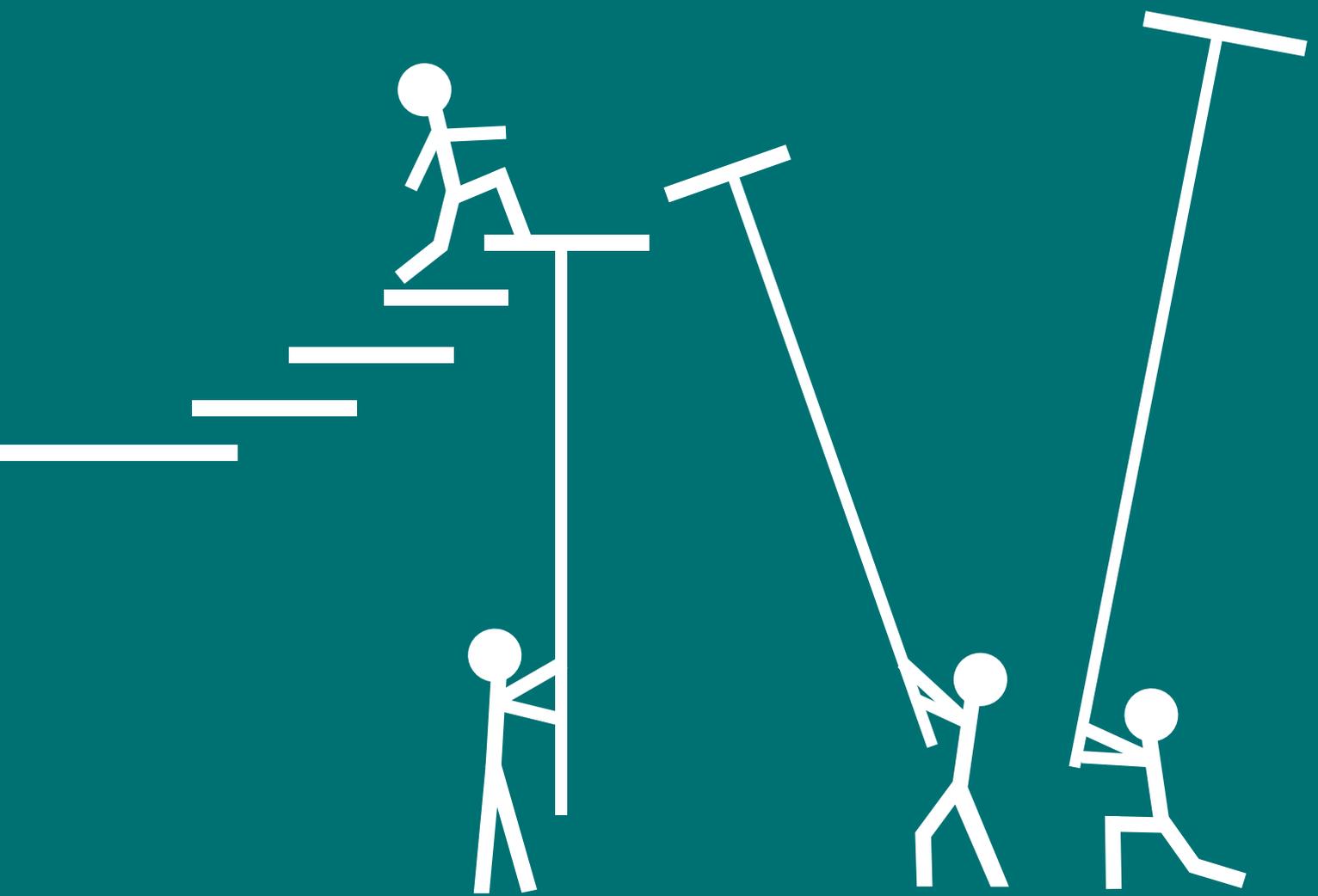


Promoting entrepreneurship in the Central Denmark Region

How the Central Denmark Region meets global competition and promotes entrepreneurship in close cooperation with all players in the regional innovation system



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the regional innovation system

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Introduction

The Central Denmark Region is making a substantial effort to promote entrepreneurship and business development in cooperation with the Region's innovation system. This will help to ensure that the Region will also be globally competitive in the future – among the best in the world.

The purpose of this publication is to provide an in-depth and coherent insight into why and how entrepreneurship and business development are being promoted in the Region.

The publication was written with a number of different target groups in mind. The Region's politicians can draw on the publication when they need to communicate the Central Denmark Region's efforts to promote entrepreneurship and enterprise.

Foreign regions and business promoters can use the publication to gain an insight into how the Central Denmark system is constructed and how it functions, and to find potential partners and interfaces between areas of initiative and projects.

Players in the innovation system can use the publication to support the no-wrong-door ambition and to ease new employees' ability to understand the system and the connections between the individual areas of initiative.

Entrepreneurs and businesses can use the publication to gain an insight into the Region's innovation system and the regional offers which are available.

Section 1 reviews the status and the challenges in relation to the Central Denmark Region's global competitiveness and the Region's entrepreneurial activities. Section 2 provides a description of the objectives and principles which the Region has specified in relation to the business promotion programme. Section 3 describes the Region's policy structure. Section 4 reviews the Region's total innovation system and provides a brief description of the individual players – or groups of players – who are active in the system. Section 5 presents the Region's full programme within entrepreneurship and business development, and reviews the individual initiatives which have been commenced under

the three main areas of action: Entrepreneurship in education, Development offers to entrepreneurs and SMEs, and Skills development for players in the innovation system. Finally, Section 6 describes how the Central Denmark Region is using measurement of results and evaluation to follow up on the programme and assess the socioeconomic return.

Thanks to the players in the regional innovation system for their inspiration and help in the preparation of this publication.

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1. Challenges

Like other regions in the western world, Central Denmark Region is facing an accelerating global competition. New high-growth countries are offering such favourable terms for production that we must continually develop and improve our frame conditions in order to continue to be competitive and enjoy a high level of welfare.

Viewed in a global perspective, the Central Denmark Region is in many ways well-equipped to face this global competition. We have excellent educational institutions, a highly qualified workforce, high employment, numerous entrepreneurs, and many productive and value-creating businesses.

But if you scratch the surface, you find that the last few years have seen stagnation in a number of central areas in relation to development in productivity and in the workforce, which has contributed to a weakening of the Region's relative global competitiveness and thereby put exports under pressure.

There is also potential for improvements in entrepreneurship, in particular in relation to entrepreneurial skills, entrepreneurs' investment in knowledge and technology, and the proportion of growth entrepreneurs.

Regional developments must be turned around in all areas if the Central Denmark Region is not to be overtaken in the inside lane, and lose jobs and production in competition with, for example, new high-growth countries like India and China.

Facts about the Central Denmark Region

Of Denmark's five regions, the Central Denmark Region is the biggest in terms of area (13,142 square km) and the second-biggest in terms of population (approx. 1.26 million).

Nineteen of the 98 Danish municipalities are within the Region.
The biggest municipality is Aarhus with approx. 300,000 inhabitants.

The Region's principal statistics are:

- Population density:96 per km² (4th highest in DK)
- Expected population in 2020:1.32 million
- Regional GNP:€47,000 million (2nd biggest in DK)
- Regional GNP per inhabitant:€38,000 (2nd biggest in DK)
- Activity rate: * 78% (biggest in DK)

Occupational structure (proportion employed):

- Agriculture, forestry, hunting and fishing:3% (DK av.: 2%)
- Manufacturing, mining and other industry:17% (DK av.: 14%)
- Construction:6% (DK av.: 6%)
- Commerce and private service:39% (DK av.: 44%)
- Public services, education and health:35% (DK av.: 34%)

**Activity rates are calculated as the number of people in the labour force between the ages of 16 and 64 as a percentage of all those between 16-64 years old.*

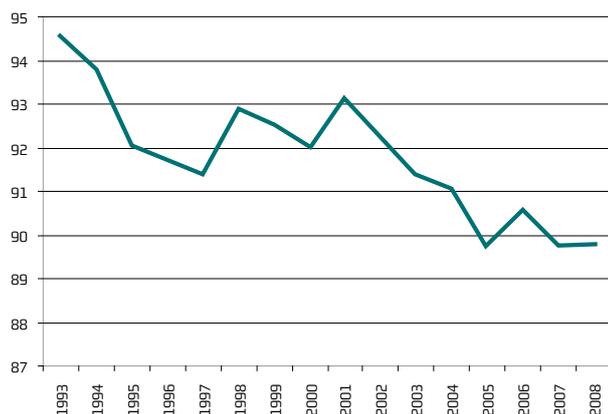
1.1. Competition and the challenges it poses

The challenges faced by the Central Denmark Region especially relates to:

- > Improvement of productivity
- > Wage and salary levels and development of the workforce
- > Development of exports
- > The level of innovation

Denmark fell from fifth place in 2009 to thirteenth place in 2010 in competitiveness on the internationally recognised scoreboard prepared annually by the Swiss business school IMB. This placing is relatively respectable, but Denmark is being overtaken by our neighbours Sweden (in fourth place) and Germany (tenth). It should also be pointed out that Denmark's ranking has dropped a number of places in recent years. The fall is attributable inter alia to the fact that over the last decade, Denmark's average increase in productivity has been below 0.5 per cent, which is less than half the EU average and less than a third of the OECD average. The figures for the Central Denmark Region look even worse, as the increase in the Region's hourly productivity is below the national average, as illustrated in Figure 1. Productivity in the region is now below the OECD average.

Figure 1: Hourly productivity in the Central Denmark Region relative to Denmark as a whole (100) (Source: Statistics Denmark)

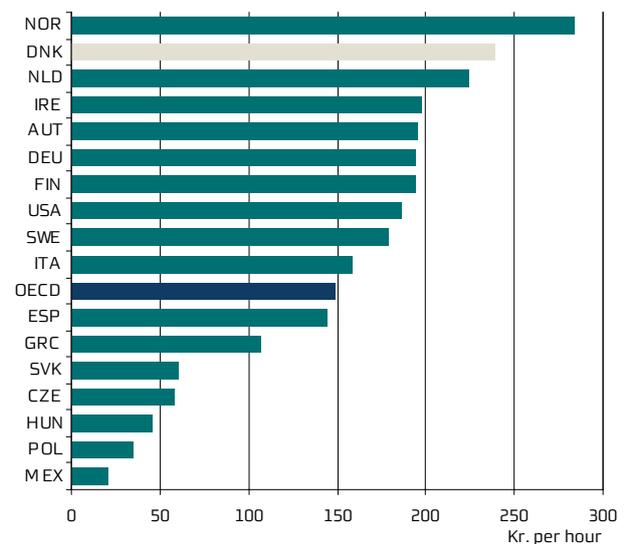


The weak development in productivity is a problem per se because it reflects our ability to compete on knowledge and innovation. If it is not turned around, this development will thus have a negative effect in the longer term on the development of prosperity in the Region.

One situation which makes development in productivity more problematic is the uncompetitive wage level in Denmark, which in the last decade has seen an annual growth in wage costs consistently above the average in both the EU and the OECD. The result, as illustrated in Figure 2, is that Denmark has the second highest wages in the OECD, exceeded only by Norway.

This high wage level means that Denmark finds it difficult to retain production jobs in particular, and companies can often reduce their wage costs significantly by, for example, moving production to China. Knowledge and innovation are central elements in relation to justifying and compensating for the high Danish wage level. It is therefore also essential that Denmark is competitive in knowledge and innovation, and it is in this light that developments in productivity in particular are alarming.

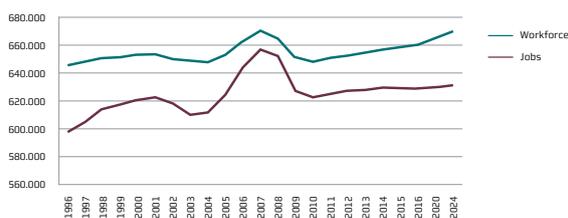
Figure 2: Wage and salary costs 2009 (Source: Government review of competitiveness 2011)



Note: average hourly wage costs converted to Danish kroner for all countries included in the statistics. The costs cover the private sector excluding agriculture, forestry, hunting and fishing. Source: OECD ULC and Denmark's Statistics

In the years leading up to the financial crisis, the rise in Denmark's wage level was caused inter alia by very low unemployment and a consequent shortage of qualified manpower. The financial crisis put a temporary damper on this demand, but as Figure 3 indicates, the projections show that unemployment will stabilise at a relatively low level up to 2020. This will mean continuing bottlenecks resulting in potential new wage increases. The situation will also be worsened because demand for employees with a higher education in particular will increase faster than supply. See Figure 4.

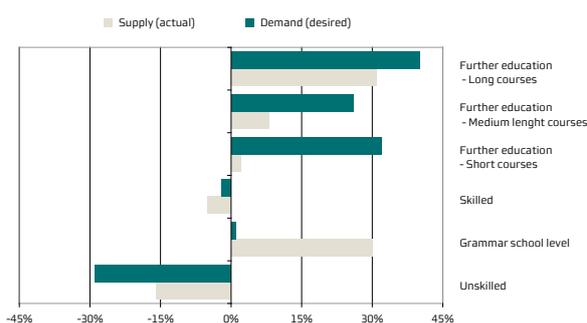
Figure 3: Developments in the workforce and number of jobs in the Central Denmark Region, 1996-2024 (figures for 2010 and onward are projections) (Source: Samkline)



In relation to exports, the relatively high Danish wage levels have been partly counterbalanced to date by the fact that in many cases, it has been possible to gain a relatively high price for Denmark's export goods.

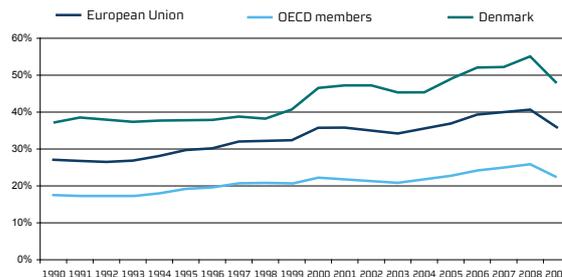
This is partly because Danish exports are largely specialised within goods which are experiencing high growth on the world market. Apart from this, almost half of Danish exports consist of so-called up-market products, distinguished, for example, by very high quality or good design. This means that companies are able to obtain a premium price which is at least 15% higher relative to the same types of products in the EU countries. This compensating factor means that Denmark has largely followed developments in the EU and the OECD when exports are compared as a percentage of GNP. See Figure 5. The big challenge here lies in retaining the relatively high level of exports and the high proportion of up-market products within total exports.

Figure 4: Actual vs. desired change in the workforce 2010-2020 (Source: AE Financial times April 2011)



This challenge is substantial because of the increased global competition and competing products from low-wage countries which are becoming better and better at developing products which can challenge Denmark's competitive advantages with respect to quality and design. A very high level of innovation is therefore required in Danish companies to ensure that we remain competitive internationally.

Figure 5: Exports as a percentage of gross national product (Source: World Bank)



The level of innovation in companies is one of the factors which will secure continued developments in quality and design, and thereby help Denmark to remain competitive in an international context.

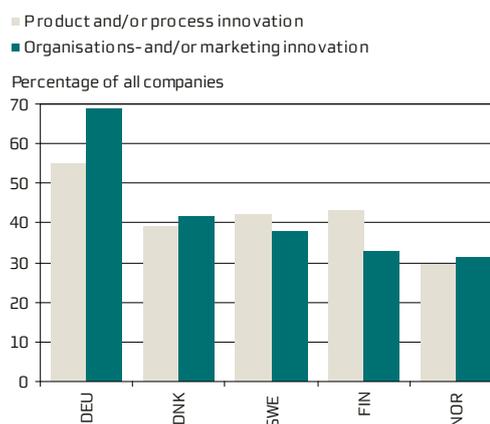
As illustrated in Figure 6, Denmark is relatively well situated in a Scandinavian context in terms of the proportion of innovative companies. But compared to Germany, the proportion of innovative companies is relatively low. With the reservation that six out of ten companies have not innovated in the last three years, this situation must be changed for several reasons.

Firstly, an increased innovativeness is important in relation to balancing the relative fall in the level of productivity caused by the last decade's weak increase in productivity.

Secondly, innovation is essential to remedy some of the organisational challenges existing and lying in wait because of developments in the workforce.

Finally, the competitive pressure on SMEs will undoubtedly increase in the years to come, further increasing the need for more Danish companies to innovate.

Figure 6: Innovating companies (Source: Regeringens konkurrencevneredegørelse 2011) (The government's statement on competitiveness 2011) **Note:** Number of companies with at least 10 employees who have introduced the kinds of innovation in the period 2006-2008



1.2. Challenges related to entrepreneurship

Entrepreneurs and employees with entrepreneurial skills are important for turning around the trend in competition because entrepreneurs, via innovation and the development of new areas of business, create increased competition, which challenges existing companies and strengthens their competitiveness. The so-called growth entrepreneurs in particular are also important for economic growth and new jobs.

Why prioritise growth entrepreneurs?

Studies of entrepreneurial companies with five or more employees show that growth entrepreneurs typically comprise around 10-15% of the companies, but that they are responsible for 50% of the companies' total exports and 40% of their total number of employees.

Denmark and the Central Denmark Region are very well placed to generate a high level of entrepreneurial activity. The widely recognised »Global Entrepreneurship and Development Index« of 2011 ranks Denmark as the strongest entrepreneurial country among the 71 most developed countries in the world. The explanation is that Denmark's environment for entrepreneurs is among the best in the world, which is the result of a national policy in the area over many years.

Another result of these initiatives is that the administrative load for business start-up in Denmark is very low compared to other countries. Another result is a relatively good access to start-up capital through i.a. the Danish investment fund »Vækstfonden«. More on this in Section 4.6. In addition, it is such factor as a high level of education, a positive view among the

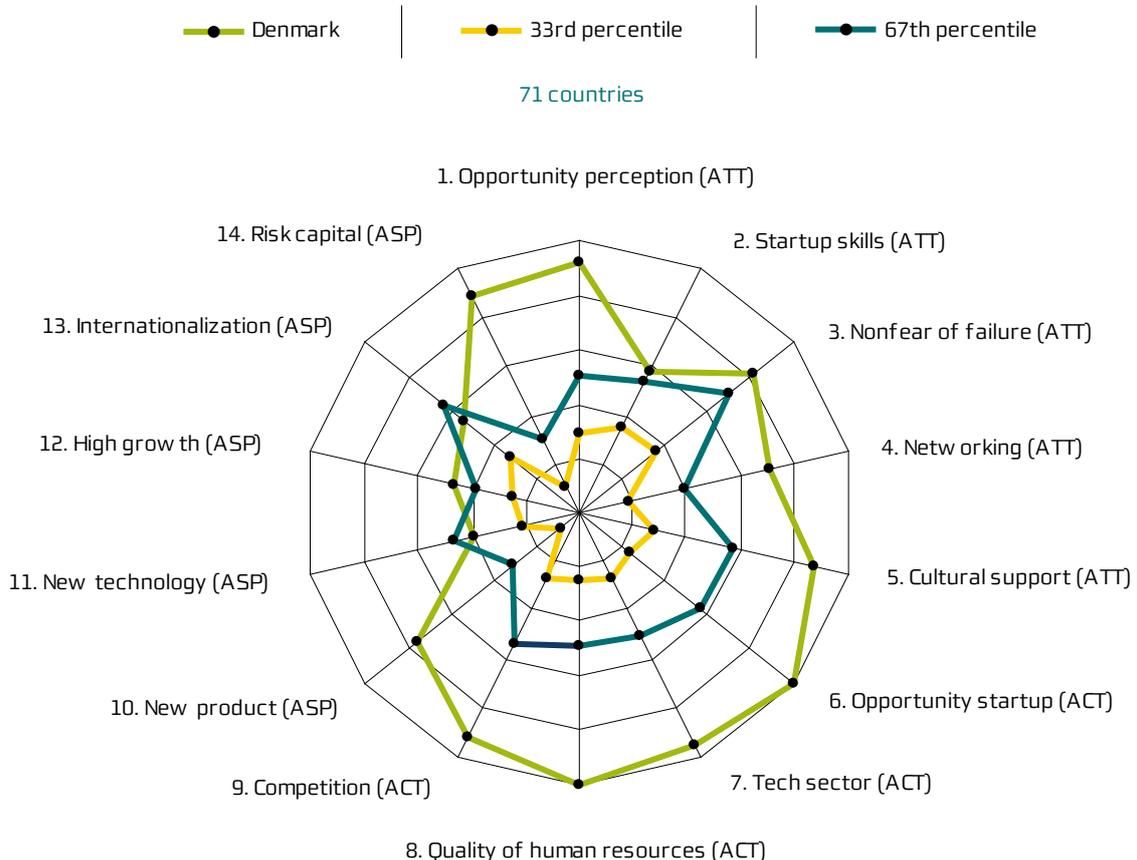
Figure 7: Denmark's ranking in the »Global Entrepreneurship and Development Index«

(Source: Global Entrepreneurship and Development Index 2011)

ATT = Entrepreneurial Attitudes

ACT = Entrepreneurial Activity

ASP = Entrepreneurial Aspirations



population on entrepreneurs, and a very high proportion »opportunity entrepreneurs« – entrepreneurs who are motivated by desire rather than need – which contribute to characterize Denmark as a highly entrepreneurial country.

