

**SME Internationalisation Exchange (SIE) Project
Regional Action Plan for Kent, March 2019**

Introduction:

Internationalisation or exporting is a proven route to business growth. It includes selling services or products to international customers either directly or indirectly as part of a wider supply chain. “Businesses that export are more productive, create more jobs, and pay higher wages”ⁱ. Exporting also encourages innovation and boosts competitiveness but it can be more complex than doing business domestically.

While larger companies tend to have the resource to internationalise, small firms in particular can lack the capacity or knowledge of international trade processes which can prevent them from exploring international business opportunities.

Over the last three years, Kent County Council has led the first phase of the €1.2m European Interreg Europe SME Internationalisation Exchange (SIE) project. The project aims to review and improve SME Internationalisation support policies and programmes while tackling the challenges faced by small companies exporting their goods or services. The project brings together a network of seven partner organisations from different European regions as well as wider groups of local stakeholders from each region.

In Kent, the SIE project has so far enabled us to:

- Commission two reports from the Kent Business School which provided an evidence-based, up-to-date overview of international business activity in Kent, barriers to internationalisation and recommendations about how to adapt support services to meet the evolving needs of local exporters;
- Take part in study visits to learn from inspiring and effective business support initiatives in the SIE partner regions which tackle many of the challenges also faced by Kent firms;
- Review Kent’s business support policies and the programmes they govern to consider how they might become more effective in helping Kent exporters;
- Draft this Kent ‘Regional Action Plan’ for SME Internationalisation to be implemented under SIE Phase 2 from April 2019 until December 2020.

Challenges & Facilitators of SME Internationalisation:

The SIE study work in Kent confirmed that companies wishing to internationalise face many challenges which can prevent them from investing in international activities. The main barriers to exporting highlighted by companies include:

Main barriers identified nationally ⁱⁱ	Main barriers identified in Kent ⁱⁱⁱ
Access to finance	Exchange rate & currency fluctuations
Limited networks & contacts abroad	Finding the right partners & distributors
Market access issues & trade barriers	Finding access to local markets & reliable local contacts
Lack of capacity and capability	Lack of internal resources
Lack of knowledge	Logistics & distance
Attitudinal barriers	Time consuming
Limited global awareness of the UK’s strengths & capabilities	Local bureaucracy

On the other hand, the study highlighted some factors which can facilitate internationalisation:

- The availability of internal resources and advice on where to find information about markets, potential customers and distributors are the key factors that can influence a decision to internationalise. Existing exporters also value help with marketing abroad, managing international trade finance and connecting to reliable in-market contacts.
- Kent companies consider advice and support important, but they require access to specialised information which requires a tailored approach to individual firms rather than very general advice and support. Access to this type of specialised information could have a positive effect to the more efficient distribution of internal resources within firms thus tackling the most important barrier to internationalisation.

Policy Context:

The main policy which this action plan will address is the [“South East Local Enterprise Partnership \(SELEP\) ESIF ERDF Programme Strategy”](#) which includes a thematic objective on SME Competitiveness with a sub-priority focusing on “increasing trade & inward investment”. The policy recognises low levels of exporting and the barriers to international trade and aims to overcome these by encouraging business support initiatives which help SMEs to access international markets including improving and extending the work of Kent International Business (page 37).

This action plan will add value to one particular initiative supported by the policy which is the ‘GET Exporting 2’ project supported by the ERDF programme. The project is delivered by the Department for International Trade in Kent (also part of the SIE local stakeholder group) and the findings from the SIE project phase 1 will feed into this project.

As part of the action plan, recommendations will be made to the SELEP programme to influence any potential future calls on SME support for internationalisation and work will continue to influence this policy, even as changes to it may occur in the context of Brexit and ERDF funding arrangements in the UK. But given that the future of this ESIF programme has become uncertain in the context of Brexit we will also work to ensure that the work of the project and in particular the results of the pilot actions inspired by other regions will be taken into account by policy makers and embedded into several policies that are currently under development.

