SW Norway REAP: Executive Summary

Growing our young businesses is an important opportunity for the region’s economic strategy

The South West Norway region has experienced unprecedented growth over more than two decades due to a highly profitable offshore oil and gas industry and a strong maritime and marine technology base. As this lucrative sector has attracted a major share of the region’s financial and human capital, however, a side effect has been the crowding out of both ambition and capacity for entrepreneurship in other sectors. The overarching goal of South West Norway’s REAP program is therefore to help create conditions for an economic transition and new growth through scaling of our innovation-driven young businesses.

MIT’s REAP program

REAP (Regional Entrepreneurship Acceleration Program) is delivered by MIT’s Sloan School of Management in Boston. It is a two-year, workshop-based program with participants from regions across the globe. The Norwegian REAP program encompasses the South West region along the coast from Agder to Møre and took place from fall 2015 to summer 2017.

Local activities have been coordinated through four leading industry cluster organizations: GCE NODE, Greater Stavanger, GCE Subsea and GCE Blue Maritime. An advisory board has been established with representatives from government ministries and national research- and innovation agencies.

The MIT-led workshops provided us with a framework for analysis of the state of our region’s entrepreneurial ecosystem and the development of a strategic action plan. Between these workshops, local stakeholder teams made assessments and recommendations specifically for each of the four sub-regions.

All in all, the Norwegian REAP program has engaged one hundred persons representing investors, entrepreneurs, businesses large and small, academics and the public sector.

Five focus areas

During 2016 a series of REAP workshops with the regional stakeholders were held in order to supplement national data about entrepreneurship with local qualitative assessments. The findings show a large degree of consistency between the sub-regions’ strengths and weaknesses. They are also consistent with national data.

While Norway’s overall innovation capacity is at an acceptable level, the country generally scores lower on entrepreneurial capacity. Our entrepreneurial ecosystem can and should be improved along several dimensions. There are relatively many start-ups in the region, but we need to increase the number of success stories for entrepreneurial companies to grow to a robust and sustainable size. Scaling our innovation driven entrepreneurs is thus a main goal of our REAP program.

Five areas were identified that require attention and action in order to improve our capability to support growth driven young businesses:

- Capital: improved access to financing for businesses’ growth phase
- Corporate: a new model for cooperation with start-ups is needed. A more systematic use of intrapreneurship should be developed.
- Government: Wealth tax is a “start-up-killer”. A new venture enterprise investment tax scheme is needed (“the UK model”)
Entrepreneurs: Focus the use of role models in order to motivate owners of capable young firms to scale their businesses.

All regions would like to see a much a stronger focus on scaleups; “from start-ups to scale-ups”.

Our REAP Strategy

SW Norway REAP’s “big idea” is scaling. This strategic goal will be accomplished through six interventions:

At the inter-regional level: Establish Accelerators

1. Entrepreneurship Accelerator Summer School (1 week course for entrepreneurs, with MIT faculty. Starting August 2017.)
2. Scale-Up Accelerator (12 week accelerator for scalable businesses, following the MIT REAP model. Tentatively starting 2018)
3. Lab Accelerator (up to two-year subsidized access to university personnel and labs for entrepreneurs)

At the national level: Influence National Innovation Policy

1. National IDE Database (“State of Norwegian Entrepreneurship”). Ongoing, with BI and MIT.
2. Tax Incentives for investing in start-ups (UK model; probably approved by Parliament during spring 2017 session)

Also at the local and inter-regional level: to build 5-stakeholder innovation ecosystems

- Attract entrepreneurs and venture investors as mentors
- Establish entrepreneurship hubs (“powerhouses”) in reach region
- Build entrepreneurship linkages across clusters and regions

Delivery of the plan

Per Spring 2017 the REAP team is still detailing the specifics of each project, and investigating the opportunities for organizing and financing their implementation and delivery.

We note that some of our sub-regions already have in place accelerator programs and inter-cluster initiatives that coincide well with REAP’s ambitions, and that will be important building blocks going forward. The two national-level activities have also gained good traction at this point. The last year has also seen the establishment of new public/private seed funds in the region that will help alleviate the need for growth capital for scale-ups.

The REAP team proposes to continue with early implementation of the strategy actions on an interim basis over the next year as a permanent backbone organization is established.