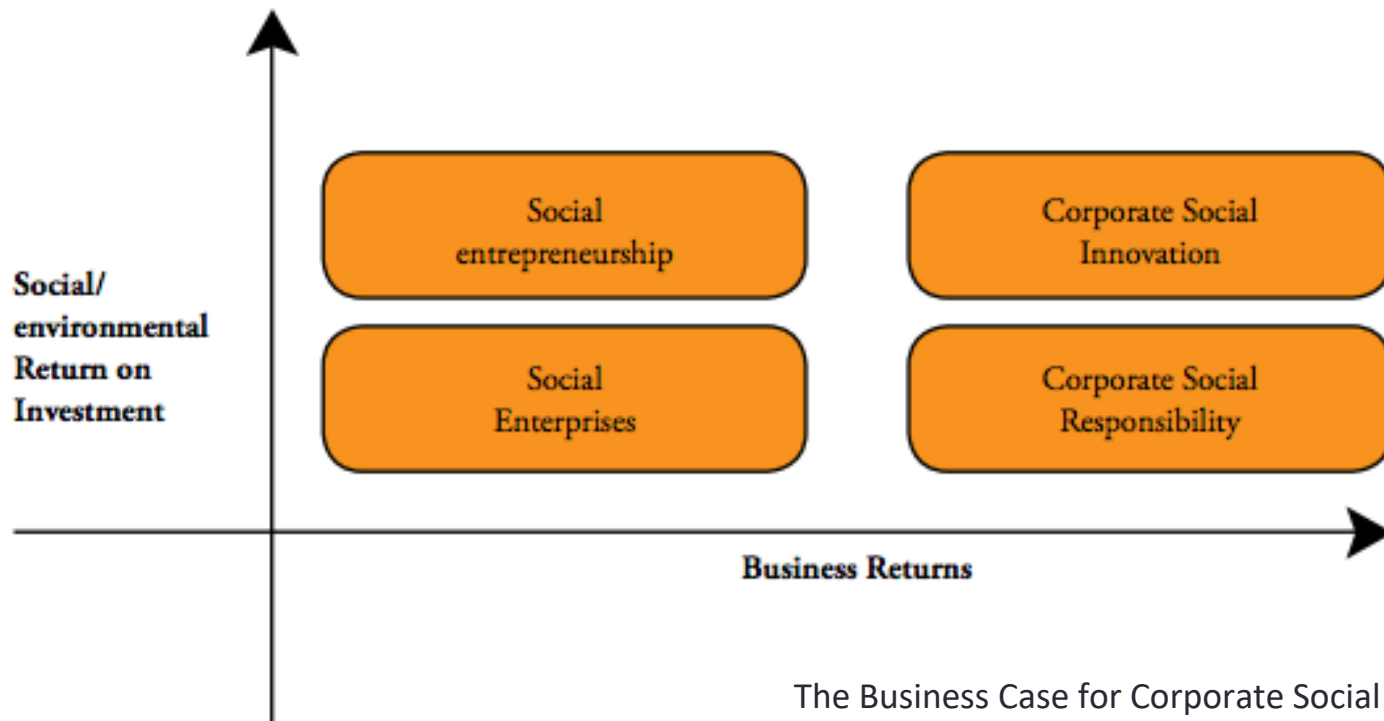


LINEAR ECONOMY



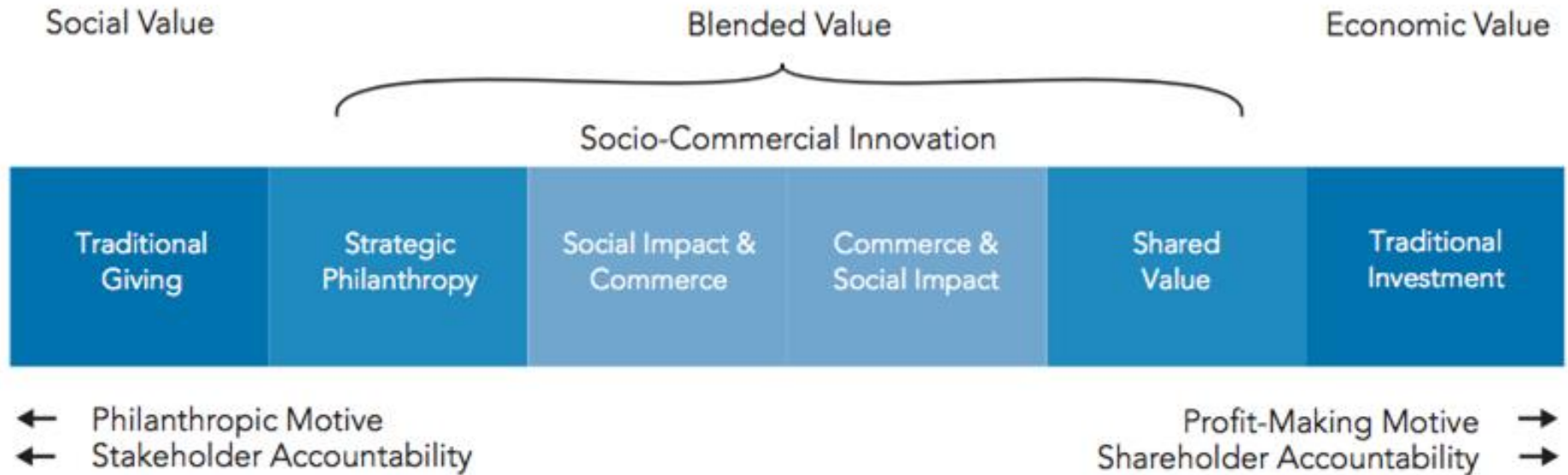
Cross-sector collaborations – taking it to the next level ?

Corporates can scale both the business returns and social/environmental returns on investment



