



SOUTH DUBLIN COUNTY
ENTERPRISE BOARD

Strategic Enterprise Plan

2004-2006

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1. Executive Summary

1.1 Situation Analysis

South Dublin's local economy continues to perform well, with the establishment of major new manufacturing facilities more than offsetting losses in more traditional industries. After a period of relative stagnation, growth has resumed and is particularly evident at micro-enterprise level. While long-term unemployment has continued to erode, total unemployment has begun to rise again

National policy on support of Micro-enterprise continues to evolve. The mid-term evaluation of the NDP has not brought forward any significant changes relevant to the County Enterprise Boards. However, small but significant policy shifts were recommended by a study of CEBs undertaken by Forfas and their influence is likely to be felt during the planning period despite an overall stable policy environment that is likely to continue through to the end of the NDP in 2006. Thereafter, more significant change is likely.

Longer-term policy is likely to be governed by the ending of EU support for micro-enterprise and the Government's strategy of supporting innovation to the detriment of direct support for business start-up and development

The medium-term outlook for Exchequer funding is uncertain, with planned decreases in EU support possibly being offset by a healthier government financial situation. In the longer term, however, supports are likely to move in the direction of research and innovation and County Enterprise Boards are likely to be required to achieve a greater degree of self-sufficiency.

Demand for The Board's services has continued to be robust and is expected to rise by 5-10% per annum

1.2 SWOT Analysis

The following strengths, weaknesses, opportunities and threats have been identified

Internal Strengths	Internal Weaknesses
Experience and track record	Small Scale of board relative to its mission
Expertise of board members and staff	Voluntary basis of Board membership
Integration in the local development process	Accommodation Restrictions

External Opportunities	External Threats
Buoyant markets	High cost base
Easy access to low cost finance	Tight labour market
Electronic commerce and information and computing technologies	Declining financial support capacity
Biotechnology cluster	Uncertainty regarding future policy

Executive Summary

The mission of the Board is to help people who have the required energy, personal vision, resources and expertise to start and grow dynamic and innovative small businesses that can survive and compete profitably so that they can strengthen our local economy and provide high-quality sustainable employment.

Our vision is of a county where people are encouraged to innovate and start businesses and where they can easily access an comprehensive and integrated system of high quality public, voluntary and private sector supports to maximise their chances of success and their rate of development.

The Board has a distinct set of values that guide its work and its relationship with all of its stakeholders. These values are:

- **Honesty**
- **Openness**
- **Professionalism**
- **Excellence and Quality**
- **Innovation**
- **Cost-effectiveness**
- **Equality**

The Board has adopted a hierarchical set of objectives as follows:

- **Increased innovation, leading to:**
 - **Improved competitiveness and:**
 - **Increased added value per employee, leading to:**
 - **Increased quality of employment and:**
 - **Job creation**

The strategies adopted by the Board in pursuit of these objectives are:

- **Focus on identified target sectors**
- **Innovativeness and competitiveness as the source of higher quality jobs**
- **Greater Self sufficiency**
- **Increased and improved flow of new project proposals**
- **More intensive services to clients**

2. Introduction

South Dublin County Enterprise Board is a statutory local economic development agency engaged in implementing the Micro-enterprise measure of the Southern and Eastern Regional Operational Programme (SEROP) on behalf of the Southern and Eastern Regional assembly, who act as 'Managing Agent', and the Department of Enterprise, Trade and Employment acting as 'Intermediary Body'. Its core role is to support the creation and development of micro-enterprises in South Dublin County through the provision of "selective financial interventions" and "entrepreneurial and capability development" supports. It derives its funding under the SEROP from the budget vote of the DoETE on an annual basis.



One of the primary functions of the South Dublin County Enterprise Board is to assess local economic needs within the county and devise a strategic plan for the development of the local micro-enterprise¹ sector.

This Strategic Enterprise Plan is the fourth such plan prepared by South Dublin County Enterprise Board. The outgoing plan covered the period 2000-2003.

This latest Strategic Enterprise Plan has been developed in the context of the mid-term review of the National Development Plan and its constituent regional OPs. As the basic framework of the NDP will remain in place until its expiry in 2006, the plan is based on a revision of the outgoing plan that takes the results of the mid-term review and the current operational environment into account.

For this next planning period, a new system is being adopted, consisting of three separate documents:

- **Strategic enterprise plan 2004-2006 containing detailed situation analysis, mission, goals, objectives and strategies. Only outline details of actions will be given and targets and resource requirements will be quite general. This document will be public.**
- **Business Plan containing details of how the organisation will implement the strategy. Full details of budgets, actions and targets will be included. This document will be internal and will not be available to the public.**
- **Operating manuals on Corporate Governance, Financial Management and Accounting, Administration and Human Resources, which contain policies and procedures in each of these areas. These manuals are updated as necessary and are also internal to the Board.**

The Strategic Enterprise Plan, Business Plan and operating manuals should be read together as an integrated system

¹ Micro-enterprises are those that employ 10 people or less.

3. Situation Analysis

3.1 The Local Economic situation

Because of the lack of crucial economic data at county level, any analysis of the local economic situation at county level must rely heavily on regional and even national statistics. This is particularly so in the case of South Dublin as the boundaries adopted by many agencies that gather important economic data do not coincide with the county boundaries.

The key feature of the past three years in the local South Dublin economy, as in the national economy, has been the peaking of economic growth and the return to much lower levels of growth. This was the 'soft landing' much desired by economists and politicians alike. However, the evidence available to the Board indicates that the local small and micro-enterprise sectors came to a virtual stop in the latter half of 2002 before beginning a tentative recovery in early 2003. That recovery continues to progress.

The effects of this recovery cannot yet be seen in the employment statistics. Unfortunately, it remains impossible to obtain specific labour force statistics for South Dublin. However, the Quarterly National Household survey charts a rise in the rate of unemployment in the Dublin region from 3.5% in June-August 2001 to 4.8% by June-August of 2003. This was brought about by a drop in the numbers employed of about 4000 across the region and a simultaneous *rise* in the total labour force of about the same number. This indicates that there are at least 5,800 people unemployed in South Dublin.

