

European Regional Development Fund (ERDF)

ERDF Priority 2 Projects: SME COMPETITIVENESS

EU Funds have provided finance and support to help start-up ventures supported small, medium sized companies (including social enterprises) to expand and access new markets and addressed market failures through the provision of repayable finance

The ERDF Priority 2 project Specific Objectives are:

- Increase availability of Finance to SMEs
- Increase the number of SME start-ups
- Increase the take-up and exploitation of NGA networks and ICT infrastructure by SMEs
- Increase growth of SMEs with potential
- Increase availability of finance for RD & I, in particular risk capital for Welsh SMEs

Below you will find more information and case studies on the projects.

ERDF Priority 2 Projects: SME COMPETITIVENESS

Wales Business Fund - SME Start-ups & Expansion

The project addresses market failure in the provision of finance to SMEs with an investment fund which invests in SMEs, increasing the amount of finance available for both start-up and existing SMEs

Social Business Wales New Start Cwmpass

Provides an overarching service to support growth social businesses in Wales, including social enterprises, mutual, cooperatives & employee owned businesses

Aims to grow social business sector & create quality jobs.

Supports consortia development, builds capacity to access procurement opportunities and provides support for business succession & employee ownership

Business Wales - Entrepreneurship Support

Delivers entrepreneurship promotion & support to Wales based entrepreneurs & young growth business in order to develop an entrepreneurial environment & sustain stock of young businesses in Wales.

It targets an improved entrepreneurial environment & an increase in number of sustainable business start-ups

ERDF Specific Objectives

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Superfast Broadband Business Exploitation

To increase the economic return of Superfast broadband infrastructure by escalating its uses by SMEs. This will be achieved by increasing the understanding of the technology & benefits; an upturn in adoption of Superfast broadband by Welsh SMEs & an increase of exploitation as more SMEs use the technology to improve their business

Business Wales - SME Support

Supports Micro businesses & SMEs in Wales to grow & prosper. Welsh Government in collaboration with its partners in public, private & third sector delivers a comprehensive, tailored information & support package to enable job creation, wealth & business growth in Wales

Social Business Wales –Cwmpass

Provides a tailored & specialised repayable assistance offering to Social Businesses in Wales to support their growth. Supports social businesses that can demonstrate clear growth to increase their trading income, become more sustainable & create new employment opportunities

Social Business Growth Fund

Provides tailored & specialised repayable assistance offering to social businesses in Wales to support growth. Supports social businesses that can demonstrate clear growth, become more sustainable & create new employment opportunities

Wales Business Fund Innovation

Provides risk capital finance (equity) for the creation & growth of research intensive & innovative businesses such as spin outs. Invests in SMEs across a number of Thematic Economic Opportunities such as Advance Manufacturing, Life Sciences & Health in particular



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Business Wales – 10 years of supporting business growth in Wales

Ten years since its launch, Business Wales has supported more than 390,000 entrepreneurs and businesses, assisted the creation of over 19,000 new start-ups and directly helped to create nearly 47,000 jobs in the Welsh economy.

Business Wales is the Welsh Government's flagship bilingual business support service for Welsh micro-businesses and SMEs including social enterprises, and aspiring entrepreneurs of all ages. Business Wales is part-funded by the European Regional Development Fund through the Welsh Government.



It provides dedicated support for those people wishing to start, sustain or grow their business through a range of face to face, telephone and online provision.

Economy Minister, Vaughan Gething, said:

“In the 10 years since its inception, Business Wales has established itself as a strong, visible and accessible brand that offers valuable support to its entrepreneurs and business across Wales, and helps them to build the knowledge, expertise and contacts to drive and grow their businesses.

“These latest statistics which show Business Wales has helped to create nearly 47,000 jobs and 19,000 new start-ups in its 10 year life, only serve to underline the importance of the service and the huge impact it has had on our economy. It has helped to build an entrepreneurial culture and has driven business growth in community’s right across Wales.

