

Lean Landing for Micro SMEs

final evaluation



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1. Project Description

Project name:	Lean Landing for Micro SMEs
Lead partner:	Erhvervshus Sjælland (Denmark)
Number of project partners:	16
Project period:	1 November 2015 to 30 June 2019
Budget:	EUR 3.6 million
Funded by:	Interreg North Sea Region

Supporting innovative, value-creating internationalisation efforts and partnerships among SMEs is essential to the future competitiveness, productivity and knowledge economy of the North Sea Region. In the North Sea Region, however, few SMEs engage in internationalisation activities and even fewer SMEs succeed with their internationalisation activities in the longer run.

To address these challenges, the Lean Landing project aimed at developing and implementing a soft-landing network and concept between 16 incubators, accelerators and partners from six countries in the North Sea Region: Denmark, Germany, the Netherlands, Norway, Sweden and the UK.

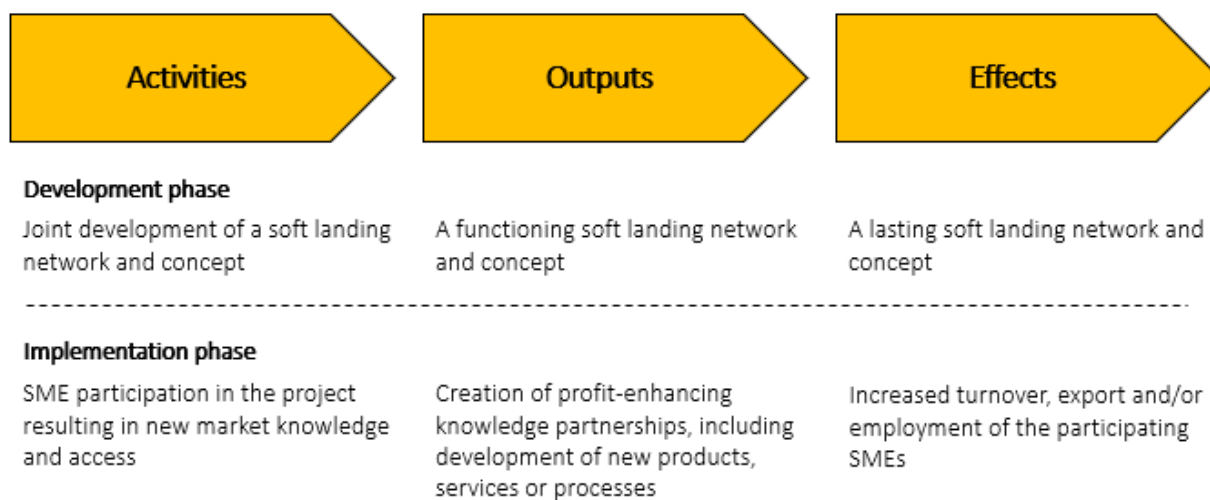
The purpose of the soft-landing network and concept was to support the internationalisation efforts of 250 SMEs, mainly micro SMEs and start-ups, by creating international, profit-enhancing knowledge partnerships between SMEs and knowledge institutions, business development organizations and other micro SMEs in the six countries. This was done by matching SMEs with potential customers or business partners in the foreign market, thereby allowing them to test and adapt their product or service in that market before moving forward with their internationalisation activities. The knowledge partnerships were expected to result in new market access and development of new products, services or processes, and in the longer run increased turnover, export and/or job creation in the participating SMEs.

The program was free to join but required the SMEs to go through a screening interview that assessed the SME's potential and motivation. Also, the program refunded 50% of the travel cost each time the SMEs went abroad.

2. Purpose of the evaluation

The purpose of the final evaluation of the Lean Landing project is to evaluate the effect of the project in relation to the purpose of the project. The final evaluation and its conclusions may serve as input into future policy work on business development initiatives and public incubation programs.

The final evaluation is based on the logic model of the project. The logic model depicts the project's theory of change by illustrating how the project activities are expected to lead to the short-term outputs and long-term effects of the project (see illustration). The Lean Landing project consisted of a development phase and an implementation phase which is reflected in the logic model as well as in the final evaluation.