The Business Case for Corporate Social Innovation by Jared Tham

Corporate Social Innovation Spectrum



Student developed projects to be commercialised



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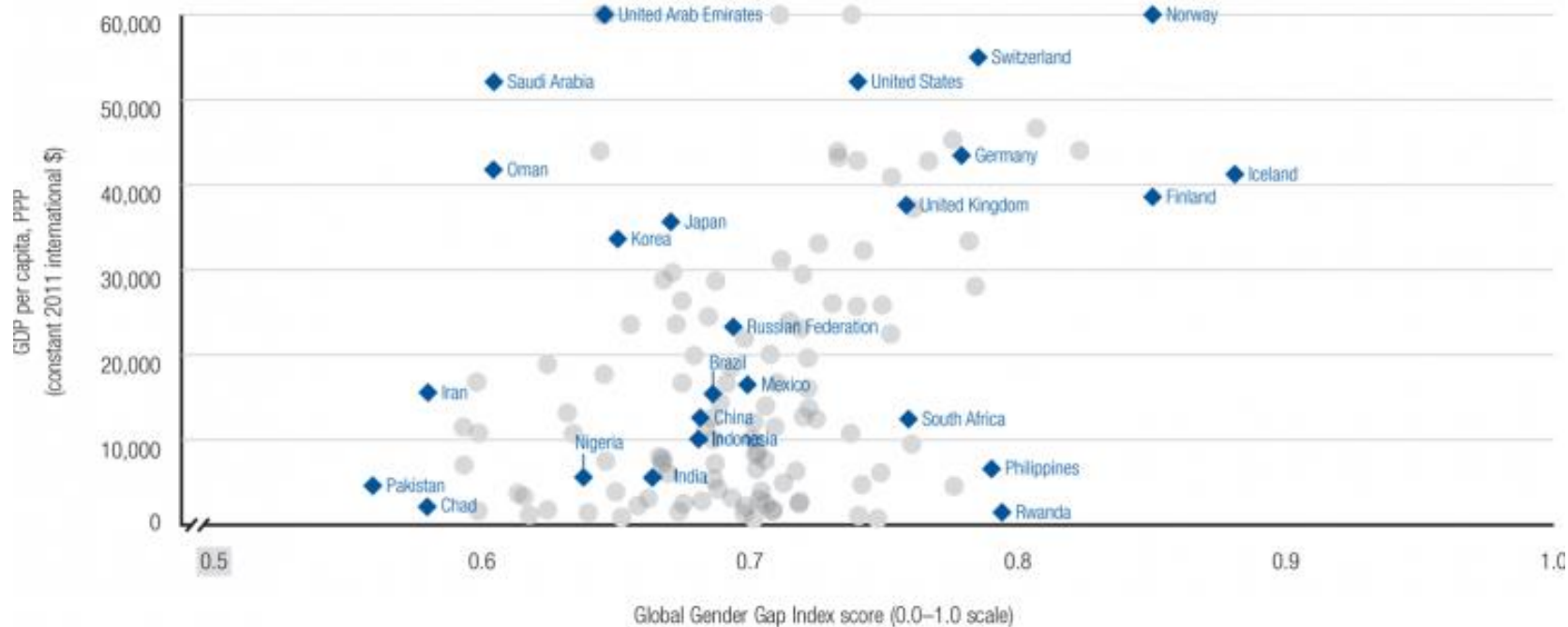


Sustainable & Inclusive Growth cannot be achieved without women!