“And during the economic uncertainty of the past few years with Brexit, Covid pandemic and the current cost of living crisis we’ve seen the value of Business Wales adaptability in providing a single, integrated service to support Welsh businesses. Indeed during the Pandemic Business Wales helped to deliver financial support to 32,000 Welsh businesses that needed additional support.

“As it celebrates its 10th birthday, the service really has established itself as a vital and valued part of the business landscape in Wales. That is why we are absolutely committed to continuing this service and have committed an additional £10m per year for the next 2 years at least, following the end of EU funding.”

Ben Cottam, Head of FSB Wales, said:

“Over the last 10 years, Business Wales has grown to become a critical and well-regarded part of the small business landscape and an important service in supporting Welsh smaller businesses and entrepreneurs. As we saw during the Covid crisis, it’s also proven itself to be an invaluable and responsive infrastructure in helping businesses and the economy through some the most testing times. As we look to recover the economy in the short-term and further over the coming years, we very much look forward to working with Business Wales and Welsh Government to ensure that the ambitions of Welsh entrepreneurs to start businesses, grow them and employ those around them are supported and we congratulate the service on 10 years of delivery.”

Business Wales provides dedicated support for those people wishing to start or grow their business through a range of face to face, telephone and online provision. It also plays an important part in helping the Welsh Government build a stronger, fairer, greener economy, and is:

- A vital part of Welsh Government’s Young Person’s Guarantee helping young people to develop their business ideas and providing support to help them set up their own businesses or go self-employed.
- Offering specialist advice to support employee buy outs, with fully funded and bespoke help available through the Business Wales and Social Business Wales. The Welsh Government is committed to providing greater support to ensure Wales-based companies remain in Welsh hands
- Supporting businesses to decarbonise by offering a wide range of advice and support on green policies, practices and resource efficiency which include the Green Ambition Campaign and Green Growth Pledge.



Social Business Wales – Cwmpass

Provides a tailored & specialised repayable assistance offering to Social Businesses in Wales to support their growth. Supports social businesses that can demonstrate clear growth to increase their trading income, become more sustainable & create new employment opportunities.

Employee Ownership Wales – Social Business Wales, delivered by Cwmpas who are a national development agency for co-operatives and social businesses provide fully-funded, bespoke support, advice and guidance to help Employee Ownership and Share Schemes find the right solution to their business. Cwmpass has advised over 50 companies in Wales about ownership transition, helping many businesses make the transition to Employee Ownership including engineering companies, health firms, retail businesses, film and TV companies, architecture firms, IT organisations and print companies.

BIC Innovation – Their Employee Ownership Journey (Bangor)



“Employee ownership has helped us create a culture of collaboration and contribution. It has helped us recruit and retain top talent... in the marketplace, being employee owned is a meaningful point of difference.”

Based in Anglesey and soon to have an additional office in Bridgend, BIC Innovation Ltd is a private consultancy firm specialising in innovation and growth. Their strengths lie in facilitating innovation, building effective strategies, enhancing performance, internationalisation, marketing and scaling up. Innovation is at the heart of everything that BIC Innovation do. They bring fresh thinking, new ways of working and are not afraid to challenge the status quo. In 2018 BIC Innovation transitioned to become a Hybrid Employee-Owned Business (EOB). At this time there were 13 employees in the business.

What did the Social Business Wales employee ownership team provide?

In 2018 BIC Innovation were looking at long term succession planning, thoughts turned to how to ensure the business remained in Wales, close to its roots, so that it could continue to support the employees and the communities within which it operated. The Wales Co-operative Centre’s small team of specialist business transition advisors focus on employee ownership and supported BIC Innovation on their employee ownership journey. The Employee Ownership team is part of the Social Business Wales programme, funded by Welsh Government and the European Regional Development Fund.



Specific support included:

- Helping BIC Innovation navigate through a major change in the way the business was structured. The support identified that the company's values were very much aligned with the ethos of becoming employee owned.
- Created a platform to manage future succession issues.
- Developed a plan to prioritise key actions.
- Gave confidence to initiate the process and adapt accordingly.