The geographic boundaries used by the Department of Social, Family and Community Affairs do not coincide with county boundaries, so once again a figure for the county as a whole is not available. However, the numbers on the live register (which should be taken as an indication of 'under-employment' as opposed to unemployment) at the county's two main unemployment offices in Tallaght and Clondalkin rose by 37% between December 2000 and December 2003 and now stand at 6,356. They had fallen by 67% in the previous three-year period.

At a national level, the erosion of the rate of long term unemployment continued during the period, dropping from 2.1% in September-November 1999 to 1.2% in the period from December 2000 to August 2002. However, it has now risen again and stands at 1.4% in August 2003.

The growth in the rate of unemployment has affected men to a considerably greater degree and a clear gap is now emerging with the rate for women standing at 4.9% while that for men is at 5.3%. They had been virtually identical two years previously. Consequently, the participation rate of women in formal employment has risen marginally over the period from June 2001 to August 2003 while that of men has dropped.

Without GDP figures for the county, it is not possible to say whether economic output here has kept pace with the rest of the country. However, manufacturing output at national level has continued to rise, though at a falling rate of increase. From a high of 21% in 1998, the annual increase in manufacturing output has declined to 8.4% in 2002.

It is now well understood that the reasons behind this are a combination of Ireland's falling international competitiveness relative to other countries together with a reduced

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level of internationally mobile investment and the increased attractiveness of low labour cost countries as a location for even quite sophisticated manufacturing operations.

South Dublin has fared reasonably well, with major new investments arriving in Citywest (AOL, Xylynx expansion) and Grange Castle (Wyeth, Takeda) more than counterbalancing losses in more established industries (Gallaghers, Fujitsu).

At the micro-enterprise level, job creation among Board clients stagnated in 2001 before resuming in 2002 (62 net new jobs) and strengthening in 2003 (147 net new jobs)

Nationally, average industrial earnings have grown by almost 25% since December 1999. This can be judged against the background of the increase of 5.5% in the consumer price index over the same period.

despite the increase in wages, the unit wage cost index for manufacturing industry dropped by a further 7 base points between 1999 and 2003 and now stands at 63.7% of its 1995 base year. This is linked to a corresponding rise in the index of output per person which has risen by almost 30 base points in the same period to 232.4% of the figure for 1995.

No statistics are available on a county basis to indicate the rate of business formation or failure. However, anecdotal evidence points to an accelerated rate of business failure during the period and a lower start-up rate. For instance, by November 1999, 87.5% of the businesses provided with financial assistance by the Board, since inception, were still trading, representing a failure rate of only 12.5%. At the end of 2003, that percentage stood at ?

The stock of enterprise space increased further over the period, with the completion of the Bawnogue Community and Enterprise Centre, providing 45 units. This centre has been almost fully occupied since it opened in September 2003. The private sector centre at Greenogue also continues to grow and is now a major location for small-to-medium largely indigenous firms.

3.2 National Policy on Support of Micro-enterprise

The Southern and Eastern Regional Operational Programme has identified a range of sectors on which CEBs are required to focus. In terms of financial supports, Boards are required to give priority to:

- **“Projects in manufacturing or Internationally traded services, which, in time, can graduate to the Enterprise Ireland Portfolio**
- **Depending on location, tourism projects aimed primarily at overseas visitors**
- **Participation by the Enterprise Boards with others (local authorities, state agencies, chambers of commerce, and private sector interests) in the provision of industrial space for small enterprises or advanced technological facilities for small business**
- **Other worthwhile commercial ventures promoted by the long term unemployed or those made redundant, which will contribute to both national competitiveness and local development but will avoid displacement**
- **Promising projects emerging from work in second or third level colleges”**

The first three years of the current OP have seen a very significant shift in the Board's client base to reflect the first of these priorities. 45% of projects approved by the board

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are now in the Manufacturing sector, increased from 33% in the last 3 years of the previous OP. Internationally traded service businesses now make up 30% of projects as against 10% in the last OP. This shift partly caused by the restriction that limits approvals to locally traded services to 25% of total capacity. However, it also demonstrates the success of the board in targeting these sectors.

3.2.1 Future policy – the Forfás Study

At the request of the Minister for Enterprise, Trade and Employment, Forfás commissioned a study of the effectiveness of the CEBs and the arrangements for their management. Fitzpatrick & Assoc conducted the research and the South Dublin County Enterprise Board was chosen as one of seven ‘case study’ Boards for in-depth study.

At the time of writing, the report has just been published, but the main recommendations are:

- **Supports for micro-enterprise should continue to be provided by the present 35 City and County Enterprise Boards**
- **Policy formation and overall responsibility for the County Enterprise Boards should remain within the Department of Enterprise, Trade and Employment**
- **A new technical support unit should be set up in Enterprise Ireland to provide financial and technical administrative support for the Boards**
- **a renewed focus on the CEBs’ core enterprise and enterprise culture mission, and minimisation of any useful but wider local economic development activities in their areas;**
- **greater emphasis on business information, advice, training and capability enhancement, and relatively less on provision of financial support;**
- **within financial support, continuation of the current move to use of repayable funding and a gradual exit from grant assistance, especially employment grants;**
- **a tightening of both criteria and their implementation regarding provision of financial support, especially in the areas of potential deadweight and displacement;**
- **a flexible and user-led approach to soft-supports, accompanied by a gradual increase in client contributions to service costs;**
- **a gradual move to greater financial self-sufficiency among CEBs based on both repayable finance and client contributions.**

These recommendations represent a substantial endorsement of the work of the CEBs in that the fundamental basis of their operations remains intact. The move towards self-sufficiency was a key strategy in this Board’s previous Strategic Enterprise Plan. Employment grants were already restricted to 25% of total financial supports with the introduction of the current OP and the rebalancing of financial and capability support resources is also a feature of the OP, though it has not been implemented to date. Overall, then, the review suggests that the CEBs should continue along the path that has already been identified and followed by the South Dublin Board.