Presentations on the project results will be given to KMED, the federated Kent part of SELEP and there are numerous other policies and programmes designed to help SMEs with internationalisation that have an impact upon SME internationalisation in Kent including:

- ‘HMG Export Strategy: supporting and connecting businesses to grow on the world stage’ (August 2018)
- The new ‘Kent Enterprise & Productivity Strategy’ which is under development and the future ‘Local Industrial Strategy’ for Kent
- A new ‘Kent Framework for Supporting Exporters’ is also being developed alongside the plans for SIE phase 2 to guide the implementation of this specialist policy in Kent which will direct the work of Kent International Business in Kent for the coming years.

Kent International Business (KIB):

Should the ERDF policy mentioned above cease to exist in the context of Brexit, this action plan will influence the Kent International Business programme (which it will do in any case as the key policy makers are involved in KIB in Kent). This action plan will be overseen by the Kent International Business steering group which brings together the main SME internationalisation support organisations operating in the county to consider evolving barriers faced by companies wishing to export and to jointly find solutions to these. KIB has been formally endorsed by local elected politicians and is also recognised in the SELEP ESIF ERDF OP as the main policy initiative in Kent focusing on SME internationalisation support. The KIB partners (including both local and national

organisations) meet regularly to discuss internationalisation in Kent and to jointly plan and implement new initiatives to provide support to SMEs in Kent. The KIB umbrella brings together various core services such as those offered by the Department for International Trade as well as bespoke initiatives operating in Kent such as those delivered within the framework of cross-border Interreg projects including ISE and Boost4Health. While the support products can vary from time to time, the KIB programme provides an overall consistency and strategic steer for internationalisation support activity in Kent. KIB was established in 2011 and the SIE action plan will play an integral part in enabling the KIB partners to review and improve current activity available to help Kent businesses as well as testing and adopting some new initiatives inspired by SIE partner regions.

This action plan will have a strong influence on the Kent International Business (KIB) programme which is governed by the principal business support organisations in Kent working in the field of SME Internationalisation. KIB is essentially the local Kent-wide policy solution to improving SME internationalisation support in the county and the KIB partners have been part of the SIE local stakeholder group. All of the key players are involved in KIB and the group has direct access to the main policy makers locally (Elected Local Politicians in Kent who have endorsed KIB and the draft SIE action plan already, the SELEP board and the KMPE board) and nationally (through the Department for International Trade) so whatever happens to the policy landscape, the right actors are involved in these pilot actions and together, they will be able to make the case for the wider adoption of the pilot initiatives after the testing phase including their direct implementation in certain cases.

Working Together:

Kent County Council has been working closely with the 'Kent International Business' partner organisations for many years and which have become the SIE local stakeholder group for Kent. Each of the organisations have a role to play in supporting SME internationalisation. These organisations will all play a part in delivering the SIE Action plan for Kent.



**Kent
International
Business**



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Actions:

Phase 1 of the SIE project has led to a Kent Framework for Supporting Exporters which details the longer-term aspirations and a series of activities that the Kent local stakeholders would like to put in place to improve SME internationalisation support in Kent. Within this framework, the SIE Kent Action Plan includes some shorter-term changes to improve SME internationalisation support policies and programmes in Kent:

