



ENRD Seminar on 'Revitalising Rural Areas through Business Innovation'
Brussels, March 2017

Workshop 2 - Business Accelerators and Other Tools for Supporting Change in Rural Businesses

Introduction

The recent Cork 2.0 Declaration states that *“Union policies should focus on integrated approaches to developing and strengthening rural value chains and local productive networks. They should reflect emerging business opportunities for agriculture, forestry and rural enterprises related to the circular green, fossil free economies”*.

“Union policies should focus on integrated approaches.”

Rural businesses face **specific challenges**, especially when compared to their urban counterparts. Challenges stem, among others, from:

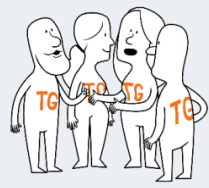
- Small population size and low density;
- The geographic scale of operations and the need for cooperation between areas (rural-rural and urban-rural);
- Remoteness and distance from each other and centres of population: importance of IT and remote and mobile solutions;
- Low educational level and skills (also linked to aging population), for example, in basic computer literacy;
- Poor basic infrastructure and limited access to basic services, especially broadband.

Specific tailor-made responses

Rural areas have strong potential to be hubs for innovative businesses (among others, rural locations – if there is sufficient broadband connection in place – are attractive to young entrepreneurs). In order to be successful, among others rural businesses need:

- **inspiration** for new creative business ideas;
- **peer-to-peer learning** to get inspiration, learn from past mistakes, and find solutions to shared challenges;
- **networking** to create links with relevant stakeholders, including advisors, research institutions, public (funding) institutions, urban areas;
- **access to knowledge** (e.g. research, digital skills, etc.) and information (e.g. about available funding sources);
- **flexible finance** including new sources of funding (private, venture capital, community funding, etc.);
- **flexible and integrated forms of support** ideally provided through a 'one-stop-shop';
- **access to basic services**, and especially IT and broadband.

ENRD Thematic Group on Smart & Competitive Rural Businesses



The ENRD Thematic Group on Rural Businesses was set up based on interest expressed by various ENRD stakeholder groups. To date three meetings were organised for the Thematic Group (in October and November 2016 in Brussels, and January 2017 in the Netherlands), the final meeting is planned in May 2017 in Finland.

The working agenda of the Thematic Group has been developed with the members of the group. The group decided to focus its work on two main themes: seizing the opportunity of digitisation by rural businesses (with specific focus on rural digital hubs) and innovative and integrated ways of business support (with specific focus on the business accelerator approach). The ultimate aim of the Thematic Group is to draw lessons from practical experience (case studies) and make recommendations on how to improve the implementation of Rural Development Programmes (based on in-depth RDP analysis and recommendations).



Smart business support

The ENRD Thematic Group on Smart & Competitive Rural Businesses focused on identifying non-traditional / 'smart' business support tools (see table for comparison of smart and traditional business support tools) that can help businesses to develop and implement creative business ideas. Smart business support means moving from supply-driven towards demand-driven innovation support (including demand coming from innovative farmers and final consumers).

Smart business support often involves methods such as peer-to-peer learning (e.g. farmer-to-farmer) and structured networking (e.g. businesses, programme managers, advisors, researchers, etc.). Networking can contribute to identifying support needs and matching these with advisory

services and mentors, identifying relevant programmes and funding sources, identifying relevant linkages between the needs of businesses and research and identifying market access opportunities.

Business support is most efficient and powerful when different types of support tools and services are combined into a kind of 'one-stop-shop'. Peer-to-peer exchange and networking are often at the heart of these integrated business support services, and they are coupled with more traditional ways of business advice (e.g. legal services, advisory on funding sources, etc.). Accelerators and incubators are representative of such integrated business support approaches.

	Smart business support	Traditional business support
Target	Cohorts or groups of entrepreneurs	Individual entrepreneurs and projects
Types of business	Encourages innovation from unusual combinations, e.g. value chains, across sectors, practitioners-researchers, public-private-social, urban-rural, etc.	Calls focused on individual sectors (e.g. farming, tourism, etc.), types and size of business, restricted geographical coverage.
Timing	Step approach, support tailored over time. Often focused and runs for a short period (e.g. accelerators), and results / business support needs are followed up after some time.	One off activities at fixed times.
Types of support & method	Led by business needs and flexible. Integrated: provides a combination of support tools from business ideas to identification of funding. Emphasis on peer learning, networking and co-production.	Supply and expert-led. Less flexibility in curricula, often delivered through separate and unrelated standard courses and modules.
Types of finance	Combination of public, private and social investment. Seed money for small scale pilots and initial running costs, flexible grants, microcredits, etc. Community financing: social finance, crowd funding, etc.	Grant-led and programme-driven. Risks of over-investment (rigidity to stick to initial project plans), or in some cases under-investment (if opportunities are larger than expected).
Approach to risk	A learning-by-doing approach. Failure is embedded in the system and participants learn from mistakes. The step approach allows pilots.	'All or nothing' grants tied to fixed eligibility conditions and selection criteria. Controls can result in penalties if the conditions are subsequently not met.

Rural Enterprise Peer-Learning & Mentoring in Scotland

This project takes advantage of a growing community of diverse micro-businesses, which operate in rural Perthshire in Scotland. Regular peer-learning sessions are held at different rural locations, where individual business owners (approximately 8 to 12 participants per session) share their experience and knowledge of a business issue. Recent subjects covered included: Introduction to Wordpress; Book-keeping; Social Media for Business; Pricing Strategies; Goal-setting etc. In addition mentor training is available and participants are matched with mentees seeking ongoing support.