“empowering women means a more efficient use of a nation’s human capital endowment and that reducing gender inequality enhances productivity and economic growth.”

World Economic Forum

Figure 31: GDP per capita vs Global Gender Gap Index 2015



Source: Global Gender Gap Index 2015 and the World Bank's *World Development Indicators (WDI)* online database, accessed July 2015.

Notes: GDP per capita for Kuwait, Luxembourg, Norway, Qatar, Singapore and the United Arab Emirates has been capped at \$60,000. Argentina is not included in the figure. The X axis has been truncated to enhance readability.

Systemic innovation with social impact? Combining different skills for inclusion and growth

Encouraging social entrepreneurship and equal opportunities
by mixing HEC Alumni or students with other entrepreneurs



SOCIAL PROGRESS INDEX

The background of the slide features a close-up, shallow depth-of-field photograph of wooden blocks on a wooden floor. One block in the foreground is prominently marked with the number '1', and another block to its right is marked with the number '3'. The lighting is warm and natural, highlighting the texture of the wood.

Impact measurement not only for the money available but the effect these have on society – the output!

The relationship between a country's economic development and its social development

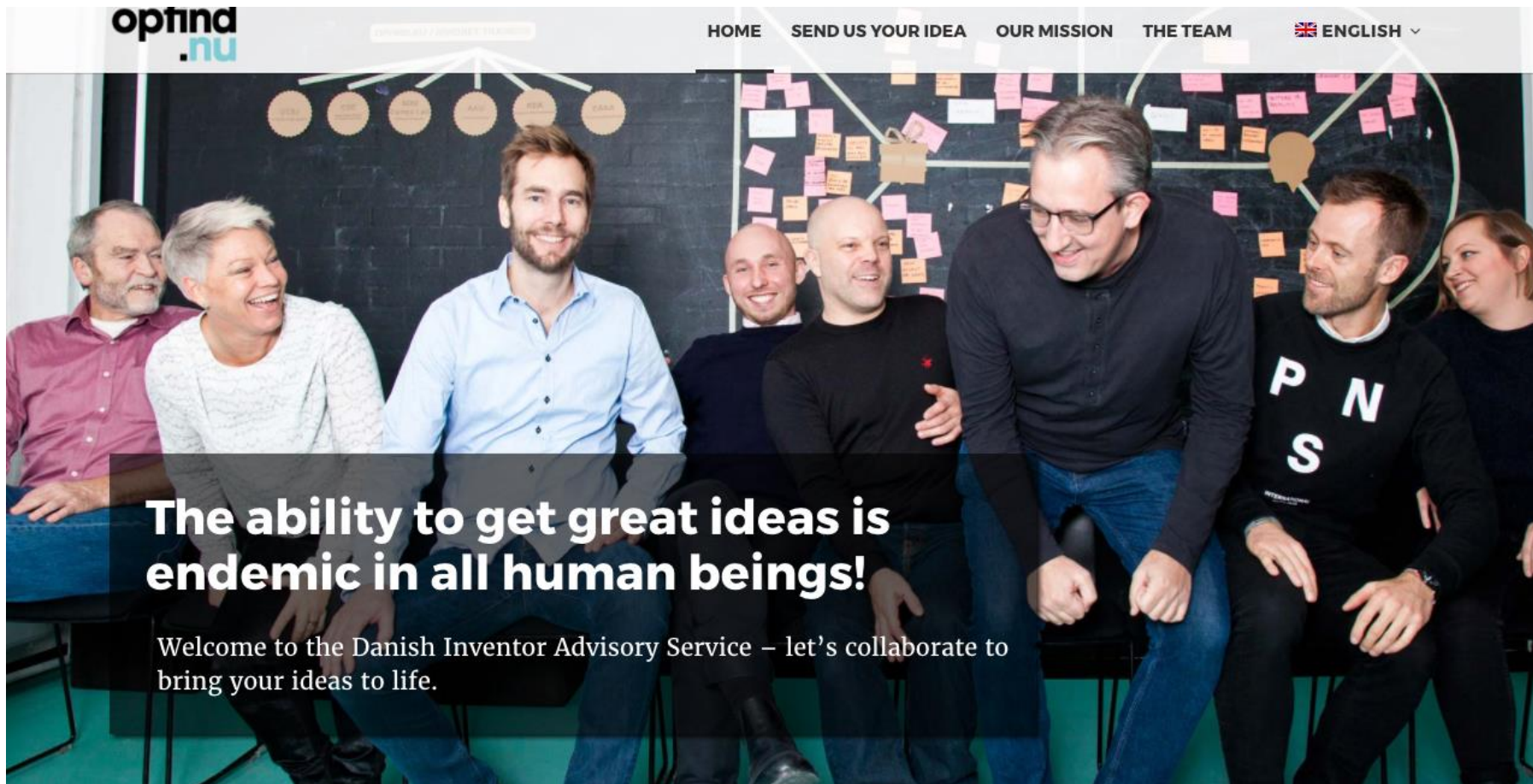
An additional way to measure economic growth and how it converts into the things we as people actually need.