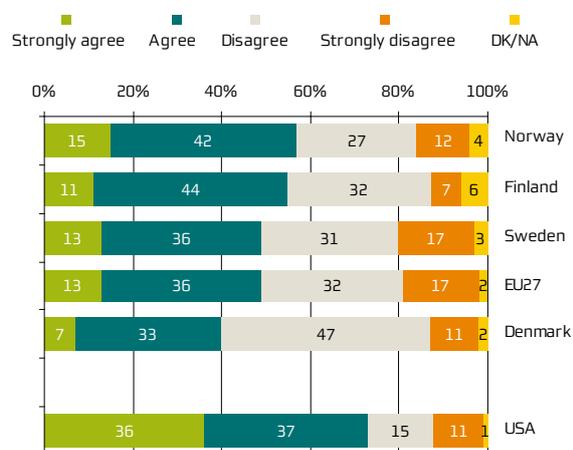
The general result is that Denmark and the Central Denmark Region have a relatively high rate of establishment and that a relatively large number of the entrepreneurs survive the difficult first years. But as Figure 7 illustrates, there is still room for improvement especially in the areas of:

- > Startup skills
- > New technology
- > Internationalisation
- > High growth

The challenge in relation to startup skills is i.a. rooted in the fact that entrepreneurship had traditionally not been an area accorded a priority in the Danish education system. This is illustrated in Figure 8, which shows that under 40 per cent of Danish adults think that the education system helped them develop a sense of initiative – a sort of entrepreneurial attitude. The proportion is the lowest in Scandinavia and below the EU average. In addition, it is interesting to compare the proportion with the results for the U.S.

Figure 8: Entrepreneurs' assessment of the influence of the education system (Source: EU Flash Eurobarometer 283)
 »My school education helped me to develop a sense of initiative - a sort of entrepreneurial attitude«

Share of adults, 2009



Fortunately, something has happened in recent years, and the education system has placed more focus on entrepreneurship. This also means that it is no longer only enthusiasts who are moving developments forward. Management has also begun to assume some responsibility. This is evident inter alia in the business colleges, where teaching in entrepreneurship in particular has been accorded significantly greater emphasis in commercial courses and in the courses in secondary schools which specialise in business education.

But entrepreneurship is still not included as a natural compulsory element in the courses in numerous educational institutions.

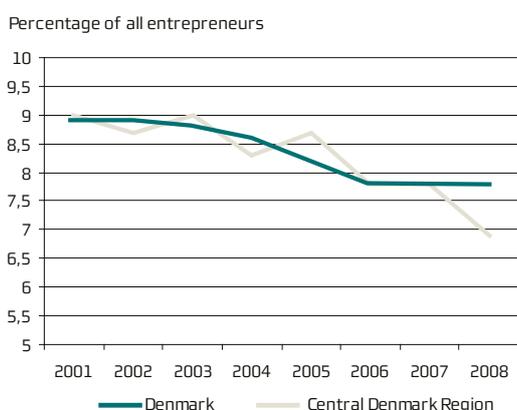
Apart from this, what teaching there has been has typically been »about« entrepreneurship and not »in« entrepreneurship. Students have become good at preparing a business plan, but not at realising it. There has been some development in this area in recent years, but there is still a major challenge in developing and disseminating best practice in courses.

The limited use of new knowledge and new technology typically results in companies developing to a level that is lower than if they had built the company up on the latest knowledge and technology. This may affect the competitiveness of the company in several ways. A risk is that the companies are missing out on important competitive advantages that they could have obtained if they had utilized the latest technology. Another risk is a lower productivity than they could have had. Both factors have a negative affect on the competitiveness of the companies. The result is entrepreneurial companies which do not exploit their potential, and this affects growth and jobs.

The challenges in relation to internationalisation are seen in the fact that the proportion of entrepreneurs with exports in their year of establishment has been falling over the last decade – as illustrated in figure 9. This is inter alia despite the fact that technological developments in the internet and communication have made it easier than ever to sell goods on international markets. The development is especially alarming in relation to the general challenges related to export intensity described in the previous section.

Figure 9: Proportion of entrepreneurs with exports in the year of establishment. (Source: Statistics Denmark)

Note: Companies in the Building and construction business are not included as they seldom export and the establishment of these companies are sensitive to economic cycle



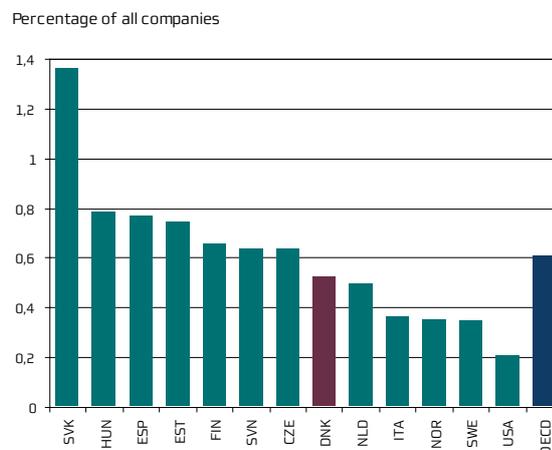
Growth is the prerequisite for the creation of new jobs. But many new companies do not grow bigger, and only a small number quickly find a solid and steady pace and become growth entrepreneurs¹. New growth companies comprised 0.5 per cent of all companies in 2007, placing Denmark in the middle of the international field as shown in Figure 10.

¹Denmark counts growth entrepreneurs in accordance with the OECD's definition, meaning that such activities must have ten or more employees within their first two years of existence and an average annual growth of at least 20 per cent in the following three years

Figure 10: New growth companies (+10 employees), 2007

(Source: Regeringens konkurrenceevneredegørelse 2011)

Note: New growth companies are companies which reach 10 or more employees within their first two years and have an average annual growth of 20% in the number of employees in the following three years. The data for FIN is from 2005. The data for NOR and ESP are from 2006 and for other countries from 2007.



This ranking was achieved for several reasons. One considerable reason is probably that Danish entrepreneurs' growth ambitions often suffer what in Denmark is popularly called the BMW syndrome. The term is used to describe entrepreneurs who lose their growth ambitions when the first goals for material returns have been reached, and where the next step will typically be the appointment of new managerial skills.

Another reason for the low proportion of growth entrepreneurs is the Danish home market, which is relatively small. This means that entrepreneurs must quickly adapt themselves to exporting if they are to retain the pace of their turnovers. Viewed in this light, the above development in relation to internationalisation is especially problematic.

A third barrier to growth which has become much bigger during the financial crisis of the last few years is entrepreneurs' access to capital, both ordinary loan capital, where the banks' more stringent requirements regarding security have made it much more difficult for companies to borrow money for e.g. new projects, but also in relation to more risk-oriented capital, where business angels and venture companies have also suffered during the financial crisis.

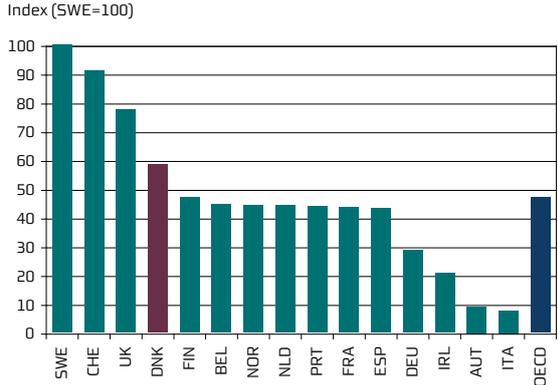
The situation is serious, as the lack of capital is a direct barrier to entrepreneurs in relation to the realisation of their growth ambitions and potential.

As illustrated in Figure 11, Denmark as a whole is otherwise relatively well placed in a compa-

risson of e.g. venture capital investments as a percentage of GNP. But what the summary does not show is that over 80% of all venture capital investments are made in the capital city area. The figure thus camouflages very substantial regional differences. These big differences are primarily attributable to two factors. Firstly, a large proportion of Denmark’s knowledge- and technology-intensive entrepreneurs start up in the capital city area. Secondly, the great majority of Danish business angels and venture companies are domiciled in the capital city area, creating a geographical distance and a barrier in relation to knowledge- and technology-intensive companies in the Central Denmark Region.

As will be evident, there are thus challenges in relation to both the availability of capital and the matching between companies and investors.

Figure 11: Venture investments as a percentage of GNP, 2008-2009 (Source: Regeringens konkurrenceevneredegørelse 2011)
Note: venture investments as percentage of GNP were calculated as annual averages for the period 2008-2009. The leading country (SWE) is set at 100. The investments include seed capital, start-up investments, and expansion



2. Business promotion in the Central Denmark Region – goals and principles

In its business development strategy for 2010-2020, the Central Denmark Region’s vision is to be a globally competitive region – among the best in Europe. The Region will thus be distinguished by a high level of productivity and value creation, and it will be a region where innovative and competent businesses and employees are the foundation for business growth and development. The strategy was prepared by Vækstforum and approved by the regional council. In practice, this means that all central players in the Region as well as the administration have participated in the preparation of the strategy, which therefore enjoys very broad support.

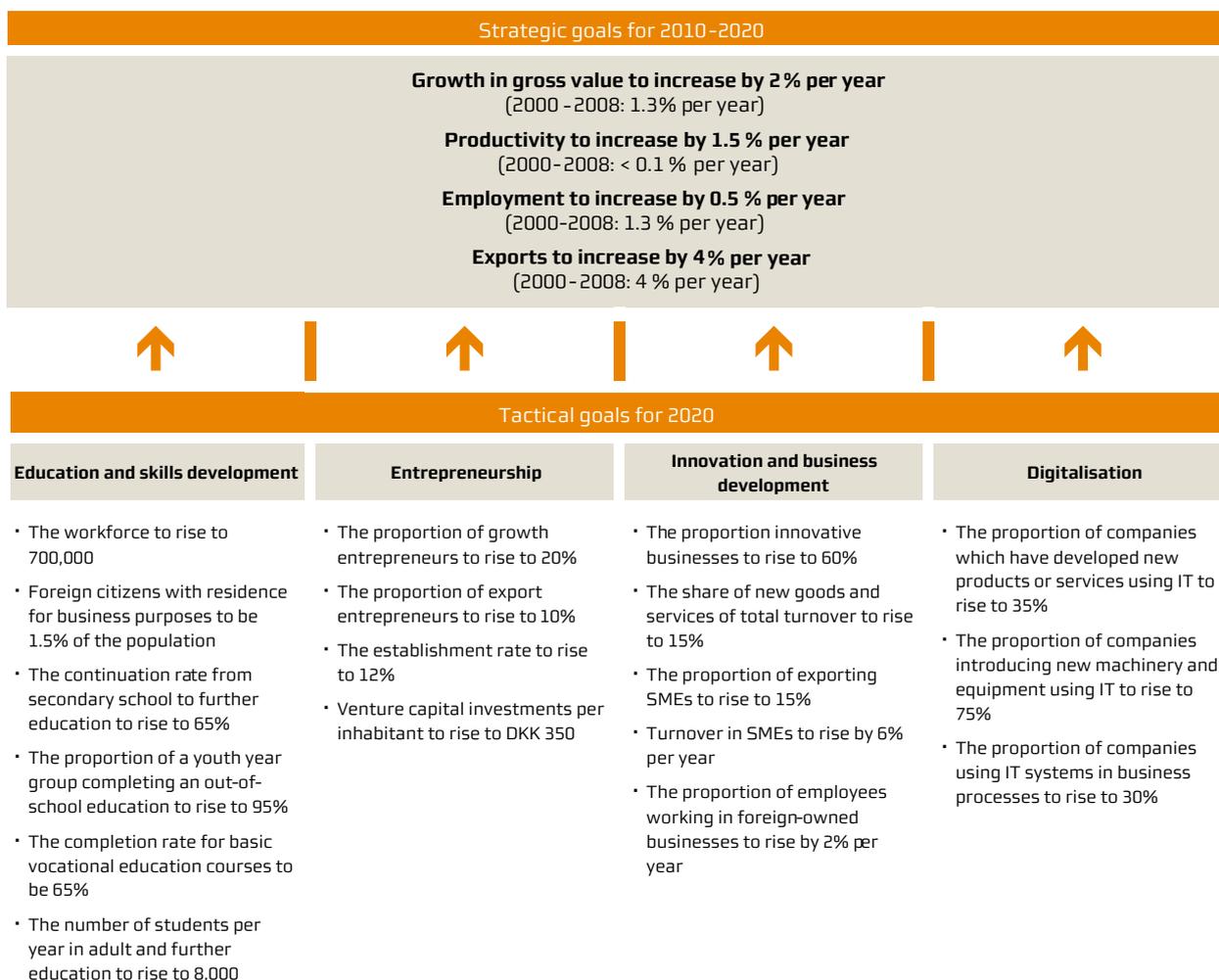
The vision encompasses four strategic goals which must be realised if the Central Denmark Region is also to enjoy a strong position in the

global competition of the future. The goals are shown in the figure below, which also illustrates how entrepreneurship is one of the four general tactical areas of initiative which must generate the development required for realisation of the strategic goals.

Apart from the tactical areas of initiative shown in the figure, four positions of business strength are also in focus at the tactical level, and these will help to achieve the strategic goals. These positions of strength are: Energy and the environment, Foods, Welfare innovation and Tourism. Specific tactical goals up to the year 2020 have also been set in these areas.

As will be evident from the figure, the business-related goals are centred primarily on business-

Figure 12: Goals and tactical areas of initiatives in the business development strategy



ses' development and growth. But there is no question of unconditional growth. The Central Denmark Region endorses the Europa 2020 strategy and intends growth to be sustainable, and built on a responsible use of resources which ensures that future generations will also be able to enjoy growth and welfare. Sustainable growth is also inclusive and based on a high level of participation in business, where everybody makes a contribution and gains a share of the resulting progress.

The concrete initiatives which will realise the tactical and strategic goals are described in two-year action plans. Only initiatives which can be expected to have an effect in relation to achieving the goals will be initiated. This also means that e.g. the business-oriented initiatives under the programme »Entrepreneurship« will be focused exclusively on those entrepreneurs who can help to achieve the tactical goals – that is, growth and export entrepreneurs will be in focus.

The above broad backup for the strategy is essential to make realisation of these goals possible. But it is at least equally important that the group which will execute the individual initiatives is qualified to perform the task. Central Denmark has historically had a very strong tradition of business service and promotion in comparison with Denmark's other regions. This is evident in the fact that the sum spent on business services per inhabitant by municipalities in central Jutland is 40% higher than the national average and more than three times the level in the capital city. This high prioritisation means that the Central Denmark Region has a strong foundation on which to build the individual initiatives in relation to the political support, the functioning innovation system and the existing basic business promotion initiatives. The Central Denmark Region has an ambition in this context to further strengthen the innovation system and create an absolutely world class system. This is necessary to ensure the full effect of the regional initiatives. More information on what this ambition specifically involves is provided in Chapter 4 under »The Central Denmark Region's support for and use of the system in its business promotion programme«.

3. The policy structure

The framework conditions for developing and running a business in the Central Denmark Region were created in an interplay between the EU, national, regional and local levels. Coherence between these four levels is critical for achieving a successful outcome for the entrepreneurship policy.

In Denmark, the state, the regions and the municipalities have a formal responsibility for the business policy. A number of interest organisations and knowledge institutions also have an influence on the framework conditions for business, for example by serving on national or regional councils and via their own initiatives within business consultancy or business-oriented centres of knowledge in the educational institutions.

The EU and the government level

Through the Europe2020 Strategy and the Small Business Act EU sets the overall direction for entrepreneurial efforts in member states. The goals for the EU's 2020 strategy for green, inclusive and intelligent growth are converted into national goals in each member state. In the same way, the SBA holds guidelines and objectives for how the member states should think entrepreneurs and SMEs into the national policies.

EU structural funds - like the European Regional Development Fund (ERDF) and the European Social Fund (ESF) - supports the effectuation of EU's strategies into concrete development initiatives that strengthen competitiveness and employment in the single member states. In Denmark the five regions attend the allocation of 90% of the structural funds in the ERDF and ESF, while the remaining 10 % is allocated through »the contestable pool«.

In order to reach the goals for Denmark in the Europe 2020 strategy the Danish government has set goals for 2020 within the areas of employment, climate, research and development, poverty and education. A number of agreements in these areas are included in the reform package 2020, which includes the »Agreement on Denmark as a growth nation«. The package is an ambitious attempt to continue recent years' systematic work to strengthen the terms of growth for Danish entrepreneurs and businesses.

In addition the Danish government has set a range of goals for economic policy, which also address the challenges within productivity, competitiveness, and investments in research and edu-

cation. The state programmes for strengthening the conditions for growth and development for the business sector are handled by a number of different ministries.

The programme for *The Ministry of Business and Growth Denmark* covers general entrepreneurship policy, including creation of framework conditions for entrepreneurs and businesses and the design of and access to risk capital. There are also various special business promotion initiatives within green and welfare technology. A number of areas which will strengthen entrepreneurs' framework conditions and create increased focus on growth entrepreneurs are in focus.

The Danish Enterprise Authority also operates under the Ministry of Business and Growth. The Authority ensures performance of initiatives including access to consultancy and capital, early testing of business ideas, improved saving and loan options and systematic education in concept development and entrepreneurial skills in further education courses.

Vækstfonden (The Growth Fund) is a state investment fund which invests equity in partnership with private investors and financiers with guarantees in cooperation with Danish financing institutions.

The Ministry of Science, Innovation and Higher Education sets the framework for the innovation policy initiatives and schemes and primarily addresses the problems and challenges experienced by the knowledge-intensive entrepreneurs in the commercialisation of research results.

The Danish Technology and Innovation Council under the above ministry is responsible for strengthening future growth and innovation in the business sector via policy initiatives within technology and innovation. The Council sets the frameworks for the initiatives offered by the Danish Agency for Science, Technology and Innovation, an agency under the Ministry, which performs duties within research and innovation policy. The interaction between businesses and knowledge institutions is strengthened via a number of schemes such as the national innovation networks, innovation agents etc.

The Ministry of Foreign Affairs of Denmark implements Denmark's foreign policy, European policy, development policy, safety policy and trade policy, and undertakes duties under international civil law. Apart from the Ministry of Foreign Affairs, there is a minister for Europe, a minister for Nor-

dic Cooperation, a minister for trade and investment and a minister for development.

The Trade Council is an arm of the Ministry of Foreign Affairs which is responsible for assisting private companies within exports, internationalisation and promotion of investment. The Trade Council is represented in over 60 countries and it promotes Danish companies' exports and internationalisation.

The regional level

Denmark is divided into five regions. Promoting regional development is one of Central Denmark Region's two main tasks – the other being the provision of health and welfare services.

The Regional Council is responsible for the regional development and for allocating regional business development funds for specific business initiatives. The Regional Council allocates funds based on recommendations made by the Central Denmark Business Development Forum.

The Business Development Forum is a regional partnership comprised of representatives of central public and private players. The Business Development Forum is responsible for preparing the regional business development strategy and for monitoring the conditions for growth. Besides the recommendations for the allocation of the regional business development funds Central Denmark Business Development Forum also makes recommendations to the Danish Enterprise Authority regarding the allocation of the EU Structural funds.

With the business development strategy 2010-2020 – »A globally competitive region«, the Business Development Forum has set a long-term perspective for business policy in the whole of the Central Denmark Region. It is a strategic plan which aims to ensure that by 2020 the Central Denmark Region will be a globally competitive region and amongst the best performers in Europe. The regional business development strategy is followed up by two-year action plans which specify which programmes are to be prioritised in the regional programmes. The regional programmes and projects are implemented by players on the operator side, and result contracts and measurements of effectiveness ensure ongoing follow-up on the programmes which have been initiated.

Denmark has a Væksthus (Business Link) in every region to provide a specialised business service for entrepreneurs and companies in growth. The Business Links offer mapping of

growth for ambitious entrepreneurs and businesses, and also play a prominent role as a link between the business service operators in the system via a number of cooperation agreements with central players for the entrepreneurs. The Business Links are owned by the municipalities and established as commercial trusts.

Viewed in interplay with the national programme, the regional programmes make a significant contribution to supporting entrepreneurs and businesses' terms of growth in a comprehensive innovation system. On the basis of the regional structural fund administration, the regions have been able to initiate major programme-based business promotion initiatives which, not least in the Central Denmark Region, have helped to create content and critical mass in the local business service.

