

Scottish Enterprise Company Growth Support Case Studies

Scottish Enterprise is pleased to provide the Committee with the company support examples included in the document to help inform its Inquiry into Scotland’s Economic Performance.

This paper seeks to provide the Committee with insight into our support for companies across the spectrum, from fast-growing start-ups through to companies with potential to grow to scale. It includes examples of companies we have worked with at various stages of growth, all of which have been anonymised in order to ensure commercial confidentiality.

As Scotland’s national economic development agency, our support for SME’s to achieve scale and fulfil ambition and potential, continues to be prioritised within company growth support activity.

At any one time, 65% of Scottish Enterprise Account Managed companies are SME’s and approximately 80% of direct company funding goes to SMEs – this includes grants such as RSA or R&D but also contributions to the cost of support such as technical advice or an overseas market visit.

This direct company funding is in addition to the **non-financial expertise** provided to companies by Account Managers, SMAS colleagues, SIB financial readiness experts and others. We know from evaluation evidence that this in particular is valued by companies.

Beyond our direct support to business, we work with partners in the public and private sector on a wide range of actions to stimulate and grow the economy, including sector developments and initiatives; regional partnerships; global networks and building a positive and supportive business environment.

Supply Chain Support

The Company: A large company in the Oil and Gas sector. The company understood that the **drop in oil price in 2014** meant that operators and supply chain companies had to find a way to **work together to ensure future sustainable growth for all**.

The Challenge: The company was aware that there was a **fundamental tension in the industry**, with operators concerned about the cost-effectiveness of supply chain companies and those companies believing that cost-effectiveness was the responsibility of the operators. The challenge was in getting the companies in this company’s supply chain to understand that **they all had to change, together, for the overall good**.

SE Support: Supported by an SE Account Team, the company organised several sessions for the leadership of its supply chain companies. It was **open and honest about its challenges** and the ultimate objective of **lowering the overall cost** of getting oil out of the ground. Scottish Enterprise brokered discussions with individual companies to overcome the particular challenges they were facing. In all of these engagements, Scottish Enterprise emphasised the **need to do things smarter and that this was the role of everyone, not just the leadership team**.

Impact: Many of the companies in the supply chain are now **working collaboratively** which is driving efficiency and alignment. The company’s move to an open procurement arrangement, where they shared the challenge and let the supply chain come up with a solution, is **driving further**

innovation in the industry. This has had the positive impact of increasing investment and has **reduced the overall cost of doing business dramatically**.

Strategy Support

The Company: An Account Managed company in the **food and drink sector**. The company has undergone **significant growth, doubling in 6 years**, and the support provided to the company by Scottish Enterprise has reflected its needs at that point in their growth, including HR support, operational efficiency, and identification of international markets.

The Challenge: As the company began to **experience the issues and challenges often associated with rapid growth**, the focus of our recent support has been **exposure to strategy development, specifically in relation to commercial development**. The business and sales team was doing well but was not making the most of opportunities with existing customers.

SE Support: Scottish Enterprise arranged for the company to attend a Scaling Retreat on Accelerating Sales, run by a prominent Harvard Professor, Das Narayandas. Inspired by this, the company, alongside the Scottish Enterprise Account Manager, developed a **programme for its sales and commercial staff – applying the principles of account management and customer segmentation**.

Impact: As well as **improved leadership and increased productivity** through more effective customer account processes, this action has **fundamentally changed the commercial strategy** within the business. They now have **the right sales people talking to the right customers at the right time at least cost**. There is enhanced customer intelligence and each sales person understands the principles of strategic selling and account management. This is leading to real results in the form of increased sales.

High Growth Potential/Raising Investment

The company: An account managed company in the technology/oil and gas sector which develops innovative software technologies for the industry.

The challenge: The company was **inexperienced in raising international investment** of a scale sufficient to create a high growth company. Neither founder of the company had run a start-up business and needed to explore the market further for a new technology development.

SE Support: The company received various support from Scottish Enterprise which included participating in the accelerator programme **Start Global**, support from specialists to refine their business model and validate their international market opportunity, and SMART Scotland funding to develop their technology. The company was supported to extend their management team to build sufficient expertise to raise investment of scale.

Impact: Without Scottish Enterprise support the company would have taken longer to achieve their target and are now on track with commercial international sales to achieve £5m in a 5-year performance target.

Launching Innovative Product

The company: An Account Managed company in the **technology sector** which was seeking to source funding to launch an innovative and unique sports performance wearable device.

The challenge: Resourcing the company, creating a supply chain and securing the funding to launch the product.

SE Support: The company received a wide range of support and benefited from a wider Account Team approach. As part of this they received an R&D grant to develop the product. Scottish Enterprise’s High Growth Ventures team offered support to validate offering/market, secure seed funding and identify non-executive directors. They received specialist advice from one of the High Growth Venture advisers on developing the supply chain, routes to market (also supported by SDI), how to develop a business strategy, revenue model, digital marketing and made connections with potential non-executive directors and the Globalscot network. SIB has been a key investor and supporter of the company, participating in every funding round to date.