The Minister for Enterprise, Trade and Employment has announced that she will take further time to study the Forfás report before deciding on the course of action to be taken. It is likely that no radical changes will be made within the lifetime of the NDP

3.2.2 Adjustments to the Value of Supports

The maximum value of financial supports was set when the Boards were set up in 1993. In the interim, they have only been increased marginally to convenient figures

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when converting them from Irish Pounds to Euro. However, the Department is now working with the EU to significantly increase these values. The upper limit on the value of support to any one enterprise is to be raised from €63,500 to €75,000 with effect from April 1st 2004

These changes are necessary and welcome, though they will tend to concentrate more support into fewer enterprises. The alternative would have been to see continuing decline in the attractiveness and relevance of the Board's supports, particularly to the targeted manufacturing and internationally traded service sector.

3.3 Influences on Board Activity

The level of that the board can provide is, in practice, limited by three factors; the amount of funding received from the Exchequer, funds generated by the Board's own activities and the demand for services from the public.

Exchequer funding is in turn influenced by industrial, economic and fiscal policy. In this regard, a study by Forfás on the future of the CEBs is nearing completion and it is understood to contain a recommendation that the role of the CEBs should be continued - with some modifications. A wider report undertaken by a steering group headed by O'Driscoll, is beginning a review of industrial policy but this is not expected to take effect until after the end of the current EU planning period in 2006. Nonetheless, it is clear that government policy is moving away from supports to industry, particularly financial supports, and shifting investment towards support for R&D.

3.3.1 Exchequer funding

The book of estimates for 2004 shows a 9% decrease in funding to the CEBs. However, when an increase in the 'current' component is taken into account, the programme or 'capital' funding is set to decrease by 13%. The SDCEB expects to suffer an average drop in its programme funding and will budget on this basis. Administration costs are largely fixed and indications have been received that the increased staffing costs which will be incurred as a result of the anticipated withdrawal of FAS SEDO funding and national pay agreements will be taken into account in setting next year's budgets.

For the following two years of the SEROP, 2005/6, this pattern of declining programme funding is expected to be maintained. Administration funding is expected to continue to rise in line with inflation and national pay agreements. However administration costs may come under pressure after 2006.

3.3.2 Board-generated Funding

The 'receivables fund' built up from repayment of capital grants and preference share redemptions has now reached €150,000 and is growing at present by €6,000 per month. By the end of 2004, this fund is anticipated to reach €250,000. While the value of new exchequer funding approved in repayable forms is likely to decline steadily in the three years to 2006, this will be supplemented by the repayment of supports provided using funds already repaid. The overall level of resources available to the Board for Measure 1 is therefore likely to remain relatively constant.

Service income and other fee income, on the other hand has been quite disappointing, amounting to less than €2000 in 2003. Without a change of policy, this figure is not expected to change significantly during 2004-6

Strategy**3.3.3 Demand for services**

A very pronounced change in demand for financial supports was experienced in the years 2000-2001. The previous pattern of large numbers of small applications was replaced with one consisting of fewer, larger and more sophisticated applications. The overall value of approvals dropped somewhat, but not in proportion to the number of approvals. The new pattern of demand may be a result of the Board's own shift of focus towards larger approvals to the manufacturing and ITS sectors and away from locally traded services. 2003 saw a marked increase in the number of unemployed people seeking supports and this is expected to continue to rise in 2004 before declining slightly again in subsequent years as the loss of manufacturing jobs from the economy is stemmed by an improving economic situation.

Demand for Measure 2 supports has been much more constant, with steady numbers of clients availing of programmes of all types.

In 2004, a rise in the 'natural' demand for financial services of the order of 5-10% is anticipated, largely driven by an improving economic situation and a rise in the number of manufacturing workers being made redundant.

Demand for training courses is expected to remain fairly static in 2004, however, much more 'internal' demand for mentoring services will be generated from our own financial support clients. 'External' demand for mentoring is expected to be relatively static. The Schools programme is likely continue to attract similar numbers in the 2004/5 academic year, though this depends greatly on the efforts to get more schools to take part. The web site will continue to be maintained and promoted in the coming year and increasing connectivity and internet usage will help to boost visitor numbers by 15-20%.

The geographic distribution of demand will continue to change with Lucan experiencing particularly strong growth.

An increasing incidence of entrepreneurship by third country nationals is expected to continue.

3.4 SWOT analysis

3.4.1 Internal Strengths

The Board's internal strengths include

Experience and track record

The accumulated experience gained by the Board in implementing the OPLURD is of immense benefit to it in addressing the challenge of the Regional Development OP. The Board's track record is well known locally and this awareness ensures that prospective promoters contact the Board for support. It also contributes to their willingness to start or develop their businesses in the first instance.

Expertise of board members and staff

The membership of both the Board and the staff is remarkably stable. 2 current Board members are founder members while 2 others have served in excess of five years and all but 2 of the remainder have served three years or more. Two members of staff are in their ninth year of service, two others are in their eighth year while only one staff member has less than five years service. The accumulated experience of all of these is both considerable and diverse. Particular areas of strength include:

- **Administration**

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- **Micro-enterprise development**
- **Management training**
- **Information technology**

Integration in the local development process

The Board is represented on a wide range of external committees at local level, three at regional level and 2 at national level. In particular, the Board provides the Chair for the Economic Implementation and Monitoring Group of the County Development Board and leads the majority of the actions in this section of the county development strategy. Through participation in these groupings, the Board is in a very good position to consult widely on local development issues and maximise co-ordinated and joint action while minimising overlap and duplication.

At the same time, the burden on management of participating in all of these groupings is very considerable and participation in further external committees will, in future, be carefully considered in the light of the Board's mission.