Policy for refugees in Norway

Policy regarding labour market inclusion assist entrepreneurs in setting up initiatives enabling refugees to get a foothold.



We all have the capacity to come up with new ideas

The image is a screenshot of the website for 'optind.nu'. At the top left is the logo 'optind.nu'. To its right is a navigation menu with the following items: 'HOME', 'SEND US YOUR IDEA', 'OUR MISSION', 'THE TEAM', and 'ENGLISH' with a dropdown arrow. Below the navigation is a large photograph of a group of seven people (four men and three women) sitting on a stage or in a meeting room. They are all smiling and looking towards the camera. Behind them is a dark wall covered with numerous colorful sticky notes and diagrams, suggesting a brainstorming session. A semi-transparent dark box is overlaid on the bottom left of the photograph, containing white text.

The ability to get great ideas is endemic in all human beings!

Welcome to the Danish Inventor Advisory Service – let's collaborate to bring your ideas to life.

Spectrum of capital: policy investment strategy?

Policy investment? ↑

Policy investment? ↑



Bridges Ventures

Where do we see a gap in policy making supporting the capital investment we need for real impact?

Table Discussion 1: What would you value?

What measures should policy makers use to value the contribution of entrepreneurship and business policy?

Focus on Individual Firm
growth

Should focus on other measures



1. Mark where you would place yourself on the line above, and then discuss this with your group
1. Please identify what measures should be used to 'value' outcomes other than business size (employment/output)

What are the different ways that we can identify and reach those creating this value?

Section 2

Converting value to action

- To convert what is 'valued' into practical approaches need to know what can use to identify and reach businesses and entrepreneurs most likely to create it



What could we use to identify value?

- Sectors
 - High growth firms can be found in all sectors
 - Policy could focus on the more dynamic sectors where growth is deemed to add more value to the economy
 - Eg new emerging sectors
 - Rebalancing – eg making economy less dependent on a specific sector
- Higher ‘value’ employment
 - Employment: should we emphasize net job creation (regardless of type of job) or higher quality jobs?
- Output driven by specific factors:
 - Target growth that is driven by exports, investment or innovation rather than purely competition on price



What could we use to identify value?

- Research and innovation
 - Identify growth driven by new research.
- Competition/Supply chains
 - Local, national, international
 - Strong/weak
- Assessing social impact
 - Social Enterprises
 - Regional development



Second Group Discussion

How to reach the value makers?

Looking at the dimensions that you have identified as valuable

1. What characteristics of the business or entrepreneur would you associate with creating this value?
2. How can or could policy makers reach them?