Action 1: Kent Export Pathway	
<p>Background:</p> <p>The 'Kent International Business' umbrella initiative was set up in Kent to help SMEs with all aspects of internationalisation. The programme has been successful in boosting export levels in the region, in particular through making SME support policies and services more linked-up and through taking opportunities to design bespoke initiatives to help SMEs. The scheme was recognised as a good practice case study by the SIE partnership during the first project study visit in July 2016.</p> <p>Thanks to seeing some excellent 'good practices' from the SIE study visits and taking into account the findings and recommendations of the regional SIE study work in Kent, the local stakeholder group has been able to reflect during phase 1 of the SIE project and identify a number of improvements which could be made to increase the effectiveness of the KIB programme and to tackle some of the long-term challenges it faces.</p>	<p>Inspiration:</p> <p>This pilot action is based on transferring elements of the 'Parcours de l'Export' programme from Nouvelle-Aquitaine to make improvements to the KIB programme as well as taking inspiration from Cantabria and Molise in terms their very comprehensive knowledge of the SME sector in their regions. This pilot action responds to recommendations from the SIE study work in Kent which stated:</p> <ul style="list-style-type: none"> • The substantial number and diversity of support mechanisms creates confusion for SMEs. SMEs have limited resources and are not willing to spend significant time in identifying the best support in a difficult to differentiate support offering. • There is a need for a more structured and focused approach to supporting the internationalisation efforts of SMEs <p>The 'Parcours de l'Export' programme in Nouvelle-Aquitaine helps businesses from the region with the complexities of internationalisation through a tailored support programme which identifies companies in the region with export potential and offers the following key services:</p> <ul style="list-style-type: none"> • A business diagnostic or export audit to identify potential barriers to international trade • Training courses to help businesses to deal with needs identified • Support for market selection • Help to create export plans and market strategies • Tailored advice from market specialists <p>The 'Parcours de l'export' involves many different organisations in the Nouvelle-Aquitaine region which all help to provide complementary support services to companies. The support the business receives depends on its specific needs meaning that the company can access the most relevant services to help it with its international activity. The following elements of the 'Parcours' programme have inspired this regional action plan and will be the focus for transferability to help improve the approach to Kent International Business:</p> <ol style="list-style-type: none"> 1. The 'Parcours' delivery agencies have a formal agreement in place detailing the roles and responsibilities of each organisation with the 'entry point'



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Costs:	€11,000 + staff time
Resources:	<ul style="list-style-type: none"> • Staff time from Kent County Council • Staff time from Kent Stakeholder group members • SIE Pilot Action Funding

Action 2: Boosting SME Capacity	
Background:	<p>The SIE study work carried out in Kent during phase 1 identified that one of the key barriers to SME internationalisation among small firms was a lack of internal resources to devote to internationalisation in terms of staff and financing. The study confirmed that:</p> <ul style="list-style-type: none"> • “It appears that internationalising is a demanding activity for companies and puts strains on their internal resources” • “Internal barriers relate to informational issues where SMEs lack access to important information for internationalisation, functional that correspond to resource constraints faced by SMEs and related to marketing which have to do with product characteristics.” <p>This is not a unique challenge to Kent and through the SIE project study visits, the partners and their local stakeholders presented various policy initiatives which aim to provide additional staff resource to companies to unlock their internationalisation potential.</p>
Inspiration:	<p>The Kent stakeholder group was particularly inspired by the ‘Export Manager Programme’ run by ICEX in Spain, the ‘Go & Come Back’ project in Molise and the mentoring support provided to companies by experienced international trade expert through the CCEF network in France. The Kent stakeholders have considered these various programmes and want to transfer elements of these schemes to tackle the lack of resources faced by local companies for internationalisation.</p> <p>This pilot action will pilot a scheme to provide and place an export manager in 2 or 3 Kent companies for a one year period to help the company to develop its internationalisation potential.</p> <p>The following elements, in particular, have inspired this part of the Kent Regional Action plan and the aim is to use these as a basis for transfer to the Kent context:</p> <ol style="list-style-type: none"> 1. The Spanish Export Manager programme involves placing an individual (with specific expertise in various aspects of international trade) within a business and subsidising the costs of employing such a person. The aim is to provide specific expertise to a company to boost its international activity and address the issue that many SMEs face i.e. a lack of internal capacity to devote to internationalisation. Key is matching the skills of the individual to those required by the company and this is a potentially very useful approach to test in Kent. 2. The Go and Come Back project (Molise) focuses on upskilling young people through international business placements which are then beneficial to companies in the region. Rather than providing training for individuals for the purposes of this pilot, Kent will transfer the notion of placing an individual with relevant skills to assist companies by increasing their human capital and internal knowledge



recommendations

Main Outcomes:

3 Kent SMEs piloting the use of an export manager (supported by the local stakeholder group) to drive forward internationalisation activity.