The local level

The local business policy in the individual municipalities supports the programme and the general business service which is offered to all entrepreneurs and businesses. The municipalities play an important role within both the financing and the implementation of regional business development.

A characteristic of the local business service is that the pivotal point is services and activities, where proximity and the knowledge of local conditions play a critical role. The services which are offered locally are typically guidance of entrepreneurs and businesses on the business plan and start-up, courses and networking activities, and arranging of commercial land. There can also be services of a more focused nature such as company transfer, strategy and management, matchmaking with knowledge institutions, cluster development, and building up and running incubators/development parks etc.

These tasks are normally performed either externally by a local trade council (typically member-based) or by an independent unit in the municipality. Recent decades have seen increasing focus on business service and promotion in a broad sense in the municipalities. Together with the Business Links, the local operators play a decisive role in implementing many of the regional programmes described below.

4. The innovation system in the Central Denmark Region

An effective and well functioning innovation system is a central prerequisite for realizing the ambitious regional policy goals up to the year 2020 – described in chapter 2.

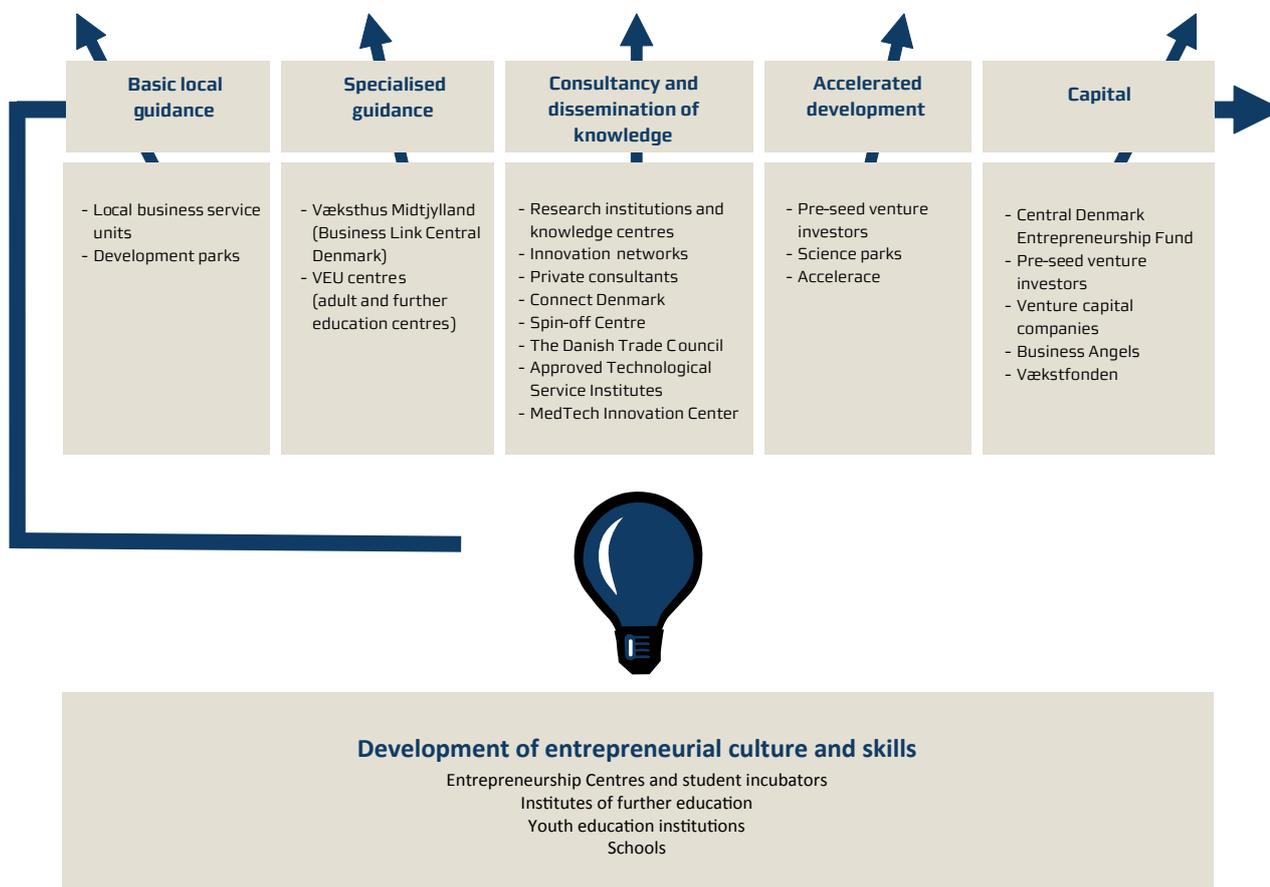
The innovation system in Central Denmark Region consists of a number of different players, offering a range of related services. The different services are aimed at entrepreneurs and SMEs in different development phases. There are substantial individual differences between the players in the system. For example, some of them are publicly financed, while others are (also) financed privately. Some players have been present for several decades – others for only a few years. Some players have several hundred employees – others only a handful. Some players' primary concern is to service the Region's businesses – others have several objectives, where business service is only one among many concerns. But a common feature of all players is that they are part of a coherent

network in which the individual players' goal is to refer to – or include – other players in step with the businesses' need for specialised guidance or advice. The system is illustrated in figure 13.

As the figure indicates, the educational courses play a basic role in the total innovation system. This applies to the development of creative abilities, active minds and basic entrepreneurial skills.

Some individuals elect to start a business immediately after their education has been completed. But the great majority of the new companies are started by people who have been employees for a number of years, and who have thereby gained a concrete business idea. The basic local guidance in this context is an offer relating to the typical basic challenges which all entrepreneurs and businesses experience in the start-up phase.

Figure 13: The innovation system in Central Denmark Region



If the entrepreneur has growth ambitions and seeks guidance on more complicated matters, he or she can be sent on to players under the specialised guidance scheme. For example, Business Link Central Denmark can help the entrepreneur identify development potentials and draw up a concrete plan. In the next stage, the players under the specialised guidance scheme – if deemed appropriate – refer the entrepreneur to one or more players in the illustration outlined groups of actors: »Consultancy and Dissemination of knowledge«, »Accelerated Development« and »Capital«.

The innovation system applies to many different types of business, and how these businesses use the system varies very greatly. For example, some businesses have experience in using development services from the players in the system, and they are aware of their needs and the players they want to help them to develop their businesses. These businesses will typically have a need for guidance, but they will make a direct approach to the player they want to provide the assistance. Other businesses will only have experienced a problem or a challenge, with which they need help, but they have difficulty defining and delimiting the problem, and they are unclear with respect to how the problem is to be solved or who will do so. These businesses will typically approach (or be referred to) the local basic guidance service, which will help the business to find its way, and refer the business further in the system as required as per the process described above.

The system can thus be used in many different ways, and it is very flexible with respect to handling the different needs with which the businesses approach the system.

The high level of flexibility in the handling of the businesses is regularly strengthened by an ambition that there may be »no-wrong-door« for the businesses. This means that the players in the system operate with a goal that, irrespective of the player who may be approached, the entrepreneur must always be referred to the player who is best able to meet the current needs.

The »no wrong door« ambition makes major demands on the individual players in the sy-

stem and, not least, on the individual player's knowledge of the whole innovation system. In practice, an attempt is made to achieve the ambition via comprehensive networking, where the players are bound together to a large extent by a set of cooperation agreements based in Business Link Central Denmark. These cooperation agreements contain general guidelines for target groups, allocation of duties and roles, implementation of regional programmes, marketing, skills development, and a number of specific goals for the level of activity.

The Central Denmark Region's support for and use of the system in its business promotion programme

The Central Denmark Region's innovation system includes a large number of players who offer advice, guidance and training for the business sector. Together, the players possess a high level of expertise and knowledge. The Central Denmark Region has attempted to use this by building up the business development programme around the existing players.

The Region's business promotion programme is thus built on a strong foundation of local and specialised advice and well-honed consultancy and development-generating expertise, ensuring a solid basis for a competent implementation of the Region's initiatives for entrepreneurs and SMEs.

The fact that the Central Denmark Region prioritises the innovation system in the implementation of the business development programme also means that the players in the system gain more »goods on the shelves«, which is effectively promoted at the same time via various relevant marketing channels. The result is an innovation system with a high level of efficacy and a markedly strengthened and more attractive profile to the businesses.

Experience from the Central Denmark Region and best practice studies from other regions have shown that a number of factors are important for ensuring that the business promotion programme is effective and legitimate. The following points apply to the innovation system:

- > There must be a competent, easily accessible and local business service which can undertake the introductory screening for the system.
- > There must be expertise at a very high level in providing guidance – in both breadth and depth.
- > The initiatives in the programme must be attractive and effective for the target group.

The Central Denmark Region ensures these points in its business promotion programme by:

- > Consistently ensuring that the players providing basic local guidance – especially the local business service – are the main point of entry to the innovation system with respect to access to the Region's initiatives. This is done among other ways by supporting the »no-wrong-door« referrals from the other players in the system and consistent marketing with a joint website and one telephone number, but also by ensuring in-service training of employees under the basic local guidance scheme so that their expertise in providing guidance is at a very high level, and they are thus an attractive point of entry.
- > Ensuring that the specialised guidance – especially Business Link Central Denmark – is a central player in the innovation system in terms of charting the businesses' possibilities for development and examining the initiatives in central Jutland. This is done among other ways by supporting the system's cohesion, especially with respect to Business Link Central Denmark – e.g. via cooperation agreements and the stationing of employees from key regional and national partners in Business Link Central Denmark, but also by ensuring the in-service training of employees providing the specialised guidance so that their knowledge of the system and their skills in providing guidance are at a very high level in both breadth and depth.
- > Developing the programme's initiatives on the basis of the target group's needs and designing the initiatives so that they support the clarification process which the target group

needs to a major extent. Especially the specialised guidance which contributes to this, while stimulating the businesses to break down the barriers and invest in the effective offers of development available under »Advice and communication of knowledge«, »Accelerated developments« and »Capital«.

The Central Denmark Region also sees it as absolutely essential that the business promotion programme is designed to ensure the greatest possible return to society for the public funds which were invested in the businesses. Central Denmark Region ensures this, by using the inbuilt specialisation in the innovation system, to create a »growth accelerator«, where the weight in the offers is increased in step with the entrepreneurs' growth potential – and therein step with potential economic return to society which can be realised by the individual business. This means, that the »light« and more general offers are available to all entrepreneurs with a growth potential. While the »heavy« often specialised or long-term offers only are available to entrepreneurs with an extraordinary growth and export potential.

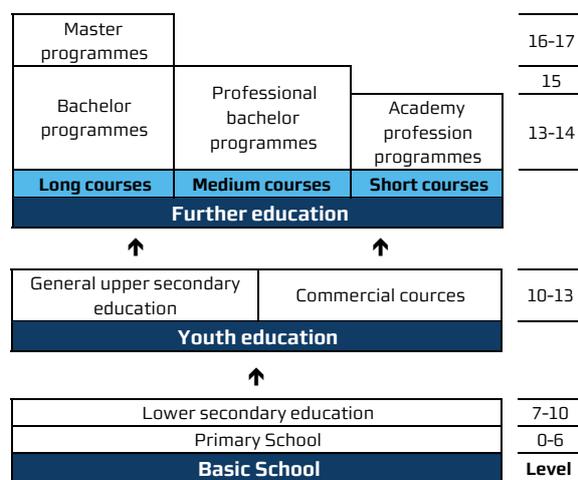
The following sections provide more in-depth description of the various players in the Region's innovation system.

4.1. Development of entrepreneurial culture and skills

With respect to business development, the educational institutions work within a long-term perspective to create the entrepreneurial culture of the future by influencing the students of the present. This is a fundamental building block in the total initiatives, where it is possible to influence students' attitudes to entrepreneurship and strengthen their entrepreneurial skills.

Figure 14 shows a simplified illustration of the Danish education system.

Figure 14: Simplified illustration of the Danish education system



The players' promotion of entrepreneurship consists primarily of subjects and courses with a broad approach.

The lower secondary education includes entrepreneurship primarily in established subjects in the form of projects focusing on creativity and concept development. The projects are typically of short duration and they most often involve a fictional case, but they can also be based on a problem posed by a local business. The object of the education at this level is to stimulate pupils' creativity and arouse their curiosity in relation to entrepreneurship.

The education in entrepreneurship in the youth education is more theoretical and based on practice. It can consist of independent subjects, but also of modules included in established subjects. The most ambitious schools have a dedicated innovation or entrepreneurship line, where the pupil studies all phases in theory and practice, from invention and concept development to commercialisation and business development, to marketing and sale. But there are substantial differences between schools, and

other schools have thus included innovation or entrepreneurship exclusively in e.g. an optional subject. The object of the course at this level is both to stimulate the pupils' creativity and arouse their curiosity in relation to entrepreneurship, but also to give them some concrete tools and strengthen their entrepreneurial skills.

Education in innovation and entrepreneurship in the further education courses is typically very comprehensive, and the students are introduced to concepts and theories of innovation, design processes, growth, business development and more. As with the other course levels, there are also major differences in the further education courses in the extent to which innovation and entrepreneurship are included. Some places work intensively with entrepreneurship and development of enterprising behaviour. Other educational institutions only include entrepreneurship sporadically in established courses. In general, the further education courses also continue to stimulate students' initiative, and educate them in what is called »entrepreneurial capacity«. The training in entrepreneurship is, however, bound to a higher degree to a specific topic, and the training at a number of educational institutions is supplemented by student incubators where the students can work intensively on the establishment of their own business and receive expert guidance and sparring. There are currently seven student incubators in the Central Denmark Region. Individual players, Aarhus University and VIA University College have also established entrepreneurship centres with responsibility for the development, coordination and dissemination of work which promotes entrepreneurship.

Student incubators in the Central Denmark Region

- > Ark:Idea (Aarhus School of Architecture)
- > Business Factory (Aarhus University, Institute of Business and Technology, Herning)
- > IDEA House Aarhus (Erhvervsakademi Aarhus, Aarhus)
- > Midtjysk AnimationsVæksthusthus (The Animation Workshop, Viborg)
- > Student Entrepreneurship Centre (VIA University College, Horsens)
- > Studentervæksthusthus Aarhus (Aarhus University, Aarhus)
- > Innofactory – the virtual student incubator (Erhvervsakademi Dania, Randers)

Academic entrepreneurs

When the universities' specialist knowledge is combined with the entrepreneurs' feeling for business, unique business opportunities are created.

Aarhus University was the first institution of higher education in Jutland. Today, it is one of the world's top hundred universities, and its objective is to be a strong partner for the business sector.

With the Centre for Entrepreneurship and Innovation (CEI), graduates of the university gain an extra dimension in their educations. The underlying visions are about value creation and continuity between knowledge and business.

»As 'Denmark's Entrepreneurial University', we place heavy emphasis on developing the students' entrepreneurial faculties, and we are constantly developing a course structure where the entrepreneurial outlook is integrated into the existing disciplines,« explains Flemming K. Fink, who heads the CEI.

Students from all of the university's disciplines, which cover, for example, the humanities, economics and natural sciences, gain the opportunity to establish and develop businesses at various levels via the Student incubator, where concept development courses and guidance by professionals create optimal possibilities.

»Specifically, we have an example of a theology student who, with the aid of the various possibilities available in the CEI, started an independent business, and the product is ethical accounts for small and medium-size companies,« Flemming Fink explains. The Centre has two strong areas of focus, each growing with a high level of success.

»One part of the Centre is concerned with entrepreneurship, while the other is focused on establishing projects and partnerships between businesses and relevant researchers. We work on the basis that the knowledge partnership must commence with the business's needs, and we help to describe and organise a tailor-made knowledge partnership,« says Mr Fink, noting that the CEI's students have already given rise to about 50 businesses – far exceeding the goals.

»We're satisfied with what we've achieved, but I hope that in time, we can be the sustaining forces which can make Aarhus an entrepreneurial ecosystem. We have all the components in the university, the Business Link, Incuba Science Park and the many grass roots entrepreneurs, but we can achieve better coherence. The perspective is also to attract investment capital,« concludes Mr Fink on the visions for the CEI's future.



Facts:

Company name: Centre for Entrepreneurship and Innovation

Location: Aarhus

Number of employees: 30 plus loosely affiliated employees

Target group: Students and entrepreneurs

Sector focus: University centre for entrepreneurship and innovation

Website: www.cei.au.dk

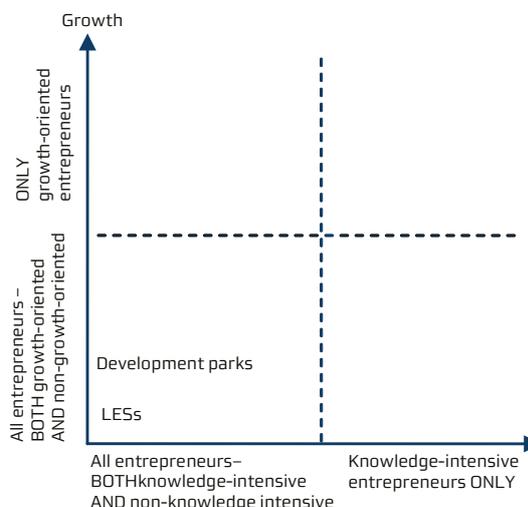
4.2. Basic local guidance

The basic local guidance is a basic business service consisting of general services for all entrepreneurs and businesses - whatever their sector and educational background. The typical services are information (for instance about tax, establishment forms, laws and rules), problem resolution, guidance (for instance in developing a business plan) and referral to other relevant players. The basic content of the services varies little from one municipality to another. The object is to ensure competent guidance for all entrepreneurs and businesses on basic problems concerning the businesses' development and operation. The basic local guidance also aims to provide an overview of the possibilities in the total innovation system, and to find and refer growth-oriented entrepreneurs and businesses towards the more specialised guidance in Business Link Central Denmark.

The local business service (LES) is the primary group for providing basic local guidance. The LES is thus the main point of entry to the innovation system for all entrepreneurs and SMEs seeking guidance with respect to a specific problem or development of the business. There are a local business service unit in all of the 19 municipalities in the Central Denmark Region. The geographic distribution of these units gives entrepreneurs local access wherever they may be. Users also have a common telephone number, 7015 1618, for simple and easy access, and entrepreneurs are automatically redirected to the nearest business service unit. Apart from the LES, there are various development parks providing basic guidance, especially to established entrepreneurs – either by them self or in cooperation with LES.

LESs play an important role in screening and sending entrepreneurs with a potential for growth further in the innovation system. The full system therefore depends on the LES's acting as an effective point of entry to the complete innovation system. »VækstHjulet« – the Growth Wheel – is the primary tool which LES units (and Business Link Central Denmark) use effectively to meet the individual entrepreneurs and SMEs. All players under both the basic local guidance and the specialised guidance also use a common Customer Relationship Management system (CRM-system) for the sharing of knowledge and administration of the customer contact.

Figure 15: Simplified grouping of the players based on whether they mainly are targeted towards knowledge-intensive entrepreneurs, growth-orientated entrepreneurs, or a wider target group.



VækstHjulet (The Growth Wheel)

VækstHjulet is a simple, visual and practical dialogue tool developed by Growth Company specially for the consultants working with entrepreneurs and growth companies.

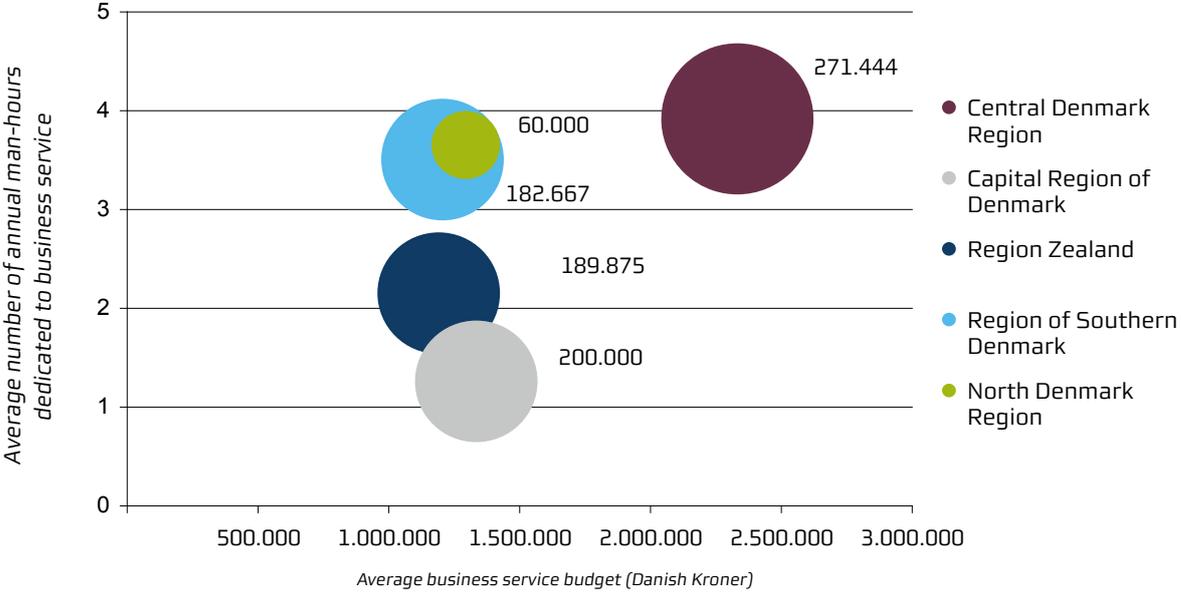
VækstHjulet is an alternative to the conventional business plan and a good tool to help entrepreneurs getting an overview and focus their efforts.