3. Data collection

The final evaluation of Lean Landing is based on the following sources of data:

- **Project documentation:** Various project documentation has been collected, including the project application, approved changes to the project, progress reports, descriptions of the project's activities combined with lists of participating SMEs. The purpose of the collection of project documentation was to obtain an understanding of the project's logic model as well as the implementation of the project.
- **Interviews with the project management:** Semi-structured interviews have been conducted with Lean Landing's project management in ErhvervsShus Sjælland, the lead partner of Lean Landing. The purpose of the interviews was to obtain in-depth knowledge of the project development and implementation. Also, the interviews contributed with knowledge about the lessons learned during the project.
- **Participation in NSR development group evaluation meeting:** This particular evaluation meeting was held in November 2018 with participants from 12 different project partners in Lean Landing. The purpose of participating in the evaluation meeting was to facilitate two workshops, one on lessons learned from the project and one on building a lasting soft-landing network, in order to gain a broader understanding of the implementation of the project.
- **Online questionnaire to participating SMEs:** An online questionnaire has been sent out to the SMEs participating in Lean Landing in April 2019. The purpose of the online questionnaire was to examine the project from the participating SMEs' point of view, including their satisfaction, output and expected effects of the participation. 49 SMEs out of the 282 SMEs participating in the project have filled out the questionnaire, resulting in a response rate of 17 %. The response rate is relatively low which must be taken into account when making conclusions based on the questionnaire.

Data collection for the final evaluation was concluded by 30 June 2019.

4. Evaluation of the development phase

The objective of the development phase was to develop a lasting soft-landing network and concept in the North Sea Region. Lean Landing has succeeded in developing a lasting soft-landing network consisting of 16 incubators, accelerators and partners in six countries; one in Germany, one in Sweden, two in the Netherlands, two in Norway, two in the UK, and eight in Denmark.

The soft-landing concept has been the result of a co-creation process between the project partners, mainly through 8 bi-annual workshops. During the workshops, the project partners co-created the soft-landing concept by developing a common methodology for introducing micro SMEs to new markets and potential business partners in the North Sea region. The methodology was centred around the shared online platform Podio which enabled the project partners to share and exchange information about participating SMEs and potential business partners on a daily basis.

Prior to Lean Landing, the project partners did not know each other and had no history of working together. Therefore, Lean Landing focused on building relationships and a common understanding between the partners through face-to-face interactions as well as virtual interaction on Podio. Findings from the evaluation meeting indicate that the project partners have built a strong foundation for a lasting soft-landing network. Yet, there is agreement that the foundation would have been stronger if even more effort and resources had been put into relationship building, e.g. learning in-depth about each other's core competencies and sectors, exchanging success stories, and visiting each other's offices more. The relationship building efforts have been intensified over the duration of the project. However, due to limited time and resources, some relationship building efforts had to be downgraded or discarded.

Lean Landing has succeeded in developing a lasting soft-landing network and concept which was the main objective of the development phase. The project partners of Lean Landing have indicated that the network of incubators, accelerators and partners will continue as an active soft-landing network after the end of the Lean Landing project. The network will be a voluntary cooperation between the project partners and the online platform Podio will continue to function as a forum for exchanging leads and matching SMEs with potential customers or business partners abroad.

The workshop at the evaluation meeting highlighted two issues regarding the continuation of the soft-landing network. Firstly, the soft-landing network is still dependent on having a project manager of the network that pushes for further relationship building between the partners (and new partners) and continued usage of the online platform Podio. Secondly, the project partners have raised their concerns about funding for the activities within the soft-landing network going forward, since most project partners are funded by public funds allocated for specific activities or projects. Therefore, it is important that the cost of the soft-landing network is kept at a minimum.

5. Evaluation of the implementation phase

In the implementation phase, Lean Landing aimed at helping 250 micro SMEs and start-ups, succeed in their internationalisation efforts by offering them a fast track to new markets in the North Sea Region. The Lean Landing project – which was based on the 'Lean start-up' methodology – offered participating SMEs a four-

step program (see illustration) where meetings with potential customers or/and business partners (knowledge partnerships) were set up in the target market, so the SMEs could get fast feedback and perform real-time tests of their products and services in that market. Based on the market feedback, the SMEs had the opportunity to develop or adapt their product or service before returning to the target market with the purpose of staying and settling in that market. The project partners provided hands-on knowledge and local insights into the markets and facilitated matchmaking between SMEs and customers or/and potential business partners. In the longer term, the project would result in increased turnover, export and/or job creation in the participating SMEs.



The project objectives of the implementation phase were:

1. SME recruitment and participation in Lean Landing activities
2. Creation of international profit-enhancing knowledge partnerships, including development of new products, services or processes resulting from the knowledge partnerships
3. Increased turnover, export and/or job creation in the participating SMEs.

5.1 SME recruitment and participation

The objective was that 250 micro SMEs and start-ups, should be recruited into the Lean Landing project. More than 250 SMEs were successfully recruited into the project, thus fulfilling the project objective.

The SMEs participated in several steps of Lean Landing as follows:

- 276 SMEs participated in Step 1: Defining your needs
- 169 SMEs participated in Step 2: Getting out there
- 10 SMEs participated in Step 3: Staying out there
- 0 SMEs participated in Step 4: Settling in the market

Before entering Lean Landing all participating SMEs had to go through a screening interview to assess if they fitted into the project. If the SME fitted into the project, they would go through to step 1.

Step 1: In step the micro SME would focus on a target country (or several) and a specific inquiry for finding