3.4.2 Internal Weaknesses**Small scale of Board relative to its mission**

The Board serves an area with a population of 238,835 (2002) containing approximately 4,500 business enterprises ranging from the country's largest corporations to the part-time self-employed. Its total budget for the year 2004, is €385,409; representing €3.70 per head of population. It is difficult to make a significant advance in the level of economic development of such an area with this level of funding. It is only by acting in concert with other local development interests that the Board is able to leverage its own resources to create a more significant impact.

Voluntary basis of Board Membership

In common with most local development organisations in the state sector, Board membership is voluntary and entirely unrewarded. There is no doubt that this adds to the objectivity and independence of the Board. However, in view of increasing enforcement of company law and the recent imposition of very onerous corporate governance requirements, the responsibilities and duties of Directors have increased markedly.

These factors have always made it difficult to engage Board members in Sub-committee work on various aspects of the Board's functional operations and strategy. In the future, it will also make it more difficult to get local people with the right expertise and experience to volunteer for membership.

Accommodation Restrictions

During 2003, The Board made the difficult decision to relinquish the lease on the ground floor of its premises as a cost-cutting measure. The Board is, therefore, no longer as visible as it was and will have to work harder to continue to raise its profile in the county, in particular with potential entrepreneurs.

3.4.3 External Opportunities for the Local Economy and/or the Board**Buoyant markets**

After a two-year period of slow or stagnant economic growth, the national and local economies are returning to growth and the prospects look very promising for the period of this plan. With growth in GNP averaging around 12% for the past 5 years, it is hardly surprising that all domestic markets for goods and services are experiencing pronounced buoyancy. At the same time, the economies of our principal trading partners, the US and Britain have also begun to grow again, though mainland EU growth rates remain very low.

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This translates into:

- **Plentiful business opportunities**
- **Lower entry barriers to most businesses**
- **Faster growth rates**
- **Lower failure rates**

The economic bottlenecks of the 'Celtic tiger' period, particularly shortages in labour supply and construction services and inadequacies in transport and telecommunications infrastructure have been cleared to some extent, though investment in transport infrastructure has yet to pay off as some major projects are not yet in service. Inflation is also under control for the moment

Easy access to low cost finance

The present low interest rate environment seems set to continue, though the longer term outlook is for moderately higher rates in 2005 and 2006.

Anecdotal evidence suggests that bank and other private sector financing continues to be readily available. However, the Board has noticed that increased competition in the banking market is causing the major banks to become much less willing to provide significant facilities to smaller accounts, which may not be profitable in the short and even medium term.

Also, it remains the case that banks are willing to take business risks but are very reluctant to take financial risks. They therefore, continue to demand security, which weighs heavily on start-up firms, particularly those emerging from disadvantaged communities. Bank loan facilities can also be inappropriate for start-ups who do not have an immediate capacity to repay.

It seems, therefore, that, while business confidence remains high and interest rates low, barriers to entry for most businesses will continue to be reduced. However, there is still a key role for equity financing, which requires neither security nor immediate repayments.

Electronic commerce and information & computing technologies

It has become clear that the basic business realities of the so-called 'new-economy' are fundamentally the same as the old economy. Successful e-commerce, which had been expected to offer opportunities for small firms, has actually become synonymous with very heavy investment in marketing and technology and is, therefore, more likely to be the preserve of large companies

Nonetheless, e-commerce can still be an achievable and valuable additional sales channel for many small businesses. It can also provide opportunities for entirely new kinds of small businesses. Some of these new businesses may have the potential to become very large companies operating in a global market, depending on their uniqueness, the universality of the need they serve and the skills of their promoters.

E-commerce and ICTs, therefore, continue to provide areas of opportunity for small businesses that should be promoted strongly, though with caution and realism, by the Board.

Biotechnology Cluster

The establishment of the 1300 job American Home Products production facility at Grange Castle near Clondalkin, at a cost in excess of £1billion, is a very significant event that has the potential to alter the economic geography of the entire county in the same way as the Intel, HP and Xerox plants have done in their areas. Clearly, there is significant potential for a diverse range of associated service businesses and for a biotech cluster to be located around the new plant. The Board is participating in the South Dublin Biotech Forum, which is attempting to establish a world-class centre of

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excellence for biotech manufacturing and research in the county and will continue to monitor opportunities for micro-enterprises in the sector through this forum.

3.4.4 External Threats to the Local Economy and /or the Board

High Cost base

Inflation in wages and business input costs, particularly insurance, has radically increased the costs of doing business in Ireland. The Dublin area also continues to experience rapid increases in the costs caused by congestion, such as transport costs and premises costs. These factors have damaged Ireland's competitiveness relative to its trading partners and competitors. While this factor is of limited relevance to micro-enterprise, it does reduce the already low chances of very small businesses entering export markets. This is particularly true of manufacturing businesses

Tight Labour Market

Anecdotally, there are a very large number of vacancies within the local economy. The evidence of this is visible throughout South Dublin, with recruitment notices in most shop windows and recruitment companies prospering. Unfortunately, many of the unfilled vacancies carry the minimum wage and immigrants often fill these jobs.

Higher-skilled and knowledge-based jobs, however, can sustain a good standard of living for the employees that fill them. These jobs are easier to fill, though the skills required for many of them remain at a premium and employers often face the prospect of having to train employees who are then highly sought-after among their competitors².

Declining financial support capacity

The total 'programme' budget provided by the Government for 2003 was cut by 18% relative to the previous year. Budgets in future years are thought unlikely to redress this cut and further cuts remain a possibility.

Government finances are recovering strongly and, to the extent that recent cuts were caused by shortage of resources at central government level, this trend should now stop. However, even before the publication of the O'Driscoll study on industrial policy, it is clear that the Government is interested in switching resources from direct support for business start-up and growth to investment in research and development. The funding outlook for the Board therefore remains very uncertain

Compared with the period of the last plan, the Board has a drastically reduced capacity to respond to an upswing in demand, resulting from either displacement caused by an economic downturn or the success of the Board's own efforts to promote micro-enterprise development.