The success with which the LES is able to manage the major screening process is due to a high degree to the fact that there is a relatively strong tradition of local business service in the Central Denmark Region compared with the other Danish regions. The players possess a relatively high level of expertise and they are well integrated into their respective catchment areas. This means that they have a good basis for being able to provide competent and effective basic guidance to all types of entrepreneurs.

This tradition is expressed inter alia in the number of resources provided to the local business service. This is illustrated in Figure 16, which indicates that the Central Denmark Region has both a much bigger average budget and more average annual man-hours dedicated to business service than in the other Danish regions. It should, however, be noted that there are also major differences between the Region's municipalities in the prioritisation accorded to busi-

ness services. Some business service units thus have under two man-years dedicated to this service while others have over ten.

Figure 16: Comparison between average annual budgets and annual man-hours dedicated to business service, and communication budget (local business offices ONLY)



We invite ourselves inside

Skive business centre is focused on creating networks for both entrepreneurs and owner-managers. They're also ringing and inviting themselves to visit businesses.

It's not the custom for guests to invite themselves, and definitely not in Skive in north-western Jutland. But at least once a year, 428 businesses are offered a visit by their business centre, which invites itself to coffee and a discussion on challenges and possibilities.

»We place very heavy emphasis on direct contact with the individual business, and when we're visiting, we use the screening tool »The Growth Wheel« to spot possibilities for development or areas where the business could usefully use a helping hand. The personal talk helps us to gain a precise overview of the business, from where we can sketch out all the possibilities we find with respect to local, regional and national schemes and local networks and courses,« explains Jeanne Søggaard, manager of Skive and District's Business and Tourist Centre.

With a total of only four employees in the business department, it's very much an art to keep abreast of the possibilities which the department can offer, but in Skive we've mastered the challenge with the aid of networks. A total of seven networks are organised, structured and run by the business centre.

»We have networks for everything from owner-managers to women's groups, and it's an entirely conscious choice because we focus on the energy and natural sparring which is generated when businesses are given the opportunity to network. But at the same time, we're also conscious of the need to use electronic communication, especially with the potential entrepreneurs whom, in the nature of things, we can't contact,« says Ms Søggaard, who explains that the office in Skive sends out weekly news e-mails and press releases.

»Apart from the actual guidance, one of our most important tasks is to constantly remind businesses and entrepreneurs of what we can do and what we can help with – in a nutshell, to announce and make people aware of all the different things we can be used for,« Ms Søggaard concludes.



Facts:

Company name: Skive and District Business and Tourist Centre

Location: Skive

Number of employees: 14 employees

Target group: Potential entrepreneurs, newly established and existing businesses

Sector focus: Business services/promotion

Website: www.skiveet.dk

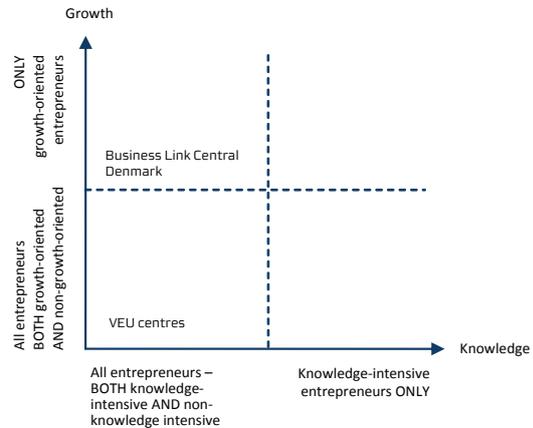
4.3. Specialised guidance

Not all entrepreneurs have the same growth potential and the same ambitions. And while some entrepreneurs are well placed in terms of LES services, many growth-oriented entrepreneurs need more specialised guidance.

The specialised guidance in this context is an extended regionally-based business service which functions as a superstructure for the local basic guidance. The object is to ensure competent guidance for growth-oriented entrepreneurs on more complicated problems concerning the development and realisation of a growth potential. This guidance is typically introduced with a mapping of the company's growth potential and challenges and it finishes with a concrete plan for the development activities to be initiated and the players to be included in its execution of the development activities.

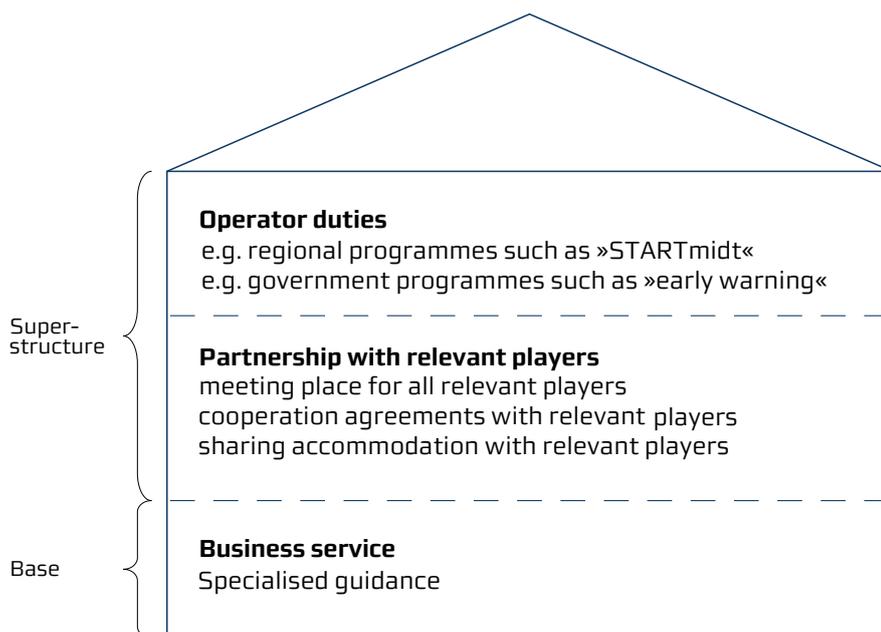
In the Central Denmark Region, it is mainly Væksthus Midtjylland (Business Link Central Denmark) which provides the specialised guidance from the main office in the Incuba Science Park in Aarhus and a branch in the development park »Innovatorium« in Herning.

Figure 18: Simplified grouping of the players based on whether they mainly are targeted towards knowledge-intensive entrepreneurs, growth-orientated entrepreneurs, or a wider target group.



Apart from the specialised guidance, the Business Link also performs a number of functions in relation to network creation and communication and a number of operator functions. The Business Links functions can be described as a house with three storeys. This is illustrated in Figure 17. On the ground floor is the foundation with the specialised guidance. The first floor is the superstructure, where the Business Link can activate a number of services for and offers to the target group via a comprehensive net-

Figure 17: Business Link Central Denmark's functions



work of formal and informal partners. The top floor is home to the operator functions, with a range of regional and national programmes. The Business Link is thus operator on programmes which for instance can provide entrepreneurs and businesses with access to external knowledge via a private consultant, a GTS (Approved Technological Service) Institute or a researcher.

Business Link Central Denmark differs from the other four Danish Business Links in having a large supply of services on the upper two storeys. The Business Link thus undertakes a relatively large number of operator functions at both regional and national levels. Among other reasons, this is because Business Link Central Denmark has generated good results and has distinguished itself with highly positive evaluations and a very good ranking in the benchmark studies of the five Business Links which are regularly made.

The many operator functions also mean that Business Link Central Denmark distinguishes itself in having a very strong connecting link function and a comprehensive and close collaboration network with the other players in the total innovation system. Business Link Central Denmark has also worked strongly for a common physical localisation, which has resulted in many central partners having employees stationed with the Business Link. The result is that the individual entrepreneurs have direct and easy access to a very broad range of relevant skills among both regional and national business development players.

Apart from Business Link Central Denmark, the Region's three adult and further education centres (VEU centres) also provide specialised guidance for the continuing and further education of employees in SMEs.

The VEU-centres represent the formalised cooperation between all Labour Market Training Centres (AMU centres) and the general Adult Education Centres (VUC). On this basis the VEU-centres object is to contribute to generate a higher focus on the quality and effect of the basic vocationally orientated education and the general adult education. This is to ensure that the companies and the workforce are offered a flexible and effective training. The specific ser-

vices include free advice on training and help in planning and implementing the training.

Optimal nursing for growth

In many areas, the Central Denmark Region's business development system is the first mover with the ambition to make a total coordinated effort – and a success with which over 1,000 businesses were in contact last year.

Væksthus Midtjylland (Business Link Central Denmark) has two physical addresses in the Central Denmark Region, but it's open 24 hours a day on the internet, and accessibility is a keyword for the Business Link, which sees the innovation system as a virtual house with a single point of entry to the many possibilities available to entrepreneurs and small and medium-size businesses in the Region.

»What we call 'the single point of entry' functions in practice via a close partnership between all players in the business development system. This means that the local trade councils refer businesses with growth potential to Business Link Central Denmark. When Business Link Central Denmark takes over, the growth consultants' task is to help them to progress in their efforts to achieve growth. Specifically, a growth consultant visits the business to ask, listen and resolve both challenges to and possibilities for growth – the growth potential in 1,000 businesses in the Central Denmark Region is identified each year, and 500 businesses gain co-financing to purchase external consultancy assistance via the regional programmes«, explains Erik Krarup, Business Link Central Denmark's manager.

The 30 growth consultants collectively possess extensive business experience, and they can therefore provide optimal guidance in the many possibilities offered by the regional and other programmes, the manager explains, at the same time emphasising the electronic communication, and Business Link Central Denmark has therefore elected to gather all the many possibilities on a special website – imidt.dk. The goal is openness, accessibility and a fast reaction to individual businesses' needs at all times:

»Our most important task is to constantly seek contact with the many businesses with growth potential – to take them under our wing and ensure that they have the best possible sparring, and to refer them to the best external consultants. Our close collaboration with the local business service operators is critical for success, and the vision is to extend and exploit the growth potential in the Region's businesses,« says Mr Krarup.



Facts:

Company name: Væksthus Midtjylland (Business Link Central Denmark)

Location: Offices in Aarhus and Herning

Number of employees: 60 plus loosely affiliated partners

Sector focus: Entrepreneurs and SMEs with a growth potential

Websites: www.vhmidtjylland.dk and www.imidt.dk

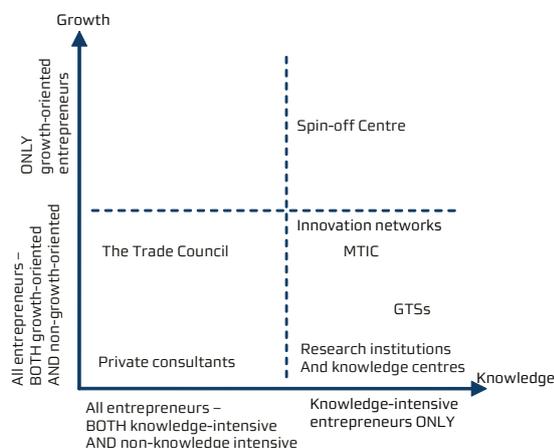
4.4. Consultancy and dissemination of knowledge

The players concerned with consultancy and dissemination of knowledge are the primary problem solvers in the total innovation system. The individual players have different purposes. Some have business development as their principal objective, while others (e.g. universities) have other primary objectives. Common to all players is that they, based on various regional and national business development initiatives, are contributing to entrepreneurs' application of specialised knowledge and consultancy.

Research institutions and centres of knowledge are typically sited in relation to educational institutions, and they work with the building up and dissemination of specialist knowledge within a limited subject area. The Central Denmark Region has a wealth of these institutions and centres, but a feature common to those of them in the innovation system is that they work to promote business by offering their knowledge to the businesses and by working together with them on innovation and development. Their services cover a broad range from free collaboration and communication of knowledge to cooperative projects, to the purchasing of advice and research expertise. Aarhus University is very much the biggest single player, and by virtue of its ranking in the top 100 in a number of recognised global university ranking lists, is a major development dynamo for the entire Region.

Approved Technological Service Institutes (GTS institutes) are non-profit institutions which are approved by the Danish Agency for Science, Technology and Innovation. They are operated as private companies whose object is to build up and communicate technological expertise in Danish businesses. The GTS institutes take part in a variety of innovation projects in close collaboration with companies and leading research and educational institutions in Denmark and abroad. Furthermore they offer specialised consultancy on market terms to entrepreneurs and others. Six of the nine Danish GTS institutes are located or have branches in the Central Danish Region.

Figure 19: Simplified grouping of the players based on whether they mainly are targeted towards knowledge-intensive entrepreneurs, growth-orientated entrepreneurs, or a wider target group.



GTS institutes in Central Denmark Region

- > AgroTech – Institute for agriculture and food processing
- > The Alexandra Institute
- > DELTA
- > DHI
- > FORCE Technology
- > Danish Technological Institute

The innovation networks are co-financed by the Ministry of Science, Technology and Innovation and their object is to strengthen the interplay between research institutions and companies. They help inter alia entrepreneurs and businesses find partners among researchers, other companies and experts within their respective areas. The innovation networks also help to share experiences, develop new ideas and initiate and undertake specific innovation projects. Six of the 22 Danish innovation networks are in the Central Denmark Region. The innovation networks are typically established as commercial foundations with both companies and research institutions as owners.

Innovation networks in Central Denmark Region

- > The Animation Hub
- > Innonet Lifestyle – Interior & Clothing
- > FoodNetwork
- > Innovation network for Biomass
- > The Renewable Energy Innovation Network (VE-net)
- > Service Platform – Aarhus

MedTech Innovation Centre (MTIC) is a commercial foundation which was established with support from the Central Denmark Region and the EU. Its object is to promote development and growth in the Region's bio- and medtech companies. This is done by offering the companies mission-critical competencies. MTIC has built a network of specialists within IPR, business development, regulation and financing, which may be coupled to the region's businesses during critical development phases.

The Spin-Off Centre is established in a cooperation between the five Danish Business Links, Symbion and Scion DTU Pre-seed venture investors, CAT and others. Two spin-off centres are established in Denmark – one of these is situated in Business Link Central Denmark. The object of the Centre is to help existing companies create growth through spin-offs. This is done by helping identify spin-off projects and by assigning the projects an experienced business developer who can help maturing the business idea. Furthermore the centre can help raise investment capital – inter alia through the Pre-seed venture investors (see chapter 4.5 and 4.6), and recommend projects with significant growth potential for Accelerace (see chapter 4.5).

The Trade Council under the Ministry of Foreign Affairs assists private companies within exporting, internationalisation and promotion of investment. The primary offer to entrepreneurs covers consultancy on the basis of the Ministry's network of embassies, consuls-general and trade offices in 64 countries. These services are sold at a fixed hourly rate. The Council also offers a number of consultancy services which are free to entrepreneurs.

New Best Practice in Denmark

Business Link Central Denmark was the first – and to date is the only – business link with an in-stationed employee from the Trade Council. This stationing has meant considerably easier access for entrepreneurs' to the Council's services, and has resulted in a substantial increase in the demand for services in the Central Denmark Region.

CONNECT Denmark is an independent, private non-profit organisation, which through its extensive network of Danish companies, business people and research and innovation communities provide free advise and coaching to firms with a high growth potential. This is typically executed through the so-called »springboards«, where first the entrepreneur presents the company to 7-8 representatives from the network and subsequently receives input from these individuals regarding the company's development.

Private consultants range from one-man businesses to the big internationally-oriented consultancy houses. The players offer specialised consultancy on market terms within a very broad range of areas. A dedicated portal – »Rådgiverbørsen.dk« – is established in order to provide entrepreneurs easy access to – and overview of – the various consultants in the region. Here, entrepreneurs can also invite tenders for concrete assignments or quickly find private consultants relevant for the problem in question.

New Best Practice in Denmark

»Rådgiverbørsen.dk« was developed as a regional tool by business link Central Denmark, but it was subsequently extended to the entire country. Business Link Central Denmark still administers Rådgiverbørsen.dk

Only the global market matters

It costs millions of kroner to make a breakthrough in the medical sector, and the risk of taking a wrong turn is considerable. MTIC helps medical and biotech companies in Central Denmark, and is the professional sparing partner with experience in the sector.

It's an experienced team at MTIC. All employees have commercial experience in the medical/health sector, and according to the manager Trine Winterø, this is critical for MTIC's success.

»In the medical technology sector, expert knowledge is merely one leg on which the business can stand. At least equally important is to understand how specialised, technical and commercially demanding and protracted a process it can be to launch a product. It often takes around ten years and costs well over 100 million kroner before a product reaches the consumer,« Ms Winterø explains.

The six employees use the network and their knowledge of the sector to contact companies which need help, and MTIC is constantly seeking to be a network organisation for knowledge and those companies which inter alia originate in universities and the hospitals' research units.

»It is only by sharing knowledge that we can create growth, and we seek via MTIC's Masterclass and other avenues to create the forum where we ensure the businesses a network with a range of expertise. There are numerous possibilities to take a wrong turn when a new product is developed, including with respect to patenting and commercial and regulatory matters, where the businesses can use one another and the knowledge they each have,« Ms Winterø explains, recognising that long-term thinking is required when the general lines are to be drawn for the businesses which MTIC assists.

»MTIC's vision is to help more companies on to the market, and we can't measure this on short horizons. But we can ensure that the individual business receives the best advice, finds the right people on the American market, finds investors, and all in all receives help to take the next critical commercial step,« Ms Winterø concludes.



Facts:

Company name: MTIC – MedTech Innovation Centre

Location: Aarhus

Number of employees: 6

Sector focus: Entrepreneurs within medtech, biotech, health technology and welfare technology

Website: www.mtic.dk

4.5. Accelerated development

The object of the players offering accelerated development is to help entrepreneurs with growth ambitions and -potential to realise the company potential. The course is tailored to the individual entrepreneur's needs and it can include a combination of consultancy, coaching and mentor-sparring – and in some cases injection of investment capital.

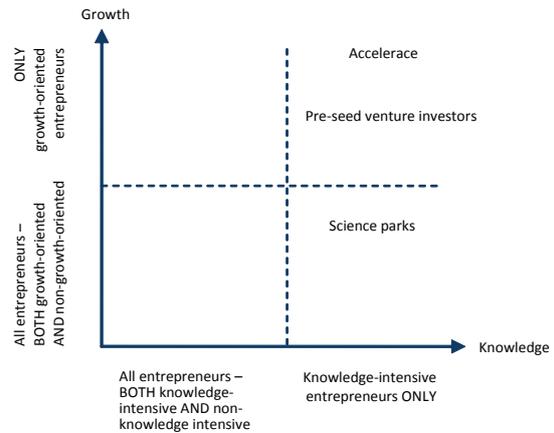
Science parks are typically targeted towards innovative entrepreneurs and their primary object is to offer an attractive incubation environment where knowledge- and research-intensive companies can rent offices, receive consultancy and take part in events and networks. The parks are often also included in a close partnership with an Pre-seed venture investor which as mentioned can contribute with investment capital and consultancy to relevant entrepreneurs. There are two science parks in the Central Denmark Region.

Science parks in Central Denmark Region

- > Agro Business Park
- > Incuba Science Park

Pre-seed venture investors are approved by the Danish Agency for Science, Technology and Innovation. Their object is to help promising knowledge-based entrepreneurial businesses through the first difficult and risky development phases. This is achieved partly by investing risk-oriented state and private capital and partly by assisting with coaching, sparring and advising during the businesses course of development. The goal is to create and develop more knowledge-intensive businesses with unique skills and clear growth potentials. The Pre-seed venture investors will typically be relinquished by the company after three to five years when it reaches the seed capital phase, and private investors such as venture and capital funds are ready to take over. Further details are given in Section 4.6. Two of the six Danish Pre-seed venture investors are in the Central Denmark Region.

Figure 20: Simplified grouping of the players based on whether they mainly are targeted towards knowledge-intensive entrepreneurs, growth-orientated entrepreneurs, or a wider target group.