Impact: They secured over £3.6m equity investment and £350k+ sales across 35 countries worldwide. They have created a manufacturing supply chain, predominately based in Scotland.

Scaling Support

The Company: A digital technology company operating across two sites in Scotland and one in England. The company has experienced dramatic growth, going from start up to a turnover of £7m in 2 years and has significant scaling ambition.

The Challenge: The speed of growth brings with it specific challenges around infrastructure, staffing, processes and leadership teams. Particular challenges for this company were around building internal structures which reduce complexity and developing a clear brand identity.

SE Support: Scottish Enterprise has developed a very specific service for companies exhibiting both high growth potential and the ambition to grow to scale. This “Start2Scale” service is delivered via an extensive Account Team approach focused on the particular barriers faced by the company in order to unlock growth opportunities. In this example, the Account Manager, working with Skills Development Scotland, helped the company to attract women returners as part of an overall talent attraction programme. They are now considering a graduate programme and the company executives are considering our offering in leadership development. Through UK market development Scottish Enterprise supported the company to build a strong and recognised brand to compete strongly in the London market. Underpinning all of this was investment from SIB as part of an overall investment package, primarily from the private sector, and an RSA grant to create new jobs.

Impact: The company has gone from start up to 70 employees and £7m turnover in 2 years and plans to more than double employment (to 180) and turnover (to £15m) in the next two years.

Rapid Growth

The Company: An account managed company which has been manufacturing candles since 2010 and sells candle making supplies online since 2013.

The Challenge: Rapid growth in sales has placed strain on the company in several areas e.g. lack of knowledge/experience in key growth areas, e-commerce site does not support additional currencies/languages and customer support calls are a significant drain on staff time with no clear structure.

SE Support: SE account team engaged with the company to help them scale up. Support included **technical leadership and expertise** (Fulfilment & Production Manager), **systems and management** information (company appointed Accountancy Firm to manage accounts), **executive education** (owners attended Entrepreneurial Development Programme at MIT), and customer service training was implemented.

Impact: Assuming the business can implement the roadmap for growth it will be **seeking to double in size** going from **£1.3m in 15/16 to £3.1m in 18/19** with staff numbers growing from 10 to 26 employees over the same period. The company’s five year ambition is £8m T/O with £5m coming from e-commerce.

International Growth

The Company: A **high end technology design and manufacture company** serving the transportation market. It is owned by a UK-based private equity company. Scottish Enterprise has provided a range of support in the past, including management training, innovation support and help in meeting internationally recognised environmental standards.

The Challenge: The company was **bringing a new, innovative product to market**, and was looking to grow in overseas markets. There was a clear need to raise the company’s **profile**.

SE Support: With the focus on international expansion, SE helped **identify new markets in China, Brazil and Mexico**, and supported trade missions to these, and other countries, to meet potential customers.

Impact: The company’s strong international focus, and innovative products, has led to a **doubling of turnover in 12 months**. They have also increased their staffing. The company has secured both suppliers and customers in China and is pursuing a potential customer in Mexico. Senior members of the executive team are considering taking part in the Scottish Enterprise Leadership Development Programme.

Ownership Structures No. 1

The Company: A company in the creative industries sector that became employee owned in January 2017.

The Challenge: During succession planning, there had been some interest in acquiring the company, however the intentions of potential buyers did not fit with values of the owners. It was also apparent that any potential buyer was unlikely to be local.

SE Support: Cooperative Development Scotland (CDS) provided guidance and support and employee ownership specialist Baxendale assisted with the process. A solution was sought that would retain the business in its locality and recognise the contribution made by the loyal workforce.

Impact: In 2017, it’s first year of becoming employee owned, the company had record sales (20% growth), employment (hired 22 full time staff) and service and undertook more than 2,500 installations across the UK for customers. The Chairman of the company said *“Employee ownership was the best decision for us, all our employees have a stake in the company’s success. It’s in all our interests to maximise every opportunity.”*

Ownership Structures No. 2

The Company: A large food and drink employer which became fully employee owned in 2017.

The Challenge: Having experienced the impact of foreign ownership, the founders wanted to return the ownership of the company to the area. They recognised the model would protect the interests of employees, supply partners and customers.

SE Support: The stability of the trust model of employee ownership means that uncertainty of a potential business sale for the long term and local jobs are secure as long as the business continues to flourish.

Impact: When the company started its employee ownership transition, it had a turnover of £19.4m and 115 employees, on completion 8 years later, it has a turnover of £46m and 200 employees. One of the company’s partners said, *“This isn’t just about creating good jobs for us, it’s about being there for our children and their children”*.