Uncertainty regarding future policy

Inevitably, in the last half of the NDP period, uncertainty will grow as to the future role and resources of the CEBs. This will inevitably make it more difficult for the Board to maintain a strategic focus in the coming three years and maintain the effectiveness of its programmes.

However, the government has stated its commitment to continuing to support micro-enterprise and the Forfás study already recommends that the CEBs should continue to be the vehicle for undertaking this work. The O'Driscoll report, due for publication in June of 2004 will also provide a basis for debate, which could provide more clarity

² The airline industry has solved this issue for many years by requiring pilots undergoing training 'ab initio' or in-service, to sign a bond reflecting the value of the training. Their indebtedness to the employer reduces while they work out an agreed period of service following the training. The trainee (or a competitor wishing to hire them) may, at any time, buy out the remaining value of the bond, thereby releasing them from their obligation.

4. Role and Objectives

4.1 Mission

The mission of the Board is to help people who have the required energy, personal vision, resources and expertise to start and grow dynamic and innovative small businesses that can survive and compete profitably so that they can strengthen our local economy and provide high-quality sustainable employment.

4.2 Vision

Our vision is of a county where people are encouraged to innovate and start businesses and where they can easily access an comprehensive and integrated system of high quality public, voluntary and private sector supports to maximise their chances of success and their rate of development.

4.3 Values

The Board has a distinct set of values that guide its work and its relationship with all of its stakeholders. These values are:

Honesty

We will fulfil all of our duties with total honesty, truthfulness and integrity and we will comply completely with all relevant legislation and regulations. If we make mistakes, we will admit them and do our best to provide a remedy and prevent re-occurrences.

Openness

We will provide the maximum possible information to the public on our activities, results and decision-making processes, while maintaining the confidentiality of our relationship with private individuals.

Professionalism

We will carry out all of our work to very high standards of personal expertise and reliability. We will continually develop our skills so as to maintain and improve our standards of professionalism.

Excellence and Quality

We will endeavour to provide services of the highest quality in terms of effectiveness and completeness. We will continually monitor the quality of our services.

Innovation

We will continually strive to develop better ways of fulfilling our mission and we will make maximum appropriate use of technology in doing this.

Cost-effectiveness

We will constantly seek to provide maximum benefit to our clients and the local economy for minimum cost to the taxpayer and the client. We will continually monitor our costs and seek to increase the benefit gained while reducing cost .

Equality

The Board is committed to fostering equality of opportunity both generally, in relation to economic opportunity and specifically in relation to potential clients who seek to access our services. It also acknowledges its responsibility to staff under the Employment Equality Act 1998. We will ensure that our thinking, decisions or actions in relation to clients, fellow staff and all other persons, is influenced only by factors that are properly relevant to the decision at hand. This particularly applies to all of the grounds of discrimination specifically outlawed by equality legislation.

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Suitable arrangements will be made to facilitate persons with physical disabilities who wish to access the Board's offices.

4.4 Hierarchy of Objectives

The Board will continue to concentrate on supporting the creation of high quality employment. To achieve this, such jobs must be able to sustainably pay acceptable wages/salaries and must, therefore add more value per employee. Sustainably adding more value per employee implies greater competitiveness, which, in turn implies more innovation. The 'hierarchy' of objectives that the board must pursue should be:

- **Increased innovation, leading to:**
 - **Improved competitiveness and:**
 - **Increased added value per employee, leading to:**
 - **Increased quality of employment and:**
 - **Job creation**

5. Strategy

In view of the situation analysis in Section 3 and the re-statement of the Board's role and objectives in Section 4, the strategies that were adopted in the previous Strategic Enterprise Plan are largely still valid. However, the emphasis within each strategy needs to change, in some cases quite significantly. The strategies to be implemented in the period of this plan are:

- **Focus on identified target sectors**
- **Innovation and competitiveness as the source of higher quality jobs**
- **Greater self-sufficiency**
- **Increased and improved flow of new project proposals**
- **More intensive services to clients**

These are discussed in detail in the following sections:

5.1 Focus on identified target sectors

5.1.1 Sectoral Strategy

Manufacturing

Despite concerns about the high cost of manufacturing in Ireland and cheaper international competition, this sector still offers considerable potential for employment generation. Manufacturing projects normally provide multiple jobs and have a good record of survival and growth. Responding to the international competitiveness difficulties in the wider manufacturing sector, promoters have responded by focussing on niche markets that are not exposed to cheap import competition.

Internationally Traded Services

The internationally traded service sector experienced considerable difficulties in the past three years due to the severe downturn in the software and e-business sectors, which are its main constituents;. However these industries are recovering well and are clearly an area of great potential for the future.

Locally Traded Services

In contrast with these sectors, locally traded service businesses have tended to provide smaller (often single-employee) projects that have been approved under the 'priority categories' strategy in the previous strategic plan. While the survival rate of these enterprises is satisfactory (due, in part, to their lower levels of innovation and risk), their growth rate is often limited by an essentially 'lifestyle' - oriented viewpoint adopted by their promoters.

Tourism

South Dublin has the third highest bed night capacity of any county in Ireland, yet this capacity is directed almost exclusively at the business tourism market and it has very little leisure tourism. Despite on-going efforts to develop leisure tourism products based on the Dublin Mountains and the Liffey valley, the infrastructure for long-stay leisure tourists that is likely to attract overseas visitors is largely lacking and it is unlikely that its development will fall within the scope of micro-enterprises. Within the business tourism sector however, a very significant project to provide a 16,000-seat convention centre at Citywest has been thrown into doubt over issues of planning compliance. However, if it should be completed, its 'reach' would extend to the worldwide market and generate opportunities for a number of local micro-enterprise support spin-offs. In this case as in the general tourism sector, the Board, through its involvement with other local development interests, will stay in touch with the sector

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and will capitalise on any opportunities that arise to support the type of development envisaged by the OP.