Upscale & Roll-out:

This part of the action plan is designed to tackle the barrier faced by many SMEs that a lack of internal resources prevents them from exporting. The point of the pilot is to evaluate how the provision of additional staff resource on a small scale can make a difference to an SME's ability to internationalise. If the case can be proven through the pilot, that only a small investment is required to unlock the internationalisation potential of companies, then the policy owners (SELEP), elected officials in Kent and senior representatives of the Kent stakeholders will jointly explore mechanisms for the longer-term adoption of a similar / refined scheme. Possibilities for rolling out this scheme on a wider basis for different sectors in Kent may include seeking funding solutions for a loan or grant scheme for companies to facilitate access to export managers. Different options will be analysed including the future of the ESIF programme or its direct replacement (shared prosperity fund) as well as diverting core funding to see what might be achieved. Concretely, we will do the following as part of this action plan:

1. Produce a report on the pilot scheme
2. Produce a series of recommendations and options analysis for permanent adoption of an export manager scheme in Kent
3. Present the findings to the key policy makers (SELEP, Kent Elected local Politicians, senior representatives of the SIE stakeholders i.e. the Kent International Business Partners)
4. Agree future actions with the key stakeholders including the roles of different organisations in implementing the scheme and funding options

Role of Kent Partners:

Given that the MA for the SELEP ERDF programme is the UK government which cannot implement the SIE action plan itself, Kent County Council will lead the implementation of the action including commissioning necessary external expertise with close support from the Local Stakeholder Group.

Costs:

€30,000 + staff time

Resources:

- Staff time from Kent County Council
- Staff time from Kent Stakeholder group members
- SIE Pilot Action Funding

Action 3: SME Export Group

Background:

The SIE study work carried out in Kent during phase 1 identified that one of the key barriers to SME internationalisation among small firms was a lack of internal resources to devote to internationalisation in terms of staff and financing. The study confirmed that:

- Kent SMEs lack the ability to develop external networks. Being part of external networks would allow for the utilisation of other firms' international experience. Future policy should aim to address this by focusing on the creation of external networks and linking SMEs with suitable international partners as these would facilitate access to a wider range of international markets.



- Internal barriers also exist and relate to informational issues causing SMEs no or limited access to important information about internationalisation, functional challenges that correspond to resource constraints faced by SMEs, and finally operational barriers that relate to marketing strategic choices and individual product characteristics.

The Kent stakeholder group believes that through implementing a pilot action that creates a network of SMEs focused on internationalisation, we will be able to improve SME internationalisation support policies in Kent and benefit beneficiary companies.

Inspiration:

This pilot action was directly inspired by the 'Clustering for Internationalisation' programme run in Kujawsko-Pomorskie as well as the 'Export Consortia' model developed in Cantabria.

Without the SIE study visits, Kent County Council and its local stakeholder group would not have found out about these examples of good practice which offer an excellent possibility for successful transferability to the Kent context. Seeing the schemes in action in SIE partner regions enabled KCC and the Kent stakeholder to reflect on how these initiatives could be replicated locally to tackle some of the barriers and recommendations identified in the SIE study work, in particular that of a lack of resources faced by small companies working in isolation. As Kent implements this pilot action into its local situation it will liaise regularly with the other SIE partner to make sure that it takes into account lessons learnt and to also seek advice and guidance to ensure a successful implementation.

In Kent, the following elements of these two programmes (both of which are based on similar approaches) will be transferred to the local context:

1. Selection of a group of non-competing, complementary SMEs with a strong desire to internationalise (inspired by both the Polish and Spanish examples) but with insufficient capacity to do so alone. Key is selecting companies which are aiming to secure parts of the same types of international contracts and where a group offer is the most attractive solution for the tendering organisation. The companies themselves might normally operate in separate sectors but by being brought together into a formal grouping, new opportunities can open up for them.
2. Providing assistance to the group of companies to agree mutual arrangements for cooperation, roles and responsibilities, payments and bidding etc. (using elements of the Spanish approach – terms of reference for the consortia)
3. Providing a cluster or consortia lead person (Spanish example) or company (Polish example) to target, identify and coordinate responses to specific international business opportunities