The project is very relevant to rural areas, providing a cost-effective means of supporting diverse micro and small businesses using local skills and knowledge – reducing the need for expensive business consultants and advisers.

Accelerators & incubators

Accelerators and incubators are helping businesses, especially start-ups, in realising their business ideas. They create a structured environment and provide a range of integrated services. The methodology used by accelerators and incubators is key to their success: rarely using one-to-one traditional knowledge transfer, they engage the entrepreneurs in networking activities and peer-to-peer learning processes. They often provide mentoring following very closely the businesses for the whole period of its development. Using their networks, they can engage with a great variety of stakeholders including universities and research organisations, investors and funding organisations, and other service providers. This network ensures the access to knowledge, new ideas, funding and facilities. The accelerator approach has been studied more closely by the ENRD Thematic Group on Smart and Competitive Rural Businesses (see box).

How do accelerators & incubators differ?

Incubators are normally run for a longer (e.g. for a year or longer), while accelerators work with businesses for a short and precise period (e.g. for 3-6 months or even shorter).

Incubators mostly deal with start-ups, whereas accelerators tend to focus on a wider range of businesses.

Accelerators have stricter selection process on who can enter the programme; whereas incubators do not select that strictly.

Incubators mostly provide shared space, facilities and consultancy services, whereas accelerators may work with more diverse and innovative methods).



Bus on Tour (Belgium)

The 'Bus on Tour' is an inspirational accelerator approach on specific topics such as food innovation, multifunctional agriculture, etc. On this trip the promoter (Advisory Service for Agriculture) put a limited number of entrepreneurs on a bus together with experts related to the topic. During the travel they provided information, networking & education. At different stops entrepreneurs visited inspirational examples and exchanged with other entrepreneurs. The final goal of the day was to develop a new product idea and/or a new business concept. (Note: the initiative is partly funded through LEADER.)

Masterclass (the Netherlands)

The City of Rotterdam in cooperation with neighbouring municipalities organises a series of meetings (Masterclass) in which farmers and growers around Rotterdam are challenged and guided to develop new business models in direct relation to the city (short food supply chains, on farm recreation, social job creation, etc.). The Masterclass consists of seven meetings where farmers get inspired by each other, by examples brought in from the outside and by interaction with business model innovation experts.



Agricultural Business Acceleration (Greece)

The accelerator programme involved the training of start-up companies in business, accelerating them to develop their product and reach the market, networking with investors and securing some form of funding for the best ideas. Acceleration cycles were run with twelve teams, including start-ups with ideas on innovative farming and processing methods, agro-technology and precision agriculture, etc. Out of the 12 teams, 5 progressed to the second round of intensive training and workshops. The third and final stage concluded with an event (boot camp) in collaboration with orange grove ((Dutch Embassy) and Start Life from Wageningen University.

Key features of accelerators

A number of key features have been identified through analysing selected accelerator examples:

- Accelerators provide short-term business advice, however, they often involve follow-up activities after a few months.
- They follow a structured methodology and most often involve a smaller number of entrepreneurs and focus on a specific theme of interest.
- Accelerators often involve creative and innovative ways of business support, are flexible in approach and aim to generate new creative business ideas.
- They often provide small amounts of seed money to support pilots at the preparatory stage, as well as links to investors and other sources of funding to support scaling-up the original business idea.
- One of the common challenges has been to find and select the right entrepreneurs that are open to new ideas and exchange, willing to invest the time, etc.

RDP support for innovative businesses

During the Thematic Group work, various innovative business support initiatives and accelerator approaches have been identified. Several of these are not EAFRD (or public) funded, but initiated by private organisations, local NGOs or business innovation and advisory services.

However, **Rural Development Programmes offer specific opportunities** for integrated business support, in particular when relevant measures are combined (see Basque RDP example below). In particular:

- LEADER/CLLD (Measure 19) enables to support businesses in a flexible way, taking into account local businesses' needs and bringing together relevant stakeholders at the local level;
- Advisory services (Measure 2) can be set up in a way to provide more flexible ways of business support (not only for agricultural but also for non-agricultural rural businesses);
- The cooperation measure (Measure 16) and the Technical Assistance measure (Measure 20 – especially National Rural Networks) provide opportunities to support networking among key stakeholders (research, advisory, agricultural and non-agricultural businesses, NGOs, etc.).

Integrated Business Support through the Rural Development Programme of the Basque Country

The RDP of the Basque Country focuses on measures that directly impact on boosting the economy and creating employment. The programme aims to support investments in physical assets that contribute to improved economic results and competitiveness for agricultural, forestry and other companies; and innovation to add value to the whole food chain.

One of the strengths of the Basque RDP is the integrated use of RDP measures and tools. For instance Measure 6 on 'Supporting farm and non-farm businesses' includes a (government-funded) pre-stage to the application process, whereby a professional analyst assesses the project idea to be submitted for the call and helps shaping a business plan. Measure 6 is also strongly linked to Measure 4 on 'Investments in Physical Assets': additional scores are given to those applications that are at the same time setting up a business and need specific support to develop a business plan.



Questions for discussion:

1. What innovative business support methods are there in rural areas?
2. What are the most creative and successful aspects of these?
3. How RDPs can support such innovative/ creative approaches?