There is no doubt that it is manufacturing and particularly I.T.S. that provide the greatest potential return on the board's efforts and investments in the future and the board will, therefore, intensify its focus on these sectors. Correspondingly, the board will progressively reduce its support to locally traded services, particularly those approved principally on social grounds. The recommendation in the Forfás report to phase out employment grants is in line with this strategy as it is this instrument that has been used exclusively for the 'priority categories' programme within the Board's financial support programme

Campus companies

Relations with the Institute of Technology, Tallaght, while continuing to be positive and cordial, have still not been well developed despite an objective in the last Strategic Enterprise Plan to do so. An attempt was made to add a representative of the Institute to the Board. However, no suitable vacancy arose. In addition, the Board held discussions over a long period with a view to participation in the operation of a new incubation centre on the Tallaght campus. This project was delayed while the Institute's legal remit in this regard was clarified. However, it is back on track and the Board will once again open discussions with the Institute on the issue of the Board's involvement in the operation of the centre.

Through this project, there is considerable scope for supporting campus companies promoted by staff, postgraduates and undergraduates, who are undertaking projects with commercial potential and who do not immediately fall within the remit of Enterprise Ireland.

5.1.2 Project Size

The Board's remit currently extends to projects employing up to 10. However, much of the support provided over the past three years has been to self-employment projects and those with a potential to employ three or less. Where referrals have been received as a result of the training programmes operated on behalf of the board by the community-based enterprise organisations, these have tended to fall into this bracket also (and there has been a very small number of such referrals).

With the extent of cuts to the Board's resources over the past three years and no guarantee that this trend will be reversed or even halted, the Board must move to maximise the return on its remaining resources by concentrating on projects with a greater potential to generate high quality employment.

This will involve taking a more commercial approach and focussing on larger projects with the potential to provide 3 jobs or more in the short to medium term. Applications from smaller projects will still be considered on their merits but increased care will be taken that these projects are genuinely commercially viable in the hands of their promoters without causing displacement.

The Boards support for training programmes operated on its behalf by the community-based enterprise organisations will continue for the period of this plan but it will be subject to the strategy on Greater self-sufficiency at 5.3 below

5.1.3 Priority Sectors

By the terms of the Operating Programme, The Board can provide a maximum of 25% of its annual approval capacity to clients in the form of Employment grants. In addition, a maximum of 25% of approval capacity can be awarded to locally traded

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services where there is no labour shortage. In its previous Strategic Enterprise Plan, the Board chose to amalgamate these two separate restrictions and 'ring fence' the funds for a number of identified 'Priority Categories'. These funds were approved as non-refundable grants at maximum allowable levels (subject to project needs). This strategy will be continued for the period of the current plan. However, in future, employment grants will be fully refundable after a standard 12 month moratorium and the priority categories will be redefined as follows:

- Recipients of any social welfare allowance, where the grant will facilitate the client in reducing or eliminating their dependence on their social welfare entitlement.
- Unemployed persons starting a new business in a qualifying sector, regardless of the period of unemployment.
- Childcare businesses employing 3 or less.
- Commercial community owned businesses where the products or services are being sold at full open-market rates and can be accessed by all. The business must be incorporated as a not-for-profit company, co-operative or trust.

5.1.4 Tactical Responses

In summary, the tactical responses proposed in order to focus on identified strategic sectors are:

- **Intensify the focus of financial incentives on the manufacturing and certain internationally traded service sectors.**
- **Intensify the focus of financial incentives on larger projects employing 3 or more within the short to medium term.**
- **Continue to make employment grants available to locally traded service businesses in priority categories but make all such grants repayable and strengthen the evaluation of commercial viability of such projects.**
- **Develop stronger links with the Institute of Technology, Tallaght, particularly through exploring the scope for Board involvement with the operation of the Institute's planned incubation centre and support for campus companies using the centre.**
- **Monitor and support opportunities for the development of tourism facilities and products for overseas visitors.**

5.2 Innovation and competitiveness as the source of higher quality jobs

In the past, the board has sought to promote innovative projects as a strategy to avoid displacement and also as a source of competitiveness and therefore sustainable high-quality employment. However, in the absence of a direct measure to support innovation (with the possible exception of very small feasibility study grants) the board has had no option other than simply preferring more innovative projects over less innovative projects in the allocation of its financial supports. This policy will continue during the period of this plan.

In the context of the increased competition from low-labour cost countries, Ireland must move rapidly and significantly to develop high value-added sectors where innovation is not just the means to an end but is also an end in itself. The government has recently made bold moves in this direction through its funding of the National Science Foundation, for example. However, innovation, in a broad sense, must be made intrinsic to all levels of the economy. At the micro-enterprise level, 'white-coat'

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R&D is almost unknown. However micro-enterprises can and do develop significant innovations in areas that are less technical.

The Board will work with the Department of Enterprise, Trade and Employment and with other CEBs to seek to develop appropriate direct financial supports for innovation. It will also develop its training and mentoring programmes to offer support for innovation and develop innovation management skills.

Tactical Responses

In summary, therefore, the tactical responses required to promote innovation and competitiveness as the sources of higher quality employment are:

- **Developing specific financial supports for innovation appropriate to micro-enterprises**
- **Develop specific financial supports for skills development by client companies**
- **Developing the mentoring and training services to provide specific supports for innovation**

5.3 Greater self-sufficiency

The resources available to the Board from EU and Central Government have reduced significantly over the past two years. The funding outlook for the future is unclear as the returning health of the public finances is counterbalanced by the likely ending of EU support and an apparent shift in Government policy away from direct support for start-up and growth.