Actions:

Action Description	Players involved	Costs
3.1 Develop terms of reference for export cluster	Kent County Council with the Kent stakeholder group (DIT, EEN, HSBC, KICC, FSB, IOD, University of Kent)	Staff time
3.2 Develop selection criteria and application forms for SMEs	Kent County Council with the Kent stakeholder group	Staff time
3.3 Select 10 cluster member companies	Kent County Council with the Kent stakeholder group	Staff time



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3.4 Prepare the cluster for internationalisation

3.5 Define and deliver a programme of actions to help the SMEs to internationalise including market insight and contact building through market insight visit

3.6 Capture and measure initial results and examine policy mechanism support for continuation or expansion of the cluster

EEN, DIT

Kent County Council with the Kent stakeholder group

Kent County Council

Staff time

€11,000

Staff time

Timeframe:

	Apr-19	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	
3. Kent SME Export Group																						
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3.4 Prepare cluster for Internationalisation																						
3.5 Define and deliver cluster actions																						
3.6 Capture and measure results																						

Main Outcomes:

10 food & drink companies formally grouped together and undertaking a co-ordinated, joined-up approach to internationalisation by the end of SIE Phase 2.

Upscale & Roll-out:

The pilot will test a new approach to internationalisation support in a collective way which has not been delivered in Kent to date. Key to the success of this initiative will be identifying overseas market opportunities and bring together the right group of companies all wishing to access similar contracting opportunities. It the approach works well with a small group of companies, it is hoped that further clusters / groupings/ bidding consortia could be brought together by the local stakeholders after the SIE project. There are various sector groupings in existence in Kent and recommendations will be presented to the coordinators of those groupings (such as the Kent Invicta Chamber of Commerce – a SIE stakeholder) to explore how the companies in these groups might organise themselves into export clusters with the support of the various Kent stakeholders and other business support organisations who could advise on the best way to set up the group (building heavily on the processes and lessons learned from the SIE partner regions in Torun and Cantabria).

Concretely, we will do the following as part of this action plan:



<ol style="list-style-type: none"> 1. Produce a report on the pilot scheme 2. Produce a series of recommendations and options analysis for permanent adoption of an export cluster scheme in Kent 3. Present the findings to the key policy makers (Sector group leads in Kent, SELEP, Kent Elected local Politicians, senior representatives of the SIE stakeholders i.e. the Kent International Business Partners) 4. Agree future actions with the key stakeholders including the role of coordinating bodies and seed funding 	<p>Role of Kent Partners:</p> <p>Given that the MA for the SELEP ERDF programme is the UK government which cannot implement the SIE action plan itself, Kent County Council will lead the implementation of the action including commissioning necessary external expertise with close support from the Local Stakeholder Group.</p> <p>Costs:</p> <p>€11,000 + staff time</p> <p>Resources:</p> <ul style="list-style-type: none"> • Staff time from Kent County Council • Staff time from Kent Stakeholder group members • SIE Pilot Action Funding
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Evaluation & Reporting:

Kent County Council will lead on the evaluation of the action plan including its pilot actions. It will collate the findings and present these to the relevant policy makers in Kent along with recommendations. This will include:

1. Inviting key policy makers and high-level stakeholder representatives to the final SIE dissemination event (planned for quarter 4, 2020)
2. Preparing reports and presentations for the South East LEP (the body overseeing the ERDF programme which covers Kent), the Kent & Medway Economic Partnership (the federated Kent part of SELEP), Kent County Council elected members politicians

Signature:

David Smith, Director of Economic Development, Kent County Council

Date:

31 July 2019

¹ BIS (2011), International trade and investment: the economic rationale for government intervention.

² HMG Export Strategy - supporting and connecting businesses to grow on the world stage

³ The 'Kent SME Internationalisation Study' was commissioned by Kent County Council and produced by the Kent Business school as part of the EU-funded Interreg [SME Internationalisation Exchange \(SIE\) Project](#) in March 2017