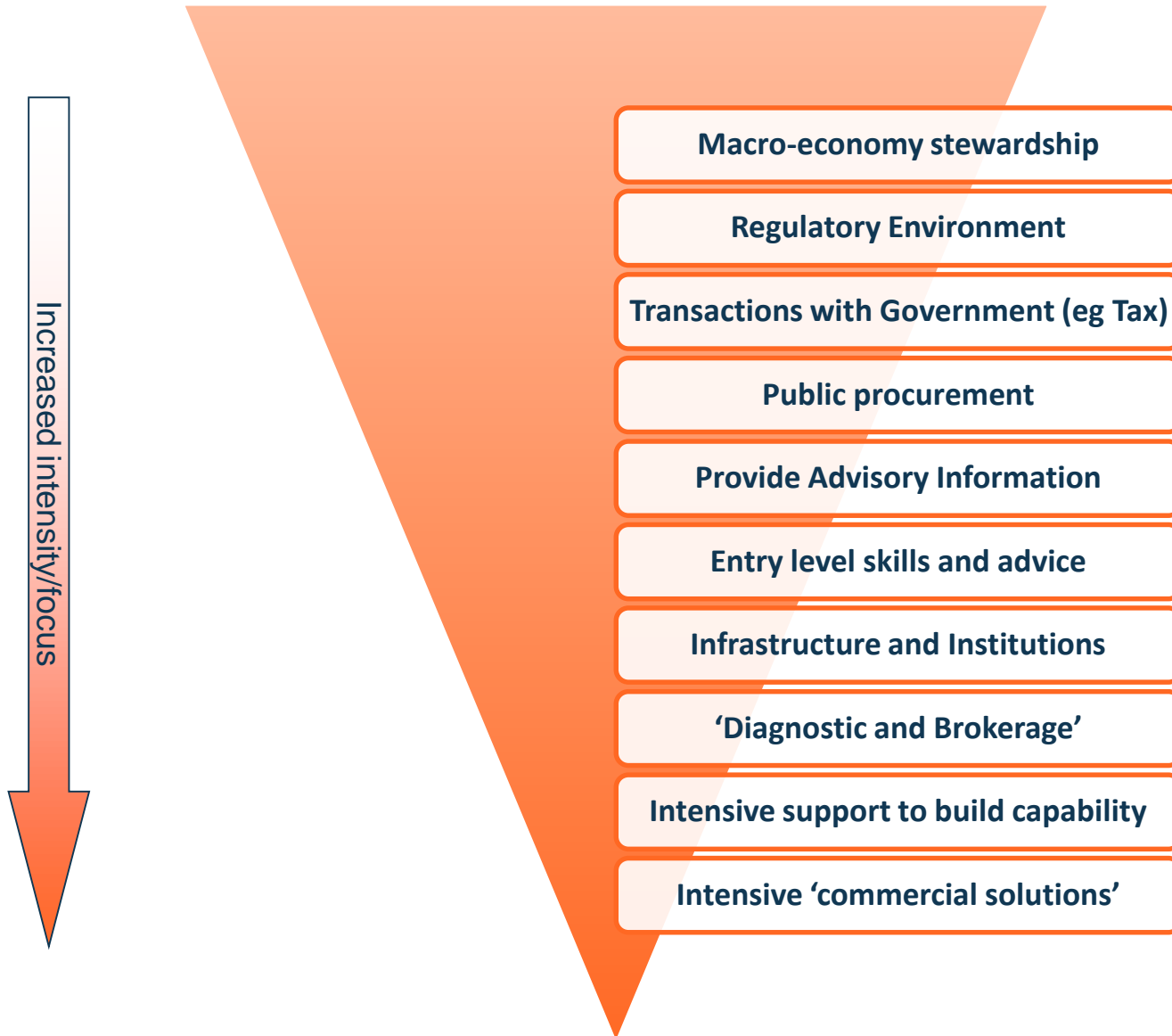
Please write down any good examples and why you like them

(Just enough so someone knows why it is special and can google for more)

What policy could be used?