The Board's strategy adopted in the last plan, of maximising the use of refundable instruments has led to considerable success. Despite the expected high failure rate, the board has received €150,000 in refunded financial supports and is now receiving further refunds at the rate of €15,000 per month, which can be used to compensate for reductions in central government and EU funding. However, the level of refunds received is not sufficient to maintain the overall level of financial supports in the long term.

The Board will, therefore make repayability a standard feature of all financial assistance. However, the Board will not adopt a banking-type loan approval philosophy and will not make ability to repay the sole or primary criterion for project approval, nor will it require security for its financial supports. This is necessary to reflect the Board's on-going role as a support agency employing public funds, as opposed to a commercially driven financial institution.

On the other hand, it is legitimate for the Board to seek to protect its investments in its clients' projects, as this is also beneficial to the clients. It will do this by carefully diagnosing and seeking to correct any weaknesses in the projects it supports and by making every effort to secure the health and the future of these projects. More details of these measures are provided in section 5.5 on More Intensive Service to Clients.

In the area of capability development, the Board has, in the past, provided most services totally free of charge. This was on the basis that these services were intended to have a strategic rather than tactical impact and because they had a longer term or uncertain payback, clients would be unwilling or unable to pay for them. However, in some cases, this caused difficulties with the level of commitment to these services.

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During the period of this plan the board will adopt a policy of imposing a partial cost-recovery charge on all types of services, wherever possible. This charge, however small, ensures that the logic of a commercial transaction applies and the client is much more likely to have properly evaluated the service and decided that it is genuinely needed. It will also help to ensure a far greater level of engagement during the delivery of the service. The low level of charges imposed will ensure that the Board is not operating in the same market as the commercial business support sector. According to DoETE policy, revenue arising from these charges must be re-applied to further similar services. Therefore, the funds generated cannot be used for general expenses. However, this measure will allow the Board to maintain more services with less government funding.

Specific measures will be adopted on a case-by-case basis to ensure that the small numbers of unemployed people who access our training programmes and have a realistic prospect of starting a business are not denied access because of these measures

During the period of this plan, the Board will identify and pursue additional non-core sources of funds where the objectives of those funds matches with the Board's own objectives. This will be done within the context of consultations with other local development interests and joint applications will be made where appropriate.

Tactical Responses

In summary therefore, the tactical responses required, for the Board to achieve greater self-sufficiency are:

- **Eliminate financial supports approved in non-refundable forms**
- **Seek to achieve a higher survival rate among financially supported projects through careful project analysis and mentoring support, without making ability to repay a primary criterion of project approval**
- **Charge a partial cost recovery fee for all capability development services.**
- **Pursue additional appropriate non-core sources of funding for board programmes where the objectives of those funds match those of the Board programme for which the funds are sought.**

5.4 Increased and improved flow of new project proposals

The number of projects approved by the Board has increased steadily over the past three years, though it remains at less than half the level reached in the peak year of 1998.

While the flow of new project proposals is, in the main, determined by economic circumstances, the Board's role is to maximise micro-business formation and development and it must, therefore, further intensify it's efforts to encourage people to promote new entrepreneurial projects and also encourage owner/managers to develop their existing businesses.

However, the Board's efforts in this regard have not been sufficiently focussed in the past. The strong flow of proposals that previously came through the community-based enterprise organisations dwindled considerably as a result of the shift in focus of financial supports with the introduction of the current OP. At the same time, the Board does not have the financial resources to adequately sustain a mass marketing campaign aimed at a population as large as 250,000, especially one without a strong unifying sense of community.

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The best option available therefore is to develop additional intermediaries and sources of referral that are more likely to have direct access to entrepreneurs who are preparing projects of the type the Board is seeking. The three groups that provide the best opportunities in this regard are:

- **Enterprise Ireland Development Advisers**
- **Business banking executives in local branches**
- **Auditors and Accountants with well-established small business practices.**

The projects handled by these sources are most likely to meet the profile sought by the Board in relation to size, sector and growth potential. However, in the case of bankers and accountants in particular, care must be taken to avoid deadweight, as some projects may already be capable of attracting sufficient finance from other sources.

The strong relationship with existing sources of referral, such as the community-based enterprise organisations, will also be maintained but these sources will need to be briefed on the re-defined profile of proposals sought by the Board.

In addition, the Board have consistently assisted with recruitment to the M50 Enterprise Programme run by the three 3rd level institutes around the M50 and have also given presentations to the participants. Many of these participants are drawn from existing clients of the Board but many others may represent potential new clients. For this reason, the Board could benefit from closer involvement in this programme as well as any other enterprise programmes for graduates that may emerge at the ITT over the planning period.

The new incubation centre project for which the IT Tallaght have received funding will be a centre for campus companies and, as such will be an important source of new projects, some of which will fall within the Board's remit. For this reason, the Board will seek to cooperate with and support the Institute in the operation of this Centre.

Tactical Responses

In summary therefore, the tactical responses required to boost the flow of eligible projects. include:

- **Develop a close relationship with new sources of referral focussed on larger projects with greater potential**
- **Continue to co-ordinate with community-based enterprise organisations and brief them on re-defined profile of projects sought**
- **Continue to promote the "Starting Out" series of seminars in conjunction with the County Library as demand permits.**
- **Facilitation of the M50 Enterprise Programme and graduate enterprise programmes**
- **Seek to support and cooperate with the Incubation Centre project at the ITT**

5.5 More intensive services to clients

5.5.1 Mentoring for Financially Supported Clients

As a consequence of the strategy to focus on larger enterprises with greater potential outlined in Section 5.1 above, average amounts invested per project are likely to be larger in the future. While the Board wishes to avoid a 'banking' mentality regarding the security of its repayments, it is quite legitimate to provide high levels of on-going support to such projects as this involves a clear benefit to the client enterprise as well as a transfer of skills to the promoters. The benefits to the Board of being able to

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monitor its clients in this way are incidental to the main developmental benefit to the client

The Board will, therefore make it a standard policy that all projects receiving repayable financial assistance will be required to engage with a Board Mentor who will assist the company in establishing its project on a firm basis and ensure that all corporate governance and management practices comply with high standards. This assistance will normally be provided for the first year after the approval of financial support but may be renewed for a further period. In most cases, the bulk of the cost of this support will be borne by the client enterprises. The cost of this service will be included in a new 'service fee' of 1% of the funds provided. This fee will also incorporate the existing administration fee, which was used to pay for the monitoring and administration of repayments.