What were the benefits of Employee Ownership to BIC Innovation Ltd?

Huw Watkins, a Founding Director of BIC Innovation Ltd is very enthusiastic about the firm's transition into Employee Ownership, and their adoption of a hybrid structure. The benefits of the hybrid employee ownership structure were:

- It was a mechanism to keep the company rooted in Wales
- It could provide a structure that lent itself to creating an environment for staff to contribute to shaping the future of the business.
- It promoted workforce empowerment, buy-in and engagement.
- Employees have an ethos of everyone achieving future success, together.

Key performance Information is shared more widely, building a stronger bond between staff and the leadership team.

Huw commented:

"Becoming employee owned and the sense of ownership it brings with it, has seen our team really pull together through these extraordinary times. Each and every employee is invested in the future of the company and is working so hard to ensure we do our best to navigate our way through huge economic changes. I believe that our ownership model has made us much more resilient to the pandemic and is helping us adapt and evolve as we move forward post-Covid."

What are the company values and how has EO supported this?

Culture is crucial and always has been to BIC. Being a business based on providing clients with innovative solutions, BIC ensure that every employee and employee/owner contributes to creating an environment fit for maximising value from innovation. Their values of equality, trust, openness, collaboration and sharing and accessing knowledge fits perfectly within an employee-owned structure and ethos. These values drive interaction internally with employees and externally with the community in which the business operates, or indeed, with those served by BIC Innovation. Huw and fellow employee/owners believe that employee ownership has reinforced the company values. Employee surveys have found that:

- Employees feel more accountability
- They have a more personal interest in how the business runs and its success.
- Collective and individual success and contribution is seen as hugely important.



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What has happened since becoming an employee owned business?

The business has grown in terms of its client base, the value of the projects it works on. Productivity is up, as is client satisfaction. BIC Innovation Ltd has more than trebled its workforce and currently employs 42 people. Employees are spread across Wales and there is a 50/50 gender balance. This remains important to BIC Innovation Ltd as they continue to ensure equality, diversity and inclusion are key drivers in realising benefit from innovation.

Recruitment

Being an employee owned business was actively promoted by BIC as part of their on-going recruitment strategy. Huw Watkins firmly believes that employee ownership has contributed to attracting new talent with diverse perspectives, who provide different perspectives, deliver improved services for clients and add value to the brand.. Indeed, some employees taken on as part of an internship, have become permanent employees and have an eye to taking out their share options when eligible after a year of employment.

Communication

A governance arrangement is in place which is strongly established and working. A new minority shareholder Director has been appointed. This is a direct link between minority shareholders, their day-to-day activities and decision making at board level. They have regular meetings which cover more than just financials and give employees an overview of several elements of the business. As a result, employees have more than just a 'voice', and have a meaningful way of addressing issues and contributing to strategy and future direction of their business.

Anna Pearce, Marketing Manager at BIC commented,

“BIC’s transition to being employee owned felt like a natural step as it fits so well with our culture. Having personally taken the opportunity to become an employee shareholder, I have found that it has created a renewed passion and drive for the business. The appointment of the Minority Shareholder Director has given us a meaningful voice, and enabled improved 2-way communication for addressing issues and contributing ideas for the future direction of the business.”

At BIC Innovation a collective contribution to success is not only encouraged, but sought by employees. As Huw Watkins puts it:

“Employees feel it is a natural progression from staff engagement to ownership – giving everyone empowerment and a passion to drive the business forward in terms of innovation and how they steer the business. Employees at all levels have increased their involvement in the running of BIC Innovation and as a result, it has created something special, a real feeling of belonging.”

BIC Innovation Ltd M-Sparc, Menai Science Park, Gaerwen, Isle of Anglesey, LL60 6AG



Social Business Wales



The latest research mapping the social enterprise sector in Wales has shown that post-Covid, the sector is going from strength to strength with high levels of entrepreneurial activity.