Pre-seed venture investors in Central Denmark Region

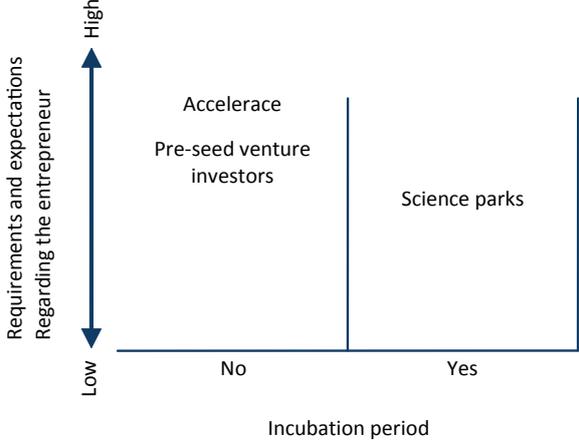
- > Innovation MidtVest
- > Østjysk Innovation

Accelerace is a national program lead by Symbion Science Park in Copenhagen. The program offers exclusive and internationally-oriented business development targeted towards ambitious entrepreneurial companies with a unique product, but without resources, specific skills or networks to bring the product on to the market quickly. The development process proceeds under a »stage-gate principle«, where the entrepreneurs must reach some defined milestones in order to continue the development. Entrepreneurs who complete the full course of development are also frequently offered investment capital which can help to accelerate growth.

New Best Practice in Denmark

Business Link Central Denmark was the first business link to have physically stationed an employee from Accelerace. This stationing has meant considerably easier access for entrepreneurs to Accelerace's services, and it has resulted in a substantial increase in the demand for services in the Central Denmark Region.

Figure 21: Simplified grouping of the players based on they relative demands and expectations on the entrepreneurs and whether the development includes an incubation period.m



We take the business by the hand

Agro Business Park finds researchers with a talent for business and keeps everything practical in focus in the critical start-up phase.

»We're the country's international growth centre for knowledge entrepreneurship within agriculture, food and bioenergy, and our object is to build bridges between research and the business sector. Lars Visbech Sørensen, manager of Agro Business Park, is brief and to the point when he defines the research park's vision and goal.

With its location conveniently close to Foulum Research Centre, which, as a part of Aarhus University, is home to research within animal husbandry and plants as well as other areas, Agro Business Park is right next to the researchers.

»We're constantly trying to find those researchers who have conceived an extraordinary idea, among other ways via an annual innovation competition,« explains Mr Sørensen, who continues:

»We help to launch all proposals, understood such that we take them in hand, help with the business plan and with finding capital, and offer them premises here in Agro Business Park, where their rent also pays for access to meeting rooms, IT and a telephone minding service. We also provide advice and guidance, and our finest task is to have a finger on the pulse and constantly assess when the timing is right in relation to advising the businesses housed here with us.«

Sixteen businesses are currently housed in Agro Business Park's premises, and the partnership with some of the businesses is quite close.

»The entrepreneur Webstech took part in our innovation competition and won one of the three main prizes. We've been right behind the entrepreneur throughout the start-up and operation of the business, and helped him through the challenges which naturally appear when a researcher comes to commercialise his research. Apart from advice and sparring, Webstech has also engaged Agro Business Park to manage its bookkeeping,« explains Mr Sørensen, who calls Webstech a typical example of the partnership that develops between the knowledge entrepreneurs and Agro Business Park.

»We have a safety net around them from where they themselves can build up the business.«



Facts:

Company name: Agro Business Park

Location: Tjele

Number of employees: 18

Target group: Innovative scientists and students at further education centres, agro-businesses

Sector focus: Agriculture, bioenergy, environmental technologies and food processing

Website: www.agropark.dk

4.6. Capital

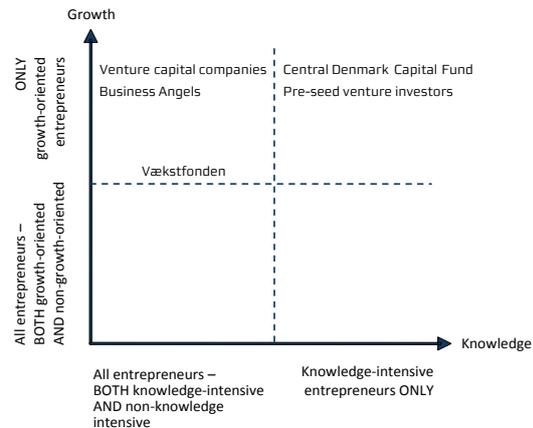
The object of players offering risk capital is, among other things, to assist entrepreneurs to finance the early stages of the company's development. All players assess the projects and the businesses on the basis of the possibilities for their macro economic return. This means that they are very concerned with ensuring that the businesses develop and achieve their milestones, thus making them attractive to new investors. The various players are, however, distinguished by the risk which they are willing to accept and the phase in the business's development on which they are focused.

Pre-seed venture investors can, as mentioned in chapter 4.5, provide injections of up to DKK 6 million in state support to their portfolio companies. The injections are in the form of loans or equity in the form of pre-see investments. The Pre-seed venture investors are often the entrepreneur's first investor. The objective is to mature the company to the stage where e.g. venture funds, estimates that there are an acceptable relation between risk and return opportunities. The Pre-seed venture investors are therefore also very active in helping the entrepreneur to seek other financing to assist him with the further course of development.

Midtjysk kapitalfond (the Central Denmark Capital Fund) is a regional fund whose object is to fill the gap which often appears between the Pre-seed venture investors and the venture funds when it comes to knowledge-intensive companies with long development phases. The follow-up investments are of the order of DKK 4-6 million. The total fund is DKK 100 million and it is financed 50/50 by the EU Structural Funds and other public and private investors.

Business Angels are well-endowed private persons with business expertise and risk capital, and usually the time and interest to contribute to the development of a business without assuming an operating responsibility. Apart from capital, Business Angels contribute via the board of directors by offering special knowledge, experience and networks. Business Angels typically invest in the early seed phase with the expectation that a business can be created with positive earnings or other notable achievement such that the company is saleable, or it can yield a return on the investment within three to seven years.

Figure 22: Simplified grouping of the players based on whether they mainly are targeted towards knowledge-intensive entrepreneurs, growth-orientated entrepreneurs, or a wider target group.

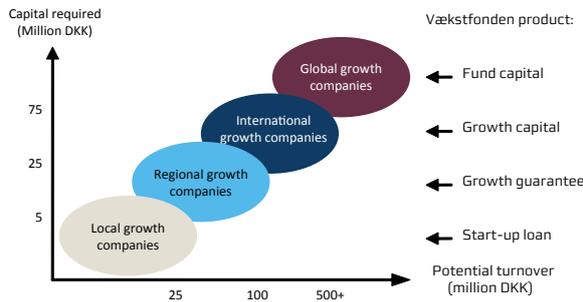


Since Business Angels are private individuals, they can be difficult to identify for entrepreneurs. Many Business Angels therefore chose to participate in a Business Angel Network, which typically also includes banks, accountants, lawyers, incubators and venture companies. Each network has its own procedures for the assessment of incoming investment cases.

Venture companies often invest on the basis of a clearly defined investment profile, and they are not willing to accept the same risk as the Pre-seed venture investors. This means that they typically invest in entrepreneurs in the seed, start-up or expansion phases, where there are stronger indicators of the business's growth potential, and thus greater security for the possibility of financial gains. Venture companies function either as evergreens which reinvest realised investments in new companies and pay regular dividends to investors, or they consist of one or more time-limited funds which pay realised gains to the individual investors in step with sales of the portfolio companies. The great majority of Denmark's venture companies are situated in the capital city area. As noted in Chapter 1, this is a clear barrier to growth for entrepreneurs in Central Denmark.

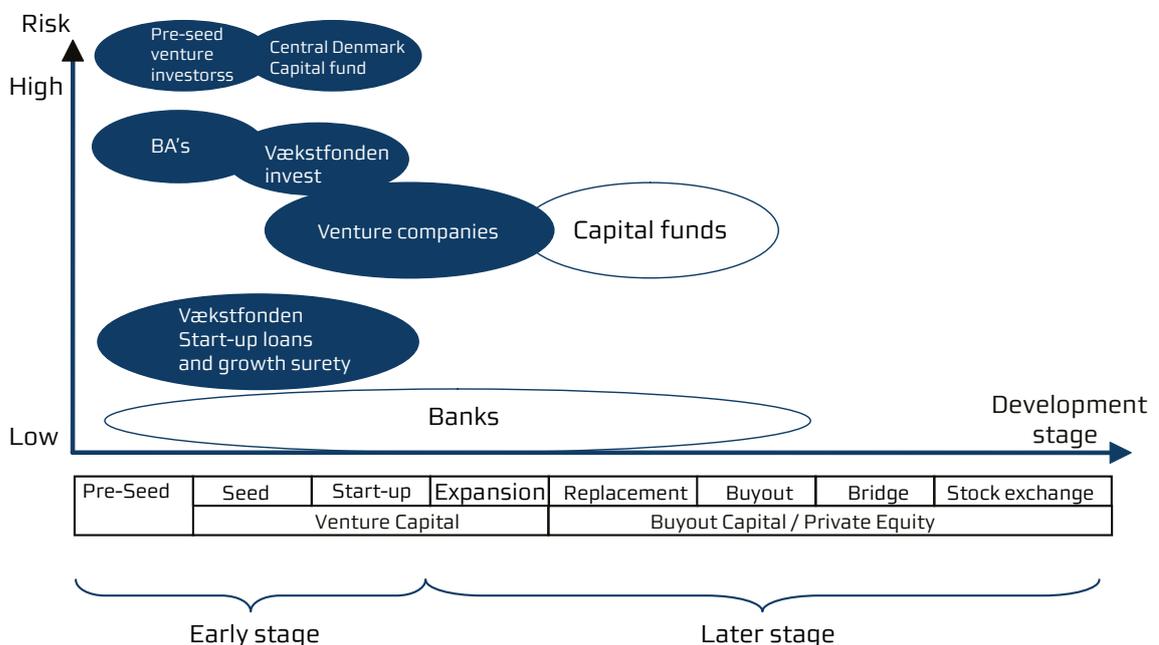
Vækstfonden is a state investment fund which provides guarantees and equity investments to entrepreneurs in partnership with private investors. The fund operates with four main products as illustrated in Figure 23.

Figure 23: Vækstfonden's main products



»Start-up« and »Growth guarantee« are both loans made via banks with a 75% guarantee from Vækstfonden. The Start-up loans are for up to DKK 1 million and they are targeted towards entrepreneurs. Growth guarantees are for up to DKK 10 million and they are targeted towards new businesses with growth potential. »Growth capital« consists of equity investments of DKK 2-25 million. These amounts are typically invested in the Seed or Start-up phase. Vækstfonden is thus positioned between the Pre-seed venture investors and the venture companies with this product in relation to the willingness to take risks in the investments. »Fondskapital« is for the gearing of venture companies which invest in unlisted companies with growth potential. The portfolio is about 20 funds, to which Vækstfonden has given a full investment commitment of DKK 3.7 billion for investment in companies within the funds' target groups.

Figure 24: Simplified grouping of the players based on which stage of development they focus on and the risk that they are willing to accept in their investments.



We're close to the ideas

Every year, Innovation MidtVest sponsors around eight new businesses. The entrepreneurs come with their ideas, and Innovation MidtVest is ready with its financial muscles to turn the project concepts into reality.

Innovation MidtVest is a sought-after partner. Every year, the firm receives from 120 to 140 inquiries from businesses or entrepreneurs who either have bright ideas for new undertakings or who want to expand existing businesses into new areas.

»We send around half of these inquiries on to other systems. We make preliminary examinations of the other half and from these, we select an average of around eight ideas for investment,« explains Poul Arne Jensen, manager of Innovation MidtVest.

A close partnership awaits the eight or so businesses which pass through the eye of the needle each year.

»We're typically a part of the development process for three to five years, and we prepare concrete business and development plans in cooperation with the entrepreneur or the business. We're very close to the businesses we ourselves invest in. We're sparring partners and we're represented on their boards of directors, and we've elected to specialise in physical products, especially within environment and energy and medical aid products,« says Mr Jensen.

According to its manager, the challenge for Innovation MidtVest is to single out the really good ideas, those ideas which stand up to thorough preliminary examination and which can genuinely be marketed within a foreseeable number of years. When the product has reached the sales phase, Innovation MidtVest usually retires from the scene:

»We're a private company and we must have a financial return on our activities, so we prefer to sell our shares at a profit. On the other hand, we're also out there in the world to take a significant risk, and the figures show that the survival rate for the businesses we take on is around 70%,« explains Mr Jensen, who can easily see the possibility of additional investments:

»We'd like to be bigger, and this is our clear goal. So we're always looking for capital, and our ambition is to accept more and more businesses.«



Facts:

Company name: Innovation MidtVest

Location: Herning

Number of employees: 8

Target group: Innovative entrepreneurs with a growth potential

Sector focus: physical products within greentech, energy and medico

Website: www.innovationmidtvest.dk

5. Programmes within entrepreneurship and business development in the Central Denmark Region

Chapter 4 gave an overview of the various players in the innovation system in Central Denmark Region. This chapter focuses on the region's overall business development strategy and the content of the various regional programmes and initiatives utilised by the various players in the innovation system.

Entrepreneurship and business development occupy a central role in the regional business development strategy, and the area is ranked highly by both the regional council and Central Denmark Business Development Forum.

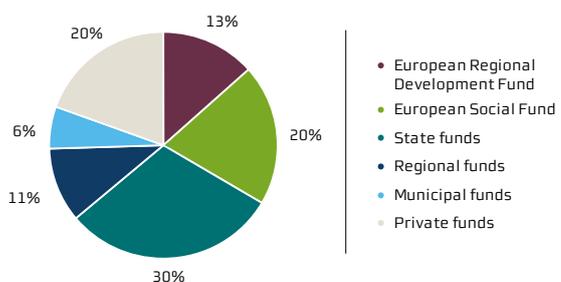
On the basis of the business development strategy, Central Denmark Region has commenced a range of related programmes. They are aimed to strengthen the entrepreneurial culture and the entrepreneurial activity and to strengthen development and growth among the Region's entrepreneurs and SMEs. The initiatives relates to three overall areas, which are outlined in figure 25.

The programmes are generally structured with heavy emphasis on inclusion of significant and targeted measures within all three main target groups. All elements in the programme build further on cumulative experience, evaluations of previous initiatives and national and international good practice within the individual areas. This ensures that the range of measures under

the individual areas is optimised to the needs of the target group.

The measures are also designed to use the structure and expertise in the full Central Denmark innovation system. The considerable annual financial framework totalling around DKK 300 million (€ 40 million/year) illustrates the strong will underlying these programmes. This framework was made possible by a comprehensive gearing of the regional funds with funds from the EU's Regional and Social funds together with funds from state and municipal players and private companies. The distribution of the full financial framework across the various sources of finance is illustrated in Figure 26.

Figure 26: Sources of financing



The following sections provide a more in-depth description of the concrete measures and offers under the three programmes.

Figure 25: The overall focus areas

Area	Entrepreneurship in education	Development offers for entrepreneurs and SMEs	Skills development by players in the innovation system
Target group	Educational institutions, teachers/lecturers and students	Entrepreneurs and SMEs with growth ambitions and potential	Players and employees in the Central Denmark innovation system
Object	Development of pupils' and students' entrepreneurial skills for long-term strengthening of entrepreneurial activity	and realise a growth potential	A boost to skills and quality in the Central Denmark innovation system for better servicing of entrepreneurs and SMEs
Financial framework	DKK 38 million/year (= DKK 30 per inhabitant in the Region) €5 million/year (= €4 per inhabitant in the Region)	DKK 265 million/year (= DKK 210 per inhabitant in the Region) €36 million/year (= €28 inhabitant in the Region)	DKK 4 million/year (= DKK 3 per inhabitant in the Region) €500,000 /year (= €0.4 per inhabitant in the Region)
Financing	<ul style="list-style-type: none"> • European Regional Development Fund • European Social Fund • State funds • Regional funds • Municipal funds 	<ul style="list-style-type: none"> • European Regional Development Fund • European Social Fund • State funds • Regional funds • Municipal funds • Private funds 	<ul style="list-style-type: none"> • European Regional Development Fund • European Social Fund • Regional funds

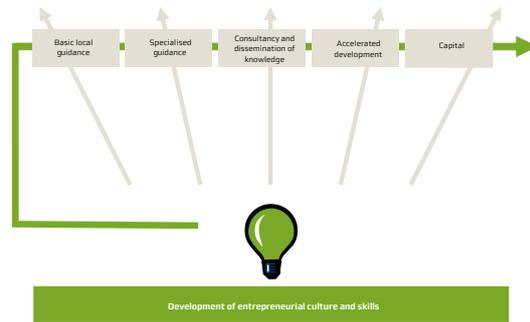
5.1. Entrepreneurship in courses

The weak startup skills (described in Section 1) are among the areas to be improved if the Central Denmark Region is also to be competitive on the global market in the future.

The workforce of the future must thus have much stronger entrepreneurial skills and possess an entrepreneurial outlook and a degree of initiative which makes it natural for them to convert creative ideas into value via concrete projects. The result must be a workforce which creates both development and renewal within the framework of existing companies, and growth and development via the establishment of innovative new businesses.

A strengthening of entrepreneurship in courses and a higher ranking of development of students' general skills in relation to creativity, innovation and enterprise is the most effective means of creating a long-term impact on the entrepreneurial culture and strengthening entrepreneurial skills. The Central Denmark Region has therefore developed a coherent and ambitious programme to strengthen and extend entrepreneurship throughout the Region's education system. The programmes are targeted towards the individual educational levels and they cover the entire education system from primary school to the long further education courses.

Figure 27: The programmes are executed by the following groups in the innovation system.

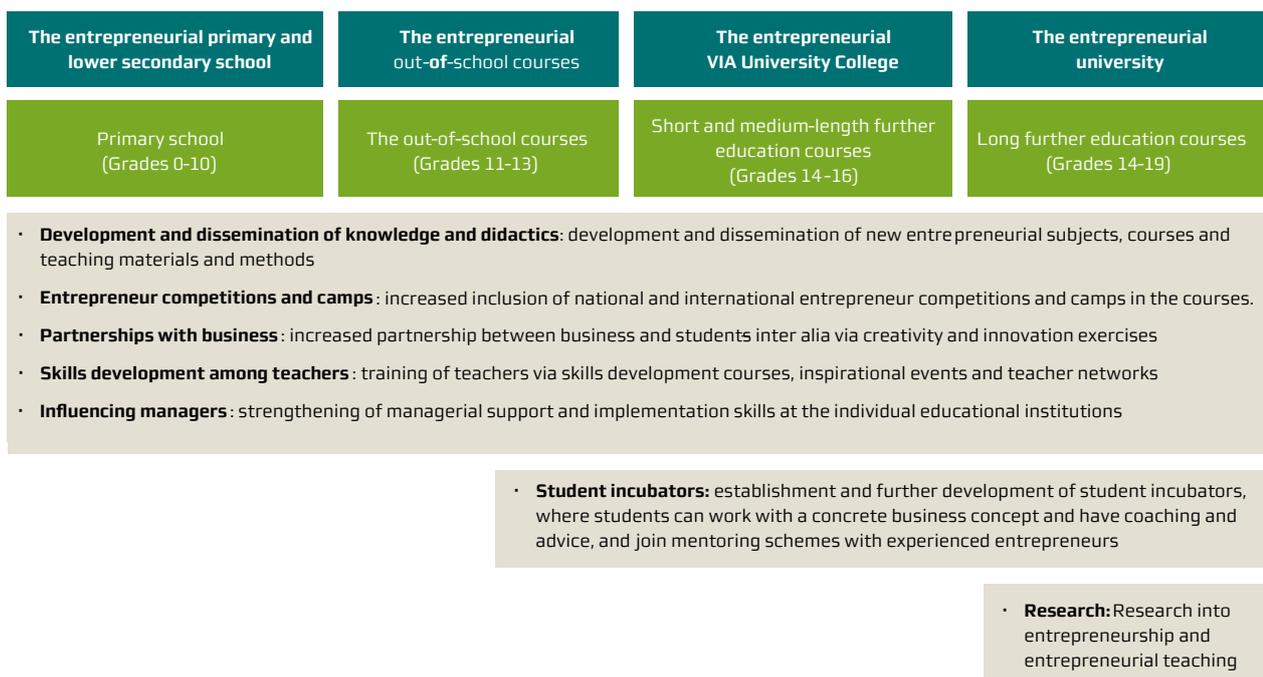


The programmes are implemented at all levels of education in close collaboration with Fonden for Entreprenørskab – Young Enterprise², which works at national level to promote young peoples' skills within independence, entrepreneurship and innovation.