5.5.2 Spotcheck Strategic Audit

The last Strategic Enterprise Plan contained a commitment to commission and develop a 'Strategic Audit' tool. This tool, named "Spotcheck", has been completed and is of considerable benefit to clients in providing them with a benchmark for their strategy and to the Board in evaluating applications for financial support. Spotcheck also has the key benefit of identifying weaknesses in projects that need to be addressed by management. It is this feature that allows it to be used as the basis for a more 'holistic' approach to business development, ensuring that any proposed development work is based on an understanding of *all* of the issues faced by the client. The Board will make Spotcheck a standard starting point for all mentoring assignments as well as a standard element of the evaluation of applications for financial support.

5.5.3 Issue-specific Mentoring

As the profile of the Board's client base changes towards larger and more sophisticated businesses, It will be necessary to place greater emphasis on mentoring as a form of support. It is expected that the standard mentoring for new financial support clients will identify needs for additional issue-specific mentoring interventions. Also, the use of the Spotcheck tool is expected to identify wider issues in client businesses that require more mentoring time than may have previously been the case. These factors will require a considerable expansion of the Board's mentoring activity, estimated at 66%. This will be partly supported by new cost recovery charges for mentoring services.

5.5.4 Training supports

Despite the recent changes by FAS to its Business Support Services Programme, there is still a gap in supports available to micro-enterprises for skills development for the owner-manager. The Board's primary means of providing skills development for owner managers will remain its programme of training programmes provided through the community-based enterprise organisations. However, the Board will investigate the nature of this need and, if appropriate will seek the support of the Department of Enterprise, Trade and Employment to experiment with small training grants for relevant training activities.

5.5.5 Network-based business development

For clients and other local businesses that are longer and better established, the Board will continue to support the Plato business development networking programme in conjunction with other CEBs in the region. Plans are currently being drawn up for a

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'pan-Dublin' Plato programme with more frequent entry points for new participants. This will address the weakness in the programme arising from having recruitment only every two years. It is anticipated that two to three local parent companies will work with 15 to 30 local participant companies in groups located in or adjacent to South Dublin on an on-going basis. However, this is subject to availability of resources.

5.5.6 Incubation Centre

For some time now, the Board has been convinced of the benefits of an incubation centre for the county. This would follow the American pattern and would provide a far greater level of support for its clients than the public, private and voluntary sector enterprise centres in whose development and funding the Board has been involved since its inception. Essentially, such a centre would operate as a 'university for entrepreneurs' whose clients would receive almost daily mentoring, networking and training interventions in return for a small shareholding in the business while availing of a series of different types of accommodation relevant to their stage of development, as well as high-quality central services.

If such a centre could be established under the Board's management, a large part of its remit could be delivered through this centre in a much more attractive, focussed and intensive manner, with potentially far greater results from the same quantum of resources. Naturally, the Board would continue to provide services to businesses outside of the incubation programme but an increasing proportion of the Board's clients could be attracted to join the programme on a resident or non-resident basis.

The cost of a centre of the scale and type envisaged would be far beyond the Board's resources because of the restrictions on its fund-raising powers contained in its articles of association. However, the Board remains interested in partnering with any agency in a position to help it achieve this aim.

A question has arisen since the completion of the Killinarden and Bawnogue centres as to the current level of demand for start-up workspace. However the incubation centre concept is radically different from that of existing enterprise centres in that accommodation is only a small part (and may not always be an essential part) of the overall package. The experience with the local enterprise centres has also shown that small service business units remain in high demand while light industrial units are slower to rent. Finally, the cyclical nature of demand and the prospect of the return of strong growth make it imperative that such a project is evaluated and mounted now rather than wait until demand actually returns before mounting a project that will take several years to deliver.

In view of this question, the Board will undertake a feasibility study to assess and project the demand for such a centre and explore different means of financing it.

Tactical Responses

In summary therefore, the tactical responses to the need for intensification of services to clients include:

- **Provide mentoring support to all clients in receipt of more than €20,000 of repayable financial support.**
- **Make Spotcheck strategic audits a standard part of all Mentoring assignments.**
- **Increase the capacity of the Mentoring programme.**
- **Investigate the need for training supports for Micro-enterprises and propose a trial programme of small training grants to meet any need identified.**
- **Continue to support the Plato programme in South Dublin.**

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- **Carry out a feasibility study on the projected demand for an incubation centre and potential sources of finance.**
- **Seek partners to assist in the provision of an Incubation Centre.**

6. Review and Evaluation

The strategic changes proposed in this document represent a subtle but still very significant change in the *modus operandi* of the Board. These changes are in response to significant and rapid changes in the local economy, which are certain to continue. The two major economic imponderables are the timing and extent of the economic recovery. In these circumstances of fundamental strategic changes in the context of on-going rapid economic transformation, it is vital that a strong procedure be put in place to continually review and evaluate the strategy proposed in this document.

The following procedures will be adopted for the review and evaluation of the plan as it is implemented.

- **The Board will annually review and revise its three year rolling Business plan. This document will contain specific action programmes devised to implement the 'tactical responses' under each strategy and will establish targets and budgets for these programmes. This will allow programmes to be devised in the light of prevailing resources and revised in the light of performance against targets in the previous year**
- **The outcomes and targets identified in the Business Plans will be reported on to each monthly meeting of the Board with appropriate statistical and narrative information.**
- **As part of the preparation of the next strategic plan, consultants will be engaged to conduct a review of this plan and its implementation.**