Section 3

Broad Policy Approaches

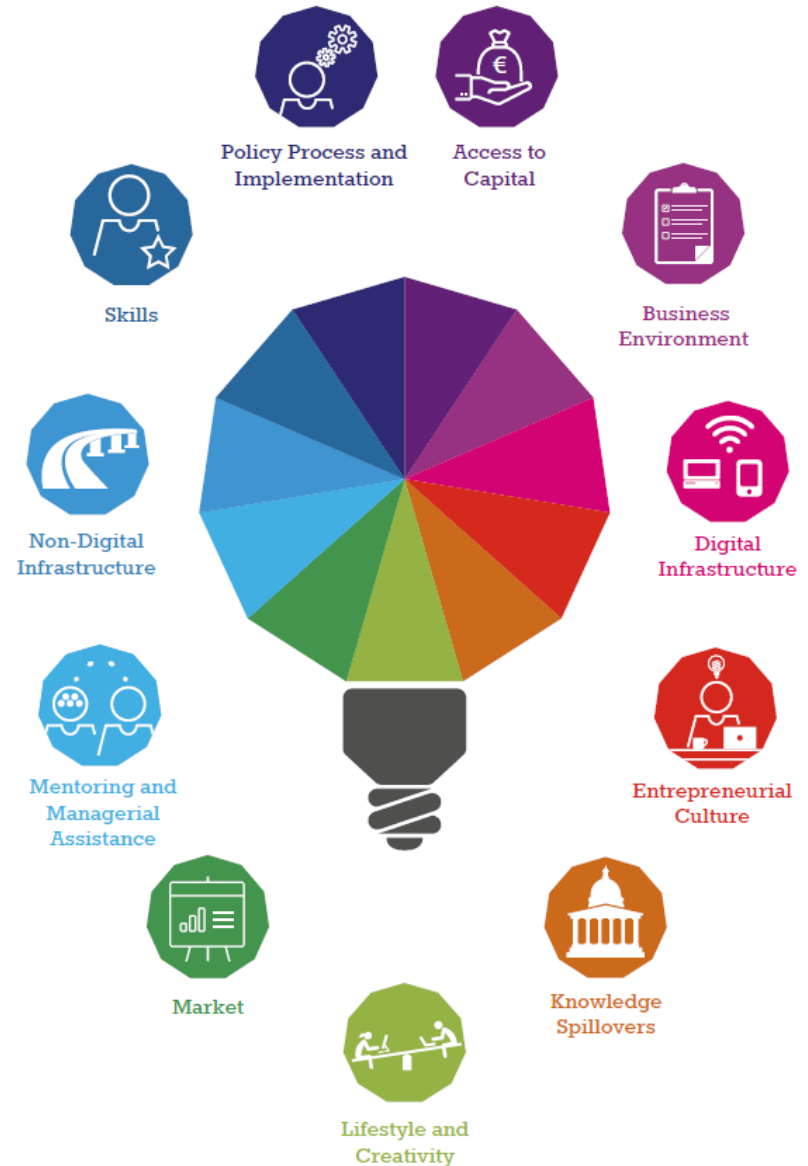


Digital Entrepreneurship



An 'Idea Bank' for Local Policymakers

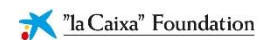
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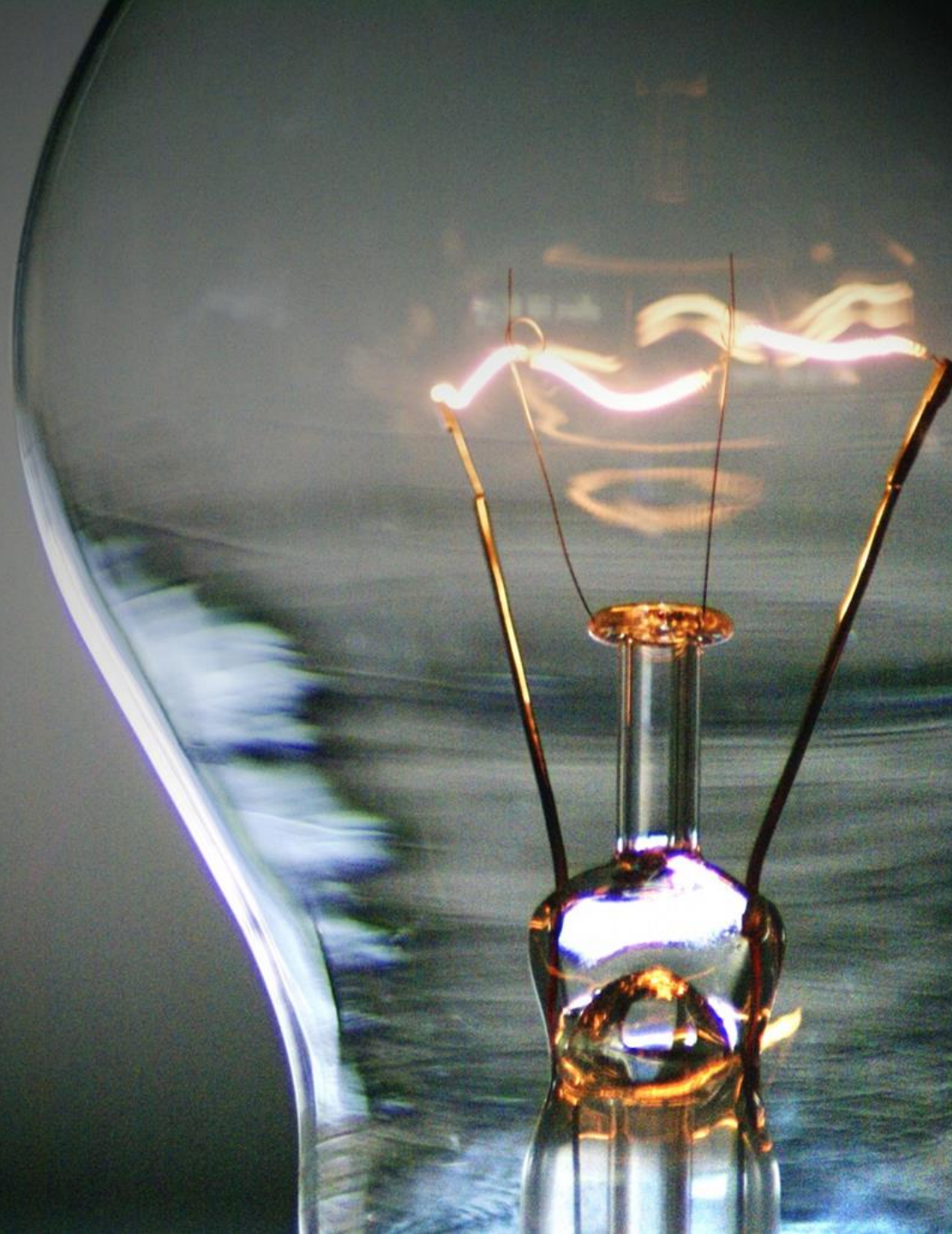
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How can policy support the economic value of social innovation?