Commissioned by Social Business Wales, Mapping the Social Business Sector in Wales (2022) revealed that:

- There are now approximately 2,828 businesses in the sector, an increase of 22% from 2020 (2,309).
- Social businesses now account for 2.6% of the total business stock in Wales, up from 2.2% in 2020.
- Total turnover for the sector is calculated as £4.8bn, an increase of 26% from 2020 (£3.8bn). This includes large enterprises such as Dŵr Cymru and Pobl.
- Total employment for the sector is calculated as 65,299, an increase of 16% from 2020 (56,000).
- The number of volunteers is calculated as 54,261, an increase of 14% from 2020 (47,443).
- A quarter of businesses surveyed are 'start ups' trading for 2 years or less.

Since 2014, Social Business Wales has commissioned a biennial mapping survey of the social business sector in Wales. Carried out by Wavehill, the purpose of the mapping exercise is twofold: to understand the size and scale of the social business sector, and to conduct a health check of the sector (including identifying some of the challenges and opportunities faced). In 2022, the exercise was also an opportunity to understand how the sector has been affected by the COVID-19 pandemic.

Two years ago in 2020, the survey found a sector in recovery from Covid-19, where the impact of the pandemic was stalling growth rather than decline. In 2022, the sector was showing strong signs of expansion through entrepreneurial activity.



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Investing in Wales

There are however signs of vulnerability within the sector with evidence suggesting there may still be lingering effects from the pandemic, as well as pressures from a reduction in public funding, rising energy prices and high inflation.

However, the prospects for business growth are optimistic over the long term, with many social businesses positive about their future turnover and profit. Indicators related to business development suggest that social businesses are seeking to expand and diversify, reporting a variety of business development indicators during the last two years. Many indicators have rebounded to be broadly in line with 2018 figures, following a fall in 2020. This suggests that during the pandemic, businesses were in a phase of consolidation or survival but are now seeking to grow again.

Glenn Bowen is interim Chief Executive of Cwmpas, which delivers the Social Business Wales programme. He said:

“This significant study highlights the increasingly important role that social businesses play in Welsh communities, particularly in the fight to tackle poverty. They frequently offer services in disadvantaged areas that would otherwise not be available; they create new employment opportunities, contribute to economic development in deprived communities, and often directly target their work to help disadvantaged people. This is more critical than ever in the face of financial pressures facing local authorities and the cost-of-living crisis facing our communities.”

“We hope that data from the mapping will help Welsh Government and local authorities to develop policies, plan and run public services, and allocate funding in order to continue supporting the sector.”

[Read the full 2022 sector mapping report and the summary here.](#)

Social Business Wales is a business support programme funded by the European Regional Development Fund through Welsh Government. It is delivered by Cwmpas and is part of the Business Wales service.

Wales Business Fund – SME Start-ups and Expansion

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Animal Trust Business

Type of finance: Loan, **Business need:** Growing a business, **Size** SME, **Investment** Over £500,000

A loan from the Development Bank of Wales helped Animal Trust, a North Wales based veterinary practice, to open a new premise – allowing them to expand their services to even more pet owners in the region.

The £700,000 loan – provided via the £500m Wales Flexible Investment Fund - to Animal Trust allowed them to purchase the site of the former Aldi on Wellington Road, Rhyl, as well as supporting the refit of the new site for animal care.



The new development in Rhyl created 15 new jobs upon opening, with vets providing free consultations, dental care, neutering, inpatient care and surgery. It is Animal Trust's tenth veterinary hospital in the UK.

Owen Monie, Chief Executive of Animal Trust:

"We are delighted that the Development Bank recognises the social impact of what we do and believes in our business model. We're very grateful for their support, which is allowing us to bring high-quality and affordable veterinary care to pets and their owners in Rhyl."



Anglesey Sea Food Limited

Type of finance: Micro loans, **Business need:** Starting a business, **Size:** SME, **Investment:** Under £100,000

Royal Navy veteran, Sion Riley's fish catches have been in high demand since he launched Anglesey Sea Food Limited, formerly known as Holyhead Shellfish, in July 2020.