Figure 28 gives an overview over the programme and depicts the programme's tools under the individual educational levels. It should be noted that some tools are general and applied

² Fonden for Entreprenørskab – Young Enterprise (FFE-YE) was established in 2010 under the inter-ministerial "Strategy for education in entrepreneurship", prepared in a partnership between the Ministry of Culture, the Ministry of Science, Innovation and Higher Education, the Ministry of Children and Education and the Ministry of Business and Growth.

Figure 28: Programme tools under the individual educational levels



at all levels, while others focus mainly on higher education.

As will be evident from the figure, the programme contains initiatives targeted towards students, teachers and managers. The programme is thus very broad, with a number of components.

The development and distribution of new subjects, courses, and teaching materials and methods in entrepreneurship is a very important part of the programme because there have been a lot of developments in recent years in relation to recognising how entrepreneurship is best taught – including the leap from teaching »about« entrepreneurship to teaching »in« entrepreneurship. The research initiative behind the programme »The entrepreneurial university« is an important element in relation to becoming even most astute with respect to how the course is best put together.

The increased inclusion of entrepreneur competitions and camps together with the increased partnership between business and students is an important initiative in relation to including practical learning in the education. The main goal of the initiative is of course to strengthen the students' entrepreneurial skills. But business also has much to gain in the form of creative input and proposed solutions for specific problems.

The establishment and further development of student incubators is an extension of the initiatives in teaching, and its purpose is to create incubation environments where the students can test their entrepreneurial abilities in practice. The student incubators offer physical office and meeting facilities supplemented by concrete offers such as coaching, consultancy, mentoring schemes and various expert and social arrangements. There are currently seven student incubators in the Central Denmark Region.

Student incubators in the Central Denmark Region

- > Ark.Idea (Aarhus School of Architecture)
- > Business Factory (Aarhus University, Institute of Business and Technology, Herning)
- > IDEA House Aarhus (Erhvervsakademi Aarhus, Aarhus)
- > Midtjysk AnimationsVæksthus (The Animation Workshop, Viborg)
- > Student Entrepreneurship Centre (VIA University College, Horsens)
- > Studentervæksthus Aarhus (Aarhus University, Aarhus)
- > Innofactory – the virtual student incubator (Erhvervsakademi Dania, Randers)

Skills development of teachers is an important initiative in the programme. The teachers generally need to strengthen their skills, knowledge and practical experience in entrepreneurship because new teaching methods and teaching »in« entrepreneurship are placing new requirements on the teachers, and also because entrepreneurship is an area of teaching with which many teachers are unfamiliar. The initiative is thus focusing on both the further training of teachers and attracting new teachers to the area. Apart from the furthering of the teachers' special qualifications, the initiative also supports network formation, which is important in relation to daily sparring and exchange of experiences among the teachers. Viewed as a whole, the initiative is important, as the teachers are the primary implementers, and it is therefore important that they are equipped as well as possible to teach an inspiring and effective course in entrepreneurship.

The strengthening of the managerial backup and implementation skills is an initiative which will ensure that the individual educational institutions have optimal conditions and backup in relation to putting the programme's other initiatives into effect. The initiative is also important in relation to ensuring that the programme does not become dominated by enthusiasts, but reaches out to all teachers at the individual educational institutions. This will ensure the required general improvement in the teaching in entrepreneurship.

CASE EXAMPLE

Courses with entrepreneurship as a subsidiary subject

Rasmus Hoeks is doing his degree in information science. He has also gained a place in the Student Incubator, and he is now combining studies with the three businesses which he has started up to date.

»I had a little business where I constructed websites when I began my studies. I hadn't actually got very far with it. When I started post-graduate studies, I looked around the Student Incubator, and in 18 months, I've gained control of my own business while helping to start another two businesses.«

In his own words, the 26-year-old Rasmus Hoeks has gone from owning a little web bureau with a handful of customers to being the entrepreneur who devises concepts and participates in the web universe. According to Rasmus, one of the explanations for the rapid development is the continual meetings he had over the past 18 months with one of the Student Incubators business coaches:

»From the very beginning, my coach based his approach on what my dreams and ambitions were, rather than merely following a standardised form. I think this was optimal, and when he helped and advised me in finding concrete solutions, it definitely meant a very great deal for the development of my company that I have a place here in the Student Incubator,« explains Rasmus, who, apart from his discussions with the coach every other week, also emphasises the interplay with the other students: »There's feedback on my projects, and it comes entirely naturally because everybody here is an entrepreneur who wants to move forward. I'm also close to people who have honed the skills I may be lacking. For as an entrepreneur, there will naturally be some holes in one's knowledge, but they're plugged quite naturally here in the Student Incubator,« Rasmus explains.

His web bureau hoeks.dk is in a stage of positive growth, and the young student must therefore take part in a project to clarify whether he has the qualities to remain one of the growth entrepreneurs in the Student Incubator – a title which means additional help and support from this organisation.



Facts:

Name: Rasmus Hoeks

Studying: Master's degree programme in Information Studies

Student incubator: Entrepreneur with three companies

Sector focus: IT-innovation

Website: www.hoeks.dk

5.2. Offers to entrepreneurs and SMEs

Growth-oriented entrepreneurs and SMEs all go through a number of demanding development phases, each of which decisive for the realisation of the business's growth potential. The phases have, for example, been described in Larry Greiner's growth model from 1972 (Figure 29)

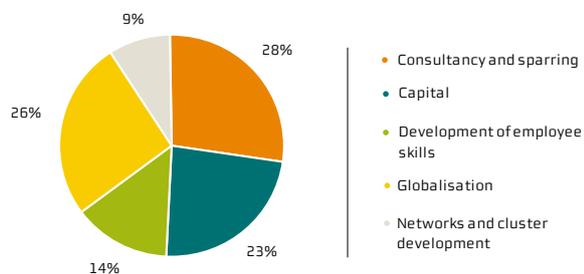
The model defines a series of development phases and critical jumps, which in the present global knowledge economy do not suit all companies. But it is the case that all growth-oriented entrepreneurs and SMEs encounter development phases, and face some critical steps, which determine the businesses future success.

Central Denmark Region has developed a number of measures on this basis among others to strengthen the companies' possibilities to realise their growth potential. The initiatives were developed on the basis of the entrepreneurs' and the businesses' needs, and they build further on cumulative experiences and evaluations of earlier initiatives and national and international good practice within the individual areas. Initiatives were also developed to make use of the structures and expertise in the innovation system – cf. chapter 4.

Figure 30 illustrates the five focus areas to which the measures relate, and the funds allocated to the individual areas from the total annual pool of DKK 265 million. Each of the five

areas is based on one or more of the region's main challenges – cf. chapter 1.

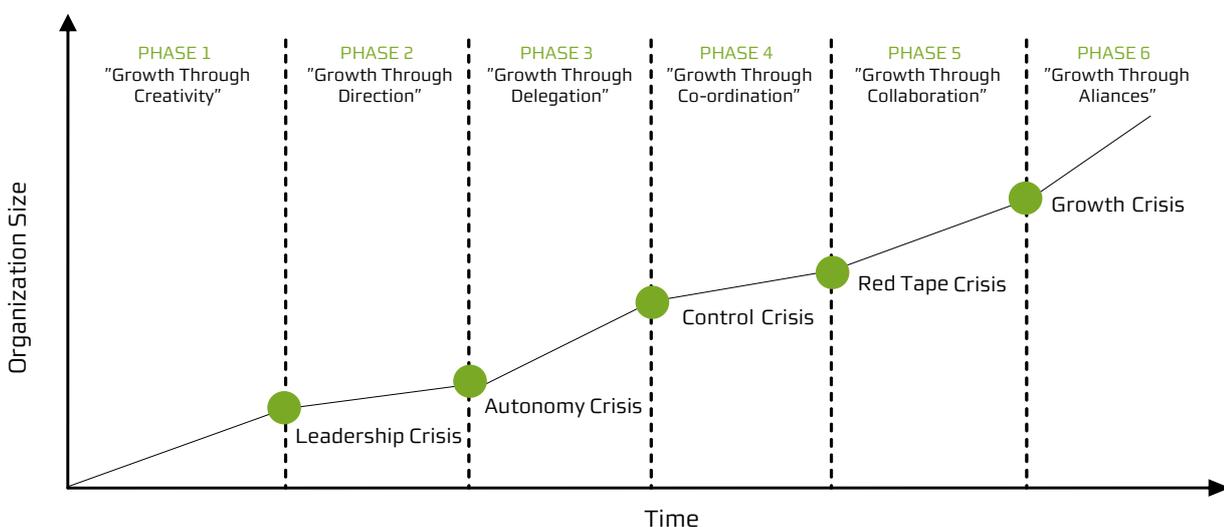
Figure 30: the initiatives and their weighting



A range of prioritising filters has also been defined on the basis of the Central Denmark Region's business development strategy to ensure the largest possible effect and a social dividend from the measures. In practice this means that entrepreneurs' and SMEs' possibilities of access to the individual measures depend on:

- > the magnitude of the business's growth potential. In practice this means that businesses with a very high growth potential have access to more intensive initiatives than businesses with a smaller growth potential, e.g. accelerator sequences or a possibility of gaining a subsidy to buy more specialised advice.

Figure 29: The »Greiner Curve«



- > whether the business is contributing to a strengthening of the Region's strategic areas of initiative within energy and the environment, foods, IT or welfare innovation. In practice this means that businesses which meet the criteria have access to a range of bonus initiatives, e.g. targeted development sequences dedicated to projects within innovation in welfare.

Consultancy and sparring

The programmes under »Consultancy and sparring« primarily address the challenges in connection with the startup skills and the limited use of new technology and new knowledge. In addition, the programmes also aim at strengthening corporate capacity to generate growth.

The starting point for the programme is experiences and analyses which document that advice and qualified sparring are important for entrepreneurs' and businesses' survival, development and growth. Entrepreneurs and SMEs are, however, generally reticent about investing in advice and outside expertise, even if they could benefit greatly in the development of their business. This means inter alia that the businesses develop more slowly than they would otherwise have done, which can impair their competitiveness and result in lower growth. The programme must thus both help to provide the businesses with the right skills and thereby promote their possibilities for realising and exploiting a growth potential, and give them concrete experiences with how external consultancy and sparring can promote the business's development.

Figure 31: The programmes are executed by the following groups in the innovation system.



Figure 32 below provides an overview of the initiatives in the programme. It is clear that some initiatives are general and targeted towards either individual businesses or a group of them, while other initiatives focus on special challenges or areas.

For all initiatives, the businesses must have growth ambitions and potential at a minimum to gain access.

Figure 32: Programme initiatives

Individual initiatives	Collective initiatives	Specialised initiatives
Initiatives for individual entrepreneurs or SMEs	Initiatives for groups of entrepreneurs or SMEs	Initiatives focused on special challenges or areas
<ul style="list-style-type: none"> • Advice on development Subsidy to purchase advice in connection with establishment or development of the business. • Accelerator Development of expertise for participation in an Accelerace programme and consequent realisation of an extraordinary growth potential • Growth sparring/Mentoring Development where a mentor or experienced sparring partner is affiliated with the business to discuss developmental and managerial challenges 	<ul style="list-style-type: none"> • Growth groups – Plato Collective theme development where the goal is to create growth and development via development of expertise, sparring and formation of networks • Networking Targeted networking to promote exchange of experiences and provide inspirational learning via workshops and seminars 	<ul style="list-style-type: none"> • Spin-off entrepreneurship Development for spin-off entrepreneurs and motivation of the management in potential “parent companies” to support spin-off entrepreneurship. • Development for businesses in research and development parks Intensive development including and implemented in cooperation with appropriate research and development parks in the KASK area (Norway and Sweden) • Entrepreneurs outside big city areas Guidance and dissemination of knowledge to entrepreneurs outside the big urban areas • Focused business service Special initiative offered in cooperation with the municipalities to strategically selected business groups, e.g. within environment, foods etc.
Financial framework: approx. DKK 50 million/year	Financial framework: approx. DKK 5 million/year	Financial framework: approx. DKK 18 million/year

»Advice on development« is the principal initiative in the programme and a cornerstone in relation to breaking down the barriers faced by businesses in relation to investing in external advice. The initiative gives entrepreneurs and SMEs a subsidy to purchase advice in connection with the establishment or development of their business. The advice can, for example, be concerned with business development, technological development, internationalisation or another area in relation to the business's development. The initiative is effected via various so-called »advisory packages« targeted towards both entrepreneurs and SMEs and varying degrees of growth potential – see the text box. The assessment is made via Business Link Central Denmark, which uses the tool »VækstHjulet« discussed above to chart the businesses' growth potential. Co-financing by the business is important in ensuring that the business is motivated.

Advice on development
- The four main advisory packages

- > STARTmidt Start-up Package for entrepreneurs in the start-up phase.
 (85% subsidy to buy advice costing up to DKK 20,000)
- > STARTmidt Growth Package for entrepreneurs up to three years.
 (50% subsidy to buy advice costing up to DKK 60,000)
- > VÆKSTmidt Little Growth Package for SMEs with export potential or a significant indirect export potential
 (50% subsidy to buy advice costing up to DKK 135,000)
- > VÆKSTmidt Big Growth Package for SMEs with a significant direct or indirect export potential.
 (50% subsidy to buy advice costing up to DKK 270,000)

The other individual initiatives include »Accelerator sequence« targeted towards those businesses which possess an extraordinarily high growth potential. The object of the initiative here is to create a basis for an accelerated growth sequence by developing the business's managerial expertise and gearing it to act strategically, specifically in relation to marketing potentials. The initiative contains numerous elements which will develop the business in various ways with this end in mind.

»Growth sparring/Mentoring« enables businesses to be affiliated with an experienced mentor.

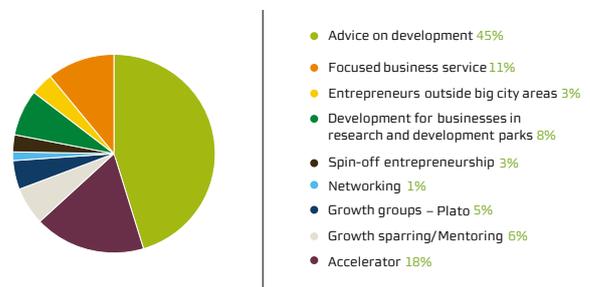
A sequence typically extends over a year, where the mentor meets with the business a few times a month. All mentors have been successful entrepreneurs or managers of major companies in Denmark or abroad. The object is both to make the mentor's own experience available to the business and to give the business access to the mentor's own network.

The collective initiatives contain both thematised development sequences and targeted networks. A common point in the initiatives is that the collective element plays a significant role in relation to exchange of experiences and sparring.

The specialised initiatives are focused on selected challenges and areas or special types of businesses. The object of these initiatives is to address the special needs which are not optimally covered via the more general initiatives. An example is »Spin-off entrepreneurship«, which is specially targeted towards spin-off entrepreneurs – i.e., entrepreneurs coming from existing businesses. The initiative is intended to both motivate managers in existing businesses to support Spin-off entrepreneurship and to support the development of the spin-off business with offers of special consultancy.

Figure 33 shows how much has been earmarked for the individual initiatives out of the programme's total annual financial framework of approximately DKK 73 million.

Figure 33: The initiatives and their weight



The strategy fell into place

Electricon, a consultancy firm to the wind turbine and other sectors, grew so quickly that a strategic plan and a professional board of directors were critical for the company's business basis.

Electricon A/S is growing – and the Advice on development initiative helped it to prepare a new strategic plan and to strengthen its professional board of directors. Electricon – a dynamic young company located in HI-Park in Herning – was started by Kim Bertelsen in early 2007 as a public company. Electricon now has 11 permanent employees, who have thus experienced a growth almost as explosive as that of the sector in which the company works.

Electricon is an engineering and consultancy company focused on protection against lightning strikes, and the quality of the power supply. The company offers assistance and concrete solutions to Danish and international clients with focus on high reliability of operations in buildings and electrical installations, IT, and signalling and processing systems, and with such a portfolio of products, the company's business basis must of course be a hundred percent in order.

»We had a need to work with our strategies while strengthening our professional board of directors. The Advice on development initiative provided a subsidy to purchase assistance from a private consultant for sparring on the preparation of a new strategic plan, and the final result was that the private consultant joined our board. This has been a big help to our company – for with the new board, we gained a good sparring partner,« says Kim Bertelsen, founder and manager of Electricon A/S.



Facts:

Company: Electricron A/S

Location: Herning

Number of employees: 11

Sector focus: Technical consultancy

Product: Improved reliability of operation and working life for electrical and mechanical components

Target group: Wind turbine manufacturers, hospitals, railways, the oil and gas industry, the telecoms sector

Website: www.electricron.dk

Capital

The programmes under the focus area »Capital« address the challenge in relation to entrepreneurs' difficulty getting access to risk capital to finance business development and growth.

The basis of the programme is the fact that it is generally difficult for entrepreneurs to procure development capital – a problem which has only grown during the financial crisis. For entrepreneurs, this generally means that the businesses develop significantly more slowly than their potential would otherwise permit. One area where the problem is evident is among the knowledge-intensive entrepreneurs, where, for example, the entrepreneurs in the Pre-seed venture investors have difficulty finding investors who will follow up on the introductory pre-seed investments made by the Pre-seed venture investors. In the best case, this lack of financing means that the development activities are performed at a slower tempo. But in the worst case, the entrepreneur is forced to shut down the project. Naturally this would be a major loss in a social perspective because it means both lack of realisation of a growth potential and loss of the initial public investments.

Figure 35 provides an overview of the initiatives in the programme. It is clear that the purpose of some initiatives is to increase the supply of risk capital, while other initiatives are focused on increasing the business's qualifications in relation to attracting risk capital.

Figure 34: The programmes are executed by the following groups in the innovation system.



With respect to increasing the supply of capital, the establishment of the Central Denmark Capital Fund has a special object in ensuring that the knowledge-intensive entrepreneurs, especially in the Pre-seed venture investor, have follow-up capital to implement their introductory development activities. The fund's follow-up investments will typically be DKK 4-6 million. See also Section 4.6 for a description of the fund, which – together with the increased initiatives to support Vækstfonden's products in the Central Denmark Region – will create a direct increase in the availability of risk capital in the Region for the benefit of all growth-oriented entrepreneurs.

The object of the Business Angels network is to exercise a more indirect influence on the availability of risk capital. The initiative will help via facilitation and development of the network to

Figure 35: Programme initiatives

Capital	Increasing businesses' qualifications
Initiatives to increase the supply of risk capital	Initiatives to make businesses more competent in attracting risk capital
<ul style="list-style-type: none"> • Establishment of CentralDenmark Capital Fund The fund's capital will be prioritised as follow-up investments on the introductory investments made by the Pre-seed venture investors. • Loan financing and investing via Vækstfonden Increase the range of Vækstfonden's products in the Central Denmark Region • Business Angel network Facilitation and development of a regional Business Angel network (50+ investors) to improve matching and increase the number of BA investments 	<ul style="list-style-type: none"> • Capital coach - Investor Readiness consultancy Financing up to DKK 30,000 by a capital coach to strengthen the entrepreneur's knowledge and skills via consultancy in attracting risk capital • Arrangements and events on capital Master classes, theme meetings, seminars, camps for entrepreneurs seeking capital and implementation of Connect Denmark's Springboards
Financial framework: approx. DKK 60 million/year	Financial framework: approx. DKK 3 million/year

create a framework for an improved matching between entrepreneurs and Business Angels, partly by providing the entrepreneurs with easier access to the investors through the network and enabling them to pitch their project to several investors at a time, and partly in the investors building up relations and referring projects for investment to one another and seeing possibilities for joint investments in projects in which they would not otherwise have invested.

One of the initiatives aimed at making the businesses more competent in their attraction of risk capital, and a cornerstone in the programme, is »Capital coach – Investor Readiness Consultancy«. The initiative provides subsidies to couple entrepreneurs with one of 15 experienced capital coaches with extensive knowledge and concrete experience with procuring capital. The capital coach will contribute a critical and constructive review of the business’s plan with potential investors’ questions and prioritisation in mind. The capital coach will also help to identify and contact potential providers of capital and assist in meetings, negotiations and entering into agreements with investors. The capital coach will thus provide competent sparring throughout the capital procurement procedure and, via his network, open doors which the entrepreneur himself finds it difficult to open.

Figure 36 shows how much is earmarked for the individual initiatives from the programme’s total annual financial framework of approximately DKK 63 million.

Figure 36: The initiatives and their weight



New Best Practice in Denmark

The Central Denmark Region was the first region to offer Investor Readiness consultancy to entrepreneurs. The scheme has been a big success, and the Danish Enterprise Authority has subsequently copied the scheme and made it national – with Business Link Central Denmark as operator – for the benefit of entrepreneurs throughout Denmark.

The art of finding capital

With the aid of an external consultant, Kiermar Technology A/S has succeeded in gaining a multi-million kroner injection from private investors.