Drivers, challenges and levers for accelerating the field

Drivers

- Government, recognition of need for innovation in service and policy
- Business – recognition of importance of the social sector in the economy, and grow of key sectors such as health, green industries, etc.
- Civil society – engagement in social enterprise
- Citizens – growing appetite to shape services and innovation

Challenges

Lack of enabling infrastructures:

- Financial
- Codified methods
- Reliable metrics
- Networks and intermediaries
- Policy and regulatory frameworks
- Coordinated leadership
- Enabling cultures

Levers for accelerating growth in the field

Matching growing financial flows with investments in skills and capacity for social innovation, and building up capacity of intermediaries able to link finance to knowledge, power, networks, etc.

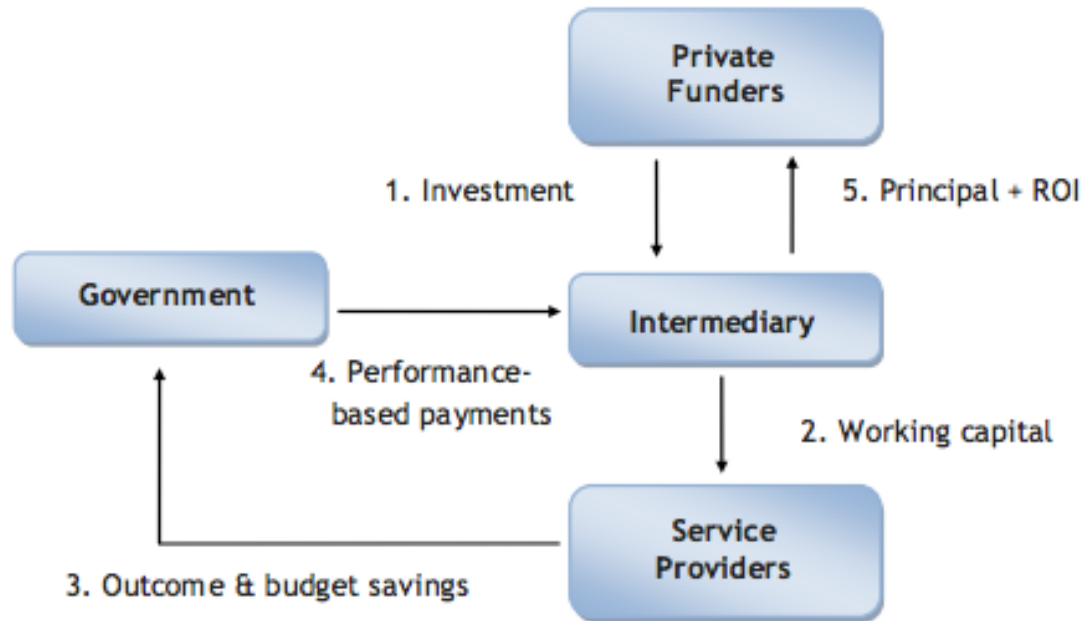
Connecting peers → creating accountability