He took charge of fishing boat the Pan Arctic following start-up micro loan from the Development Bank of Wales.

Sion became aware that a boat, with full fishing rights, was due to go on sale. He approached the boat's owner about taking it over and then investigated what support was available for local start-ups on Anglesey. He spoke to local charity Môn CF who put him in touch with the Development Bank of Wales and Business Wales. He received support from Business Wales to create a business plan and then applied for a start-up loan to help purchase the fishing boat.

Sion Riley, Owner of Anglesey Sea Food Limited:

"Working on the sea, fishing, and in my local community has always been a dream of mine. Nothing, not even a pandemic would stop me. I'm really thankful to the Development Bank for their support during this start-up phase of my business."



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Investing in Wales

Superfast Business Wales

Support in the form of information, advice, and guidance, including help for businesses to improve the use of technology or adopt new digital solutions.

The only way is up for entrepreneur Glyn and Climb Wales



Whilst Glyn Davidson wouldn't recommend taking a leap of faith to customers of [Climb Wales](#), he is thrilled to have made his own life-changing jump.

After years of juggling a full-time job with his passion for the great outdoors, Glyn finally decided to dedicate his life to doing what made him happy in January 2022.

Little over 12 months later, the company which specialises in rock climbing and mountaineering courses in Snowdonia, is thriving after Glyn combined his own desire for change with free digital support from Superfast Business Wales.

It all confirmed to Glyn what he already knew – that through a mixture of organised climbing sessions, guided mountain treks, and challenge days for individuals or groups, he has found the perfect vocation.

He said:

“Whilst working in education, I got to lead the outdoor recreation lessons, which featured a variety of expeditions and activities such as abseiling and gorge walking.

“It didn't feel like work as the pupils loved it and so did I. I grew up in Beaumaris and in my early years I was always out exploring around sea cliffs and there was a real sense of achievement with every climb or jump I did.

“Being outdoors is a passion of mine and I knew that it was something I wanted to pursue in the long-term.”



Climb Wales enjoyed a steady start, but the business was really sparked into life by what Glyn learnt on the Superfast Business Wales webinars. These included three on marketing – featuring both digital and email, two on social media – basic and advanced, and running your business online.

Glyn said:

“Before, any online marketing I did, whether that was through the website or social media, was haphazard and a real stab in the dark. Having watched the webinars, I quickly realised that I needed to develop a strategy to improve engagement and increase sales.”

The new marketing plan initially focused on regular and targeted social media posts, and search engine optimisation (SEO). For example, using Google trends and Answer The Public, Glyn spotted what people were searching for, including a spike in hiking on Boxing Day.

A new mailing list sign-up form was also introduced to the website, providing access to a newsletter that focuses on future courses and challenges, such as the Welsh 3000s, which sees those taking part tackle the 15 highest mountains in North Wales in just under 24 hours.

Glyn explained:

“I really struggled with Instagram before the webinars, but there is now a strategy in place which is proving effective.

“Rather than simply sticking up a picture at random with ‘a good day on the hill’ caption there is a process, which includes uploading certain content at specific times of the day, like Monday mornings when people don’t want to be back at work, and utilising reels and stories to help the algorithm.

“Similarly, with Facebook I am posting engaging content more frequently, and I’ve joined groups that tie-in with our business offerings. In addition, I’ve spent time understanding the platform’s algorithm to help guide what to publish.

“Facebook adverts have also helped increase our reach, which has led to more business enquiries. Rather than boost a post, I’ve tailored it to the target audience and the results speak for themselves.”

With the guidance of Superfast Business Wales adviser Leon Ingham, improvements to the Climb Wales website have also played a part in the increase in sales with some subtle but effective changes made.



Glyn added:

“After implementing changes based on what I learned in the webinars, I’ve seen substantial improvements, and I’ve still got Leon’s suggestions to look forward to.”



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