Six banks said »no« before Martin Hansen finally found one willing to have his firm as a client. In sharp contrast is the fact that the first two private investors he contacted said »yes« to co-financing his idea, and together, the investors provided a substantial multi-million kroner sum to help finance the start-up of Kiermar Technology A/S.

The engineer Martin Hansen's idea and the business basis is a hydraulic press which, in contrast to the existing products on the market, is smaller, cheaper and more specialised.

The challenge was to obtain capital to build a prototype of the machine because customers want to see evidence before they invest in the new development.

Martin Hansen contacted Business Link Central Denmark via Skanderborg Erhvervsudvikling, and thus learned of the Capital coach - Investor Readiness consultancy initiative.

The programme's core asset is capital coaches who, acting as external consultants, help businesses to find private investors. The accountant Lasse Nejsum was attached to Kiermar Technology.

»Mr Nejsum accompanied us to meetings with potential investors, and this meant that from the beginning, we were assured that all the technical details concerning ownership and investment agreements were in place,« Mr Hansen explains.

The prototype is now completed and undergoing test runs, and Mr Hansen is still in contact with Lasse Nejsum.

»Our participation in the Capital coach initiative has clearly made us aware of how contact with private investors is made, and this is useful knowledge to have as ballast, including in relation to potential future development possibilities,« Mr Hansen concludes.



Facts:

Company: Kiermar Technology A/S

Location: Skanderborg

Number of employees: 8

Sector: The metal industry

Product: A patented hydraulic press developed by the company

Target group: Companies which make steel items with the aid of drawing or stamping, such as car components, wheelbarrows, sinks, gas bottles, panel heat exchangers, radiators etc.

Website: www.kiermar.dk

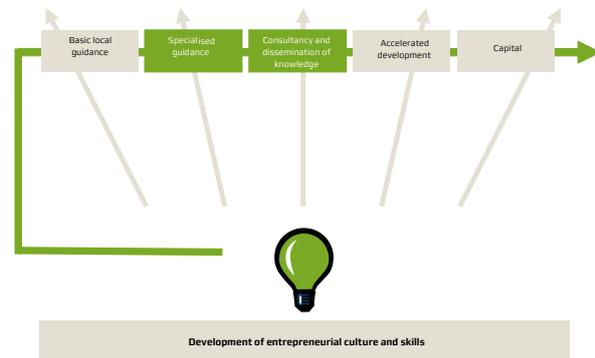
Development of employee skills

The programmes under »Development of employee skills« address the need to create a general rise in skill level in the region’s workforce. In relation to the challenges described in Chapter 1, the program must contribute to strengthening productivity growth – and to creating a better match between available skills and the businesses’ demand for them.

The basis of the programme is inter alia the challenge in the fact that every third wage-earner in the Central Denmark Region is unskilled. The aim is thus to secure a significant upgrading of the qualifications of early school leavers, which will strengthen both productivity and competitiveness – and at the same time ensure that the employees can undertake new and more demanding duties.

Figure 38 below provides an overview of the initiatives in the programme. The initiatives are focused on skills development in the workforce on the basis of the individual business’s needs.

Figure 37: The programmes are executed by the following groups in the innovation system



The initiatives aimed at developing the businesses are the primary programme initiatives. Here the object of the »Strategic skill development« and the »Guidance and consultancy for SMEs on continuing and further education« is to induce the businesses to think strategically to a higher degree in relation to the planning of training and education, namely to include skills development of employees in their strategic development plans in order to increase their awareness of those educational requirements they ex-

Figure 38: Programme initiatives

Developing the businesses	Developing the education centres	Strengthening the co-operation
Initiatives to develop the businesses	Initiatives to develop the education centres	Initiatives to strengthen the co-operation between businesses and education centres
<ul style="list-style-type: none"> • Strategic skill development Guidance and consultancy for SMEs on implementing development of employee skills in the business strategy • Guidance and consultancy for SMEs on continuing and further education The guidance will help to determine the needs. Also consultancy on strategic and concrete planning. • Determination and assessment of skills of employees in SMEs Individual analysis of skills and guidance for adults. Also assessment of actual skills • Pool for special initiatives and offers to SMEs Possible subsidies for initiatives including more flexible running of educational activities in the Region’s marginal areas, upgrading of qualifications of foreign employees, retention of employees in connection with falling activities or announcement of layoffs, development of dual skills etc. 	<ul style="list-style-type: none"> • Skill development for consultants in the education centres Strengthening the consultants understanding and capabilities of handling the companies needs in relation to further education • Development of dialog and mapping tools Development of tools for better analysis of the companies needs in relation to further education 	<ul style="list-style-type: none"> • Establishing cooperating networks Development of new models and cooperation platforms for strengthening the cooperation between education centres and businesses
Financial framework: approx. DKK 24 million/year	Financial framework: approx. DKK 8 million/year	Financial framework: approx. DKK 5 million/year

pect to have for their employees in the future. »Clarification of skills and assessment of employees in SMEs« complements by increasing the employees' knowledge of their own skills and possibilities for in-service training. An important element here is the assessment of actual skills, that is, the actual skills which the employee possesses without regard to how the skills were acquired. Viewed as a whole, both the individual employees and the businesses must become better at thinking in terms of skills development as a strategic element in continuing growth and development.

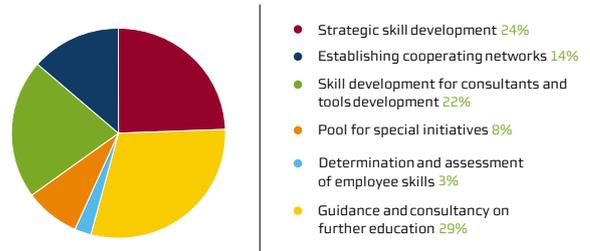
The initiatives aimed at developing the education centres are to strengthen the centres understanding and management of the businesses needs for skill development. Partly through training courses for consultants and partly through the development of enhanced mapping tools for better analysis of the companies.

Finally, the objective of »establishing cooperative networks« is to tie together the efforts and strengthen cooperation between the businesses and the educational centres. This will increase the parties' understanding of each other's needs and opportunities and create a better match between supply and demand. The result will be better targeted training and more effective development of employee skills.

The initiatives are organisationally bundled in six local consortiums (centres of expertise), all of them established by a broad circle of players in the in-service training sector. Apart from ensuring implementation of the initiatives, the centres will also help to strengthen the interplay between businesses and educational institutions. The centres will thus act as development dynamos and network centres.

Figure 39 shows how much has been earmarked for the individual initiatives out of the total annual financial framework of approximately DKK 37 million.

Figure 39: The initiatives and their weight



CASE EXAMPLE

A very different type of business

All employees from sweeping boy to manager at BM Silofabrik have taken in-service training. One of the results is increased efficiency.

Twenty-eight employees at BM Silofabrik in Holstebro have taken courses over the last six months in subjects including first aid, LEAN manufacturing, communication, and personal development. A clarification of skills has led the way, explains Dorte Martinsen, manager of the family-owned company:

»A consultant from the programme on Development of employee skills came to us and had a discussion with all our employees. The result was a personal training folder with descriptions of each individual's wishes and potential,« Ms Martinsen explains, adding:

»We discovered that it would be a good idea to have a number of common courses combined with some individual personal ones. We're an old family-owned company with many unskilled employees who have been here for ten, fifteen and twenty-five years without ever having taken any training,« says Ms Martinsen, who takes no pains to conceal her enthusiasm for the new training initiatives.

Ms Martinsen describes an increased flexibility and a much greater shared feeling for the company's goals among all employees.

»When everybody agrees on how the work is to be done from cleaning to advising customers and how to treat one's colleagues, it makes for a positive workday, which increases efficiency and therewith also earnings,« says Ms Martinsen.

The courses at BM Silofabrik have been going for some months, and to date, courses have been agreed up to summer 2012, but the manager of Silofabrikken in northwest Jutland envisages that the courses will continue long thereafter:

»It would go against the grain in me to stop the in-service courses, for if we are to become better at competing with other countries, in-service training is the only way forward. We can't compete on wages, so we have to focus on flexibility, efficiency and specific solutions, and the courses are thus essential,« Ms Martinsen concludes.



Facts:

Company name: BM Silofabrik ApS

Location: Holstebro

Number of employees: 28

Sector: Production of metal constructions

Target group: Agriculture, the plastics industry, biofuels

Website: www.bmsilo.com



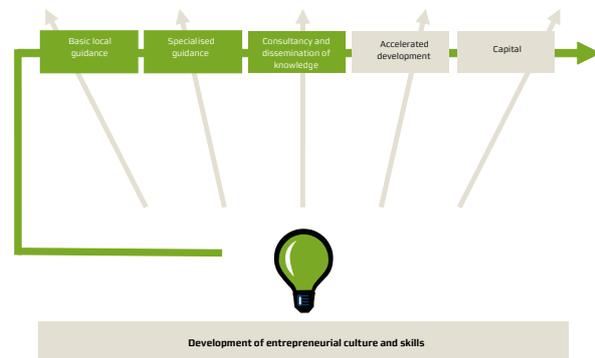
Globalisation

The programmes under »Globalisation« address the challenge in relation the entrepreneurs’s internationalisation and the proportion of companies exporting.

The programmes are created so they can help companies overcome all the tasks and challenges associated with implementing international activities. Very few companies possess the necessary insight and international expertise in the managerial level. This means that they generally have a strong need for specialised guidance and consultancy in connection with the planning and implementation of international activities. A lack of international competencies prevents many companies from utilising growth in the market beyond Denmark and outside the EU. The programme must help to break down the specific barriers and prompt more internationalisation activities in companies.

Figure 41 provides an overview of the initiatives in the programme.

Figure 40: The programmes are executed by the following groups in the innovation system



As will be evident from the figure, both the individual and the collective initiatives are targeted such that there is something for all companies irrespective of how far they have progressed in the internationalisation process.

The individual initiatives include »Free preparation for exporting via the Danish Trade Council«, an offer to businesses which are seeking to explore their options for internationalisation, and help to draw up a plan for how this is to be approached. An extension of this is the »Subsidy for the purchase of specialised advice«, targeted

Figure 41: Programme initiatives

Individual initiatives	Collective initiatives	Initiatives directed towards employees
Initiatives for individual entrepreneurs or SMEs	Initiatives for groups of entrepreneurs or SMEs	Initiatives targeted towards the employees in the businesses
<ul style="list-style-type: none"> • Free export preparation via the Trade Council Up to 35 hours of free consultancy to discover internationalisation potentials and set up a plan of action • Subsidy for specialised consultancy 50% subsidy to purchase consultancy concerning preparation for exporting and its commencement, and market development. The size of the subsidy depends on needs and growth potential. • International innovation and development partnership Support for the screening of possible partnerships, active international projects and financing of development activities 	<ul style="list-style-type: none"> • Visit to the market Subsidy for reconnaissance trip to give the company a good first-hand impression and insight into the internationalisation possibilities. • Growth groups Subsidy for collective development to develop the company's expertise for concrete internationalisation activities • Joint export push and business missions Collective support for knowledge of the market, potential charting, matchmaking, displays at trade fairs etc. with a view to entering into concrete business agreements. • Strategic Network formation 50% subsidy for up to 600 hours to establish a business network focusing on exporting and internationalisation 	<ul style="list-style-type: none"> • Education and skills development Development of employees' skills in SMEs to improve the organisation and implementation of internationalisation activities • Attracting, receiving and retaining foreign manpower Strengthening the reception facilities, support for networks and matchmaking between companies and foreign students in connection with work experience visits
Financial framework: approx. DKK 22 million/year	Financial framework: approx. DKK 32 million/year	Financial framework: approx. DKK 16 million/year

towards businesses which have investigated the options for internationalisation, and which are seeking advice on the resolution of specific matters concerning the preparation or implementation of the internationalisation plan. This initiative provides subsidies of up to DKK 270,000 to purchase advice, depending on the company's export potential.

New Best Practice in Denmark

The programme also includes the stationing of an employee from the Trade Council in Business Link Central Denmark. This stationing, the first of its kind in Denmark, has meant considerably easier physical access for entrepreneurs to the Council's services and has resulted in a substantial increase in the demand for these services.



»International innovation and development partnership« is targeted towards companies which wish to build up international partnerships in relation to innovation and development projects. The initiative helps with the identification of and matchmaking with potential partners, and provides a subsidy to establish and start up the concrete development projects.

Among the initiatives is »Visit to the market«, targeted towards businesses seeking clarification in relation to their options for internationalisation on a specific market. The initiative gives the businesses a subsidy to visit the market in order to gain a first-hand impression and to study the possibilities.

In extension of this initiative, »Growth groups« seek to improve a specific internationalisation activity via collective development sequences targeted towards the activity in question, while the object of »Joint export push and Business missions« is to help the businesses implement their internationalisation activities and obtain their first concrete business agreements.

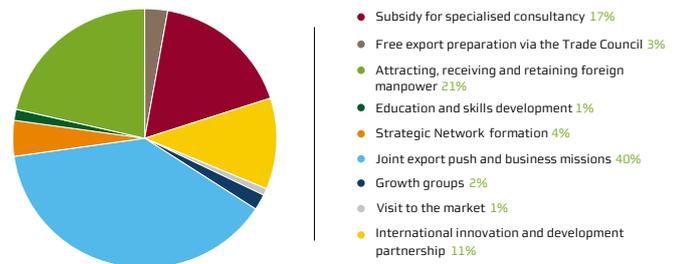
Finally, »Strategic Networking« is targeted towards groups of businesses which are very ambitious in their internationalisation aims, and which want to form a strategic business network with the aim of exporting and internationalisation. The initiatives can provide subsidies

here for advice on establishment and building up of the network.

The concrete goal is to help 600 companies a year start exporting. This is equivalent to increasing the proportion of exporting companies in the Central Denmark Region from about 11 to about 12 per cent over a three-year period. The programmes will also help 600 already-exporting companies to increase their exports by at least 20 per cent in the programme period.

Figure 42 shows how much has been earmarked for the individual initiatives out of the total annual financial framework of approximately DKK 70 million.

Figure 42: The initiatives and their weight



Fishing is the same throughout the world

Hvide Sande Skibssmedie has developed special expertise in ice works – an expertise they are selling to South America with help from the Danish Trade Council.

The company is situated at the edge of the wharf in Hvide Sande. The office on the first floor has an unimpeded view of both fishing boats and the North Sea. The company's special expertise in fisheries, developed in cooperation with the fishermen themselves, means that the marine engineer has a sought-after product. In particular, the fully automatic ice works made by the company has a market everywhere in the world where there is fishing.

Back in the beginning of 2009, the export consultant Poul Erik Bligaard from the Danish embassy in Chile was on a round trip in Denmark, where he also called in at Hvide Sande Skibssmedie.

Mr Bligaard tipped the company about Central Denmark Regions Globalisation programme and shortly thereafter, the Danish embassy in Chile helped Hvide Sande Skibssmedie to tend a stand at a trade fair in the South American country's capital, Santiago.

»We could see a market for ice works and hydraulic components in Chile, which is one of the world's biggest fishing nations, but we naturally wanted to investigate the market beforehand. This was where we were able to use the help provided by the Joint export push and business mission initiative. It was a possibility we were not aware of« says Mr Petersen, a partner in Hvide Sande Skibssmedie.

»The investigations showed that there is a potential market in Chile, so we have already sent a quotation, and although it takes a long time to penetrate a new market, it's going well now and the interest in us is definitely not declining,« he adds.

»There are fine opportunities for exporting to Spain, India and Bangladesh, and we will definitely seek to use the possibilities for help from Central Denmark Regions Globalisation programme in the future. The partnership has been very good« says Mr Pedersen.



Facts:

Company name: Hvide Sande Skibssmedie

Location: Hvide Sande

Number of employees: 18

Sector: Marine industry and ice works

Target group: Harbours and fishing businesses

Website: www.hvidesandeskibssmedie.dk

Networks and cluster development

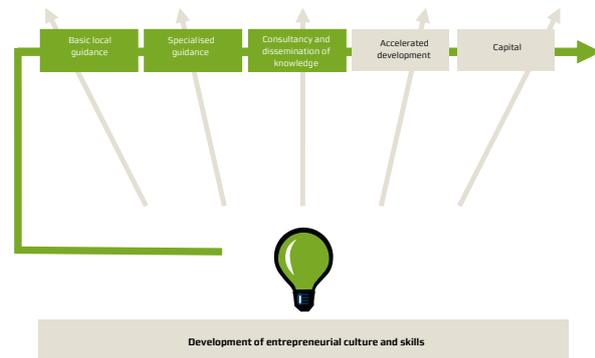
The programmes under »Network and cluster development« address the region’s challenges related to competition (productivity, export and innovation).

The basis of the programmes is the fact that entrepreneurs and SMEs are generally reluctant to start a strategic partnership with other companies. The reason for this is inter alia lack of resources, but is also in many cases a result of fear of revealing business secrets and losing market share. At the same time many smaller companies are not aware of the opportunities for development that lies in a strategic network co-operation. In addition, companies often lack information about potential partners and are therefore dependent on the existence of players who will conduct an initial matchmaking. Finally, companies often need help to handle the introductory network construction phase where the foundation for the future partnership is laid.

Figure 44 provides an overview of the initiatives in the programme.

As will be evident from the figure, the programme both supports the establishment of new networks and helps to promote the development of major business-based networks and incipient clusters which possess a significant development potential.

Figure 43: The programmes are executed by the following groups in the innovation system



The concrete initiative »Establishment of networks« builds on a major effort to establish contacts and is being implemented by about 15 designated so-called »network brokers« who are working to identify potential business networks among 3-5 businesses, to develop and facilitate the network, and to make the basis for preparation of action plans more specific, all of which is free to the businesses. When a network is established, it can elect to continue with the preparation of an action plan for the network, in which context the network can obtain a subsidy for the purchase of external consultancy.

»Further development of major business-based networks and incipient clusters« is targeted towards already established networks which wish to develop and further strengthen the partnership in order to realise their potential within specific sectors. Vækstforum supports business-oriented activities in the cluster initiatives on the basis of an assessment of the

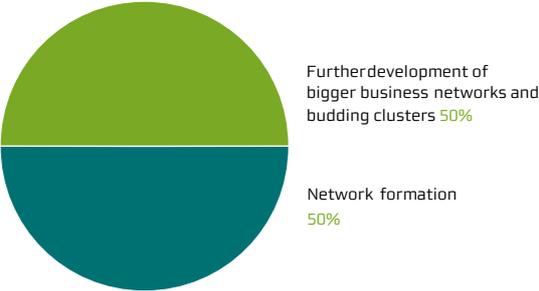
Figure 44: Programme initiatives

Establishment of network	Further development of network
Initiative to establish new business -based networks	Initiatives to further develop business based networks
<ul style="list-style-type: none"> • Network formation 50% subsidy for purchase of external consultancy (200600 hours) in the form of project managers, process consultants or similar for preparation of an action plan for the network and to ensure that the network building up phase proceeds optimally. 	<ul style="list-style-type: none"> • Further development of bigger business networks and budding clusters Officially approved innovation networks and cluster organisations are given a subsidy for implementation of development activities which can help to strengthen the partnership and realise the potentials within specific sectors
Financial framework: approx. DKK 12 million/year	Financial framework: approx. DKK 12 million/year

network's growth perspectives, whether or not the network is an officially approved innovation network, and whether or not the network is within the Central Denmark Region's areas on initiative.

Figure 45 shows how much has been earmarked for the individual initiatives out of the total annual financial framework of approximately DKK 24 million.

Figure 45: The initiatives and their weight



New type of bed makes life easier in hospitals

Four companies have joined forces to develop the intelligent hospital bed of the future, which will both save the staff heavy lifting and provide important information on the patients' condition.

»In developing the intelligent bed, we started right from the base. All facets were included, and we ensured that we made the entirely new hospital bed to suit all needs,« explains Jens Bay of KR Hospital Equipment, one part of the business network that also includes the companies Design Partners, Cetrea and Zibo.

During the first six months, the business cluster was in close dialogue with the Central Denmark Region and Randers Regional Hospital, which bought the first beds. »We discovered that it was a task with several components. The bed must be intelligent so it can help the nurses with such tasks as reading the patient's weight, sensing whether the bed is wet, and sending an alarm when necessary. This is where our diversity really came into play. Cetrea has extensive experience solving problems for hospitals, and it knows how we can send the information from the bed to the nurses. Zibo has expertise within the development of mattresses, and with Design Partners, we gained an entirely new design which also represents an optimal solution for the needs of the future«, says Mr Bay.

Serious attention. To develop a ground-breaking product, the cluster partnership conducted extensive research in Scandinavia, the target group in the first instance, and interest in the new bed was considerable: »We've attracted attention from both Denmark and abroad, and we've had numerous contributions, not just from the Institute of Technology, the project's consultant, but also from nurses who have told us of their needs. This confirms our belief that we're heading in the right direction«, says Mr Bay. »The Network formation initiative has been an important partner in our project, which is a big financial investment. So without their support, we would not have started. The collaboration in our business network has also been very good. We're good in our separate ways, but when we put our skills together, we reach new heights«, says Mr Bay. The first intelligent hospital bed is expected to be on the market in 2012.



Facts:

Companies: The Intelligent Hospital Bed of the Future – a network project between the four companies KR Hospitalsudstyr, Design Partners, Cetrea and Zibo – and Danish Technological Institute in Aarhus.

Location: Hadsten, Aarhus og Tørring

Number of employees: About 70 in the four production companies

Sector: Production companies within the care and hospital sector

Product: The intelligent hospital bed of the future

Target group: Danish and foreign hospitals

Website: www.krbed.dk, www.designpartners.dk, www.cetrea.com, www.zibo.dk, www.teknologisk.dk

5.3. Development of player skills in the innovation system

Several studies have shown that Central Denmark's innovation system is unique in a Danish context. Non of the other four Danish regions has the same degree of understanding of the system and the partnerships among the players. But this is far from synonymous with the belief that there is no room for improvement – for example in relation to a continual upgrading of skills among the 300 consultants, and the system's cohesion.

Midtjysk Erhvervsudviklings Akademi (MEA) – the Central Denmark Business Development Academy – is a new regional initiative whose object is to upgrade the qualifications and strengthen cohesion in Central Denmark's innovation system. This is being accomplished by offering the players in the system application-oriented further education, but with a highly specialist content which is tailor-made for the needs of the different players.



Specifically, the MEA arranges free skills development modules within various relevant areas several times a month. The modules are directed towards all the employees and players in Central Denmark's innovation system – cf. chapter 4. Furthermore MEA regularly arrange study trips to foreign regions and specific players which/ who can provide inspiration for further development of the innovation system in the Central Denmark Region.

The MEA is governed by an academy consisting of 21 members all with a connection to the innovation system in the Central Denmark Region. The council consists of representatives from the Danish Enterprise Authority, the Central Denmark Region, Business Link Central Denmark, the municipalities in the Region, the local business

service, sector organisations, Pre-seed venture investors, science parks, educational institutions and development parks.

The council's primary duties are to manage the general consultancy service for the MEA via concept development, sharing of knowledge, and evaluation. The council

- > acts as a dialogue forum and source of inspiration in connection with the development of activities in the MEA,
- > provides concrete ideas for the content of the MEA's courses on the basis of observed needs in the members' own organisations and practice,
- > submits proposals to teachers of MEA courses,
- > ensures that the latest research results find their way to the MEA,
- > ensures dialogue between the various levels of the education system to achieve synergy,
- > ensures communication and sharing of knowledge in connection with the MEA's activities so that they benefit the target group as much as possible,
- > monitors satisfaction surveys of the MEA's activities, and
- > manages an external evaluation of the effects of the MEA's activities in relation to the Region's businesses.

The ambition is that the MEA will be a recognised further education option in the area of business policy, supporting the high ambitions and visions in the Region's business policy. The council has therefore initiated a process to enhance the MEA's qualifications to certify the players and employees in the total innovation system, who must be able to have the equality of their services evaluated in relation to predefined standards. The certification will apply to the areas outlined in figure 46.

The certification scheme will help the players in an on-going endeavour to improve the quality of the services. A further goal is that users should find that the business services are based on a series of quality standards which can increase transparency and contribute to a general improvement of the innovation system's image as a professional and user-oriented system. Over time, the certification will also create a common language in the innovation system and greater transparency in relation to the consultants' services.

Figure 46: Central Denmark quality standards



A strengthening of coordination and teamwork

Arrangements at Midtjysk Erhvervsudviklings Akademi (The Central Denmark Business Development Academy) are creating shared understanding and knowledge among all persons working in the field of business services.

The day is somewhat reminiscent of a good old-fashioned school day, and that's actually what it is, but with the twist that the courses at Midtjysk Erhvervs Udviklings Akademi (MEA) are being held in various places in the Central Denmark Region, and the students differ from class to class. But the 12 or so school days or MEA arrangements are the common platform for all involved in the business promotion system, and on this day the course is being held in Aarhus.

»If we use the arrangement in Aarhus as an example, we always have a theme, in this case spin-offs, and we have invited a number of people with special knowledge of the topic. We typically have a researcher to talk about the latest knowledge in the day's topic. But in the case of the spin-off theme, one of the guests was the head of the Spin-off Centre West in Aarhus, explains Henrik Lodberg, a consultant in MEA who helped to establish the entire system which is creating a common language, knowledge and guidance for the employees in the business service system.

The participants in the MEA arrangement on this day have come from the entire Region. From Ringkøbing in the west to Horsens in the southeast and Holstebro in the northwest, the participants have gathered to gain new input and knowledge on new things the system in which they work every day has to offer.

»The Spin-off centre was opened relatively recently, and it was therefore natural to make it the theme for an MEA day«, Mr Lodberg explains, noting that both the head who will run the Spin-off Centre and the almost 25 participants all took a lively part in the concluding debate and exchange of opinions on how the players could gain the greatest possible benefit from one another.

»MEA's goal is to arrange the sharing of knowledge among all players in the system, irrespective of whether they are local trade councils, innovation agents, educational institutions or growth houses. Only in this way can we ensure that everybody lives up to the intentions for a unified business service system,« is Mr Lodberg's judgment.



Facts:

Company name: Midtjysk Erhvervsudviklingsakademi (MEA)

Location: Attached to Væksthus Midtjylland (Business Link Central Denmark)

Number of employees: 3 in the secretariat

Target group: All employees in the regional innovation system working in the field and visiting companies

Sector: Public knowledge service

Website: www.meamidt.dk

6. Measurement of results and evaluation

With an annual economic framework of DKK 300 million, the Central Denmark Region's initiatives within entrepreneurship and business development are a major investment in business-related growth. The investment is being made on a solid basis, and the Region sees it as important to follow up on the investment in order to determine whether the potential socioeconomic return is being realised.

The follow-up must ensure an optimal use of the public financing and the greatest possible value for money for the citizens in the Central Denmark Region, Denmark and the EU.

The Central Denmark Region uses a combination of different tools to determine whether the potential socioeconomic return is being realised:

- > Result contracts
- > Advisory boards
- > Evaluations
- > Measurements of effect

Result contracts are used during the term of the project to ensure that the initiatives in the project are carried out to the extent and in the quality which was agreed with the individual participants. The contract is prepared in cooperation with the operator so that all questions of doubt are eliminated before the initiatives are commenced. Half-year follow-ups on the contract are then made, where the operator reports on the implementation of the project and discusses any adjustments which could be appropriate on the basis of the preliminary experience with it.

Advisory Boards are used as a supplement to the result contracts in connection with the ongoing evaluation of whether adjustments and adaptations are needed in the individual projects. The advisory board is typically comprised of experts with first class expertise in the areas which the individual projects concern. The panel has a high level of expertise to regularly contribute specific proposals for how the individual projects can be optimised.

Evaluations are generally made at the end of the term of the projects by an external evaluator, but in some cases they are also made midway in connection with major initiatives.

The midway evaluation functions primarily as a check on whether there are major issues which should be revised in order to strengthen the project's potential return. This can concern both the individual measures in the project and its entire organisation.

The final evaluation investigates whether the project was performed as planned, and examines both quantitative and qualitative aspects and the activities under the individual measures, user satisfaction, and whether the milestones which were set were reached, but also qualitative goals concerning organisation, partnership relations, administrative burdens and other experiences which can be further built upon in any follow-up.

Measurements of effect are used to measure whether the potential socioeconomic return was realised, and how well the public financing was used. The measurements are made by an external evaluator, and as far as possible the method is before-and-after readings, on the basis of which the development can be calculated. This development is compared with that in a control group in order to isolate the project's effect and assess its socioeconomic return. The development is measured on the relevant indicators for the individual programmes. For programmes directed towards entrepreneurs and SMEs, it will typically be indicators such as turnover, exports, employees and similar. For programmes directed towards students, it will typically be a tracking of civil registration numbers with subsequent measurement of entrepreneurial behaviour on the labour market. Measurements of effect as above are typically very difficult to perform because they require use of a stringent method whose effect must be isolated. The Central Denmark Region has therefore invested heavily in development of the method, which, compared with the experiences accumulated in previous measurements, mean that the Region is well equipped to ensure a valid measurement of the effect of the individual programmes.

To ensure the greatest possible openness for the project and its effect, the Region has elected to publish all follow-ups on result contracts, evaluations and measurements of effect, on the Region's website. All interested persons can follow the project, the experiences and the learning associated with it, and the project's results and effects.

Appendix – Addresses/contact details for players in the innovation system

Development of entrepreneurial culture and skills

Entrepreneurship Centres and student incubators		
AU Centre for Entrepreneurship & Innovation	Address:	Finlandsgade 27, 8200 Aarhus N
	Tel:	(+45) 8715 2102
	Web:	www.cei.au.dk
SEC -Student Entrepreneurship Centre	Address:	Chr. M. Østergaards Vej 4, 8700 Horsens
	Tel:	(+45) 8755 4013
	Web:	www.viauc.dk/sec
Ark:Idea	Address:	Nørreport 20, 8000 Aarhus C
	Tel:	(+45) 8936 0151
	Web:	(www.aarch.dk)
Business Factory	Address:	Birk Centerpark 15, 7400 Herning
	Tel:	(+45) 8716 6946
	Web:	www.bf.au.dk
IDEA House Aarhus	Address:	Sønderhøj 30, 8260 Viby J.
	Tel:	(+45) 2712 6421
	Web:	(www.aabc.dk)
Innofactory – the Virtual Student Incubator	Address:	Minervavej 63, 8960 Randers SØ
	Tel:	(+45) 8711 4400
	Web:	www.innofactory.dk
MiJAV – Midtjysk AnimationsVæksthus	Address:	Kasernevej 5, 8800 Viborg
	Tel:	(+45) 8755 4911
	Web:	(www.animwork.dk)
Studentervæksthus Aarhus	Address:	Møllevangs Allé 142, 8200 Århus N
	Tel:	(+45) 8715 2102
	Web:	www.studentervæksthus.au.dk

Basic Local guidance

Local business service units		
ErhvervsCentret Ringkøbing Fjord Erhvervsråd	Address:	Bredgade 77, 6940 Lem St
	Tel:	(+45) 9975 2600
	Web:	www.erhvervscentret.dk
Erhvervsrådet Herning, Ikast og Brande	Address:	Birk Centerpark 40, 7400 Herning
	Tel:	(+45) 9626 1111
	Web:	www.erhvervsraadet.dk
ErhvervSilkeborg	Address:	Vejlsøvej 5, 8600 Silkeborg,
	Tel:	(+45) 8720 4711
	Web:	www.erhvervSilkeborg.dk
Favrskov Erhvervsråd	Address:	Bogøvej 15, 8382 Hinnerup
	Tel:	(+45) 8696 7711
	Web:	www.favrskoverhverv.dk
Hedensted Erhverv	Address:	Niels Espes Vej 8, 8722 Hedensted
	Tel:	(+45) 7975 5287
	Web:	www.hedenstederhverv.dk
Horsens Erhvervsråd	Address:	Chr. M. Østergaardsvej 4, 8700 Horsens
	Tel:	(+45) 7561 1888
	Web:	www.horsens-erhverv.dk
Norddjurs Erhverv	Address:	Torvet 3, 8500 Grenå
	Tel:	(+45) 7015 1618
	Web:	www.norddjurs.dk
Odder Erhvervs- og udviklingsråd	Address:	Aabygade 10, 8300 Odder
	Tel:	(+45) 5137 7070
	Web:	www.erhverv.odder.dk
Randers Erhvervs- og Udviklingsråd	Address:	Hospitalsgade 10, 2. sal, 8900 Randers,
	Tel:	(+45) 8640 1066
	Web:	www.reu.dk
Samsø Erhvervs- og Turistcenter	Address:	Langgade 32, 8305 Samsø
	Tel:	(+45) 8659 0005
	Web:	www.samsoerhverv.dk
Skanderborg Erhvervsudvikling	Address:	Adelgade 105 stuen, 8660 Skanderborg
	Tel:	(+45) 3035 2585
	Web:	www.s-e-u.dk
Skiveegnens Erhvervs- og Turistcenter	Address:	Østerbro 7, 7800 Skive
	Tel:	(+45) 9614 7677
	Web:	www.skivebiz.dk
STARTVÆKST Aarhus	Address:	Åbogade 15, 8200 Aarhus N
	Tel:	(+45) 7015 1618
	Web:	www.STARTVÆKST-Aarhus.dk
STARTVÆKST Holstebro	Address:	Nupark 51, 7500 Holstebro
	Tel:	(+45) 7015 1618
	Web:	www.STARTVÆKST-Holstebro.dk
STARTVÆKST Lemvig	Address:	Industrivej 53, 7620 Lemvig
	Tel:	(+45) 7015 1618
	Web:	www.STARTVÆKST-Lemvig.dk
STARTVÆKST Struer	Address:	Fælledvej 17, 7600 Struer
	Tel:	(+45) 7015 1618
	Web:	www.STARTVÆKST-Struer.dk
Syddjurs kommune / Syddjurs Udviklingspark	Address:	Sortevej 40, 8543 Hornslet
	Tel:	(+45) 8880 9980
	Web:	www.udviklingspark.com

Viborg-egnens Erhvervsråd	Address:	Skottenborg 12-14, 8800 Viborg
	Tel:	(+45) 8725 5151
	Web:	www.ver.dk
Østjysk Iværksættercenter	Address:	Ågade 99, 8370 Hadsten
	Tel:	(+45) 8761 0123
	Web:	www.startgodt.dk

Development parks

Business Park Struer	Address:	Fælledvej 17, 7600 Struer
	Tel:	(+45) 9684 0000
	Web:	www.businessparkstruer.dk
Innovatorium	Address:	Birk Centerpark 40, 7400 Herning
	Tel:	(+45) 7020 8911
	Web:	www.innovatorium.info
NuPark	Address:	Nupark 51, 7500 Holstebro
	Tel:	(+45) 9612 7200
	Web:	www.nupark.dk
Sparbank Væksthuset	Address:	Resenvvej 85, 7800 Skive
	Tel:	(+45) 2225 9302
	Web:	www.sparbankvh.dk
Syddjurs Udviklingspark	Address:	Sortevej 40, 8543 Hornslet
	Tel:	(+45) 8880 9989
	Web:	www.syddjurs erhverv.dk
Udviklingspark Ferskvandscentret	Address:	Vejlsøvej 51, 8600 Silkeborg
	Tel:	(+45) 8720 4711
	Web:	www.erhvervsilkeborg.dk
Vitus Bering Innovation Park	Address:	Christian M. Østergårdsvej 4a, 8700 Horsens
	Tel:	(+45) 8755 4343
	Web:	www.vbipark.dk

Specialised guidance

Væksthus Midtjylland (Business Link Central Denmark)

Væksthus Midtjylland - Headquarter	Address:	Åbogade 15, 8200 Aarhus N
	Tel:	(+45) 7022 0076
	Web:	www.vhmidtjylland.dk
Væksthus Midtjylland – Herning division	Address:	Birk Centerpark 40, 7400 Herning
	Tel:	(+45) 7022 0076
	Web:	www.vhmidtjylland.dk

VEU centres

VEU-center Østjylland	Address:	co. AARHUS TECH, Hasselager Alle 2, 8260 Viby J.
	Tel:	(+45) 7020 4020
	Web:	www.veu-ostjylland.dk
VEU-center MidtØst	Address:	
	Tel:	(+45) 8725 8700
	Web:	(www.veu-center.dk)
VEU-center MidtVest	Address:	Døesvej 76, 7500 Holstebro
	Tel:	(+45) 9912 2444
	Web:	www.veu-centermidtvest.dk/

Consultancy and dissemination of knowledge

Innovation networks		
The Animation Hub	Address:	Kasernevej 5, 8800 Viborg
	Tel:	(+45) 2850 9864
	Web:	www.animwork.dk
Innonet Lifestyle – Interior & Clothing	Address:	Birk Centerpark 40, 7400 Herning
	Tel:	(+45) 9616 6200
	Web:	www.innonetlifestyle.com
FoodNetwork	Address:	Nupark 51, 7500 Holstebro
	Tel:	(+45) 9612 7624
	Web:	www.foodnetwork.dk
Innovation network for Biomass	Address:	Niels Pedersens Alle 2, 8830 Tjele
	Tel:	(+45) 6171 8162
	Web:	www.inbiom.dk
The Renewable Energy Innovation Network (VE-net)	Address:	Kongsvang Allé 29, 8000 Århus C
	Tel:	(+45) 7220 1113
	Web:	www.ve-net.eu
Service Platform - Aarhus	Address:	Abogade 34, 8200 Århus N
	Tel:	(+45) 2311 3719
	Web:	www.serviceplatform.dk

Private consultants		
(see Rådgiverbørsen for a complete list)	Address:	
	Tel:	
	Web:	www.raadgiverborsen.dk

Connect Denmark		
Connect Denmark – Midtjylland	Address:	Åbogade 15, 8200 Århus N
	Tel:	(+45) 2335 3599
	Web:	www.connectdenmark.dk

Spin-off centre		
Accelerace Spin-Off	Address:	Åbogade 15, 8200 Århus N
	Tel:	(+45) 1917 9410
	Web:	www.acceleracespinoff.dk

The Danish Trade Council		
The Danish Trade Council	Address:	Åbogade 15, 8200 Aarhus N
	Tel:	(+45) 7022 0076
	Web:	www.eksportraadet.dk

Approved Technological Service Institutes		
AgroTech – Institute for agriculture and food processing	Address:	Agro Food Park 15, 8200 Aarhus N
	Tel:	(+45) 8743 8400
	Web:	www.agrotech.dk
The Alexandra Institute	Address:	Åbogade 34, 8200 Århus N
	Tel:	(+45) 7027 7012
	Web:	www.alexandra.dk
DELTA	Address:	Erhvervsvej 2A, 8653 Them
	Tel:	(+45) 7219 4800
	Web:	www.madebydelta.com
DHI	Address:	Gustav Wieds Vej 10, 8000 Aarhus C
	Tel:	(+45) 8620 5100
	Web:	www.dhi.dk
FORCE Technology	Address:	Tueager 3, 8200 Århus N
	Tel:	(+45) 8734 0200
	Web:	www.forcetechnology.com
Danish Technological Institute	Address:	Kongsvang Allé 29, 8000 Aarhus C
	Tel:	(+45) 7220 1000
	Web:	www.teknologisk.dk

MedTech Innovation Center, MTIC		
MedTech Innovation Center, MTIC	Address:	Tueager 1, 8200 Århus N
	Tel:	(+45) 8993 1500
	Web:	www.mtic.dk

Accelerated development

Pre-seed venture investors		
Innovation MidtVest	Address:	Birk Centerpark 40, 7400 Herning
	Tel:	(+45) 9627 0100
	Web:	www.innovationmidtvest.dk
Østjysk Innovation	Address:	Åbogade 15, 8200 Århus N
	Tel:	(+45) 8734 5890
	Web:	www.oei.dk

Science parks		
Agro Business Park	Address:	Niels Pedersens Allé 2, 8830 Tjele
	Tel:	(+45) 8999 2500
	Web:	www.agropark.dk
INCUBA Science Park - Katrinebjerg	Address:	Åbogade 15, 8200 Århus N
	Tel:	(+45) 8734 5555
	Web:	www.incuba-sp.dk
INCUBA Science Park - Skejby	Address:	Brendstrupgårdsvej 102, 8200 Århus N
	Tel:	(+45) 8620 5000
	Web:	www.incuba-sp.dk

Accelerace		
Accelerace Management	Address:	Åbogade 15, 8200 Århus N
	Tel:	(+45) 3917 9404
	Web:	www.accelerace.dk

Capital

Pre-seed venture investors		
Innovation MidtVest	Address:	Birk Centerpark 40, 7400 Herning
	Tel:	(+45) 9627 0100
	Web:	www.innovationmidtvest.dk
Østjysk Innovation	Address:	Åbogade 15, 8200 Århus N
	Tel:	(+45) 8734 5890
	Web:	www.oei.dk

Vækstfonden		
Vækstfonden	Address:	Åbogade 15, 8200 Århus N
	Tel:	(+45) 3529 8600
	Web:	www.vf.dk

Venture capital companies		
(see StartVækst for a complete list)	Address:	
	Tel:	
	Web:	www.startvaekst.dk/ventureselskaber

Business Angels		
(see StartVækst for a complete list)	Address:	
	Tel:	
	Web:	www.startvaekst.dk/business-angels1

Vækstforum
Skottenborg 26
Viborg
www.regionmidtjylland.dk