The SIX Fundlers' Node

A new kind of network for
social innovation funders

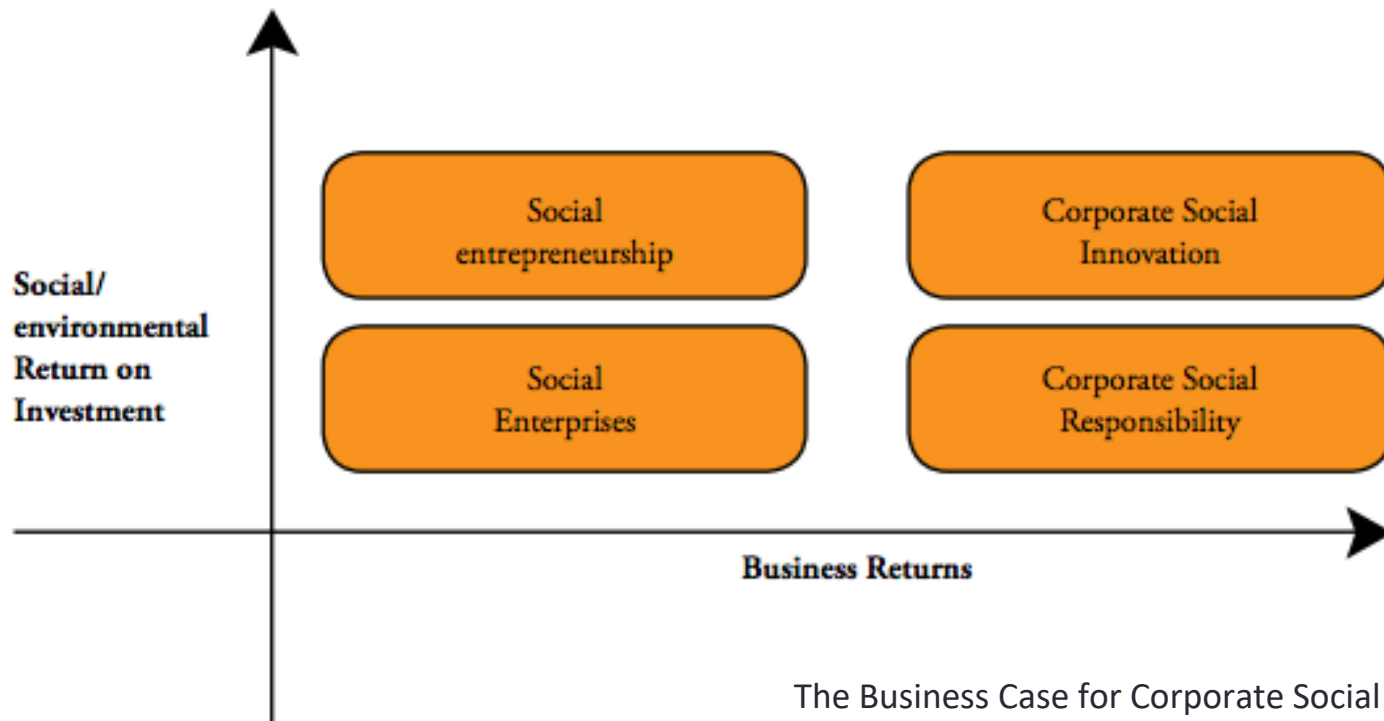
Social Impact Bond Structure



...increases the pool of capital available for social interventions by tapping into private finance while also bringing added value (new rigour and discipline to the supply of social services) by involving investors who are knowledgeable and experienced in the business. *Social impact bond provides capital for suppliers as well as investing in preventative rather than reactive models.*

Cross-sector collaborations – taking it to the next level ?

Corporates can scale both the business returns and social/environmental returns on investment



The Business Case for Corporate Social Innovation by Jared Tham

Social innovation policy initiatives is already an emerging field - but what are the best models?

Open ministries?

Hackathons?

Public-Private Partnerships?

Inventor Advisory Service?



Spectrum of capital: policy investment strategy?

Policy investment?
↑

Policy investment?
↑



Bridges Ventures

Where do we see a gap in policy making supporting the capital investment we need for real impact?

Challenges for social innovation to grow?

How to connect social innovation, so local solutions collectively becomes more powerful as sum of their parts?

When does private initiative become good practice, ready to be reproduced with other actors, and when is it a hindrance to following through on public policy initiatives?”

How do we build a start-up culture and mentality in public governance?

How do we deploy fair, but flexible structures for collaboration between start-ups and large corps, all the while not deterring large corps from wanting to collaborate with the start-ups? How can policy support this?

What do
you think?

Who is responsible for
implementing and
operating the idea?

3 bad
words

→ Changing the model - who?

Common
Sector
growth
on

LOCAL
NETWORK

Government
- signal support

Third Group Discussion

What can be done?

- What types of policy can or could be used to support those who create value?

Please write down any good examples and why you like them
(Just enough so someone knows why it is special and can google for more)

Feedback from tables

1-2 Interesting points that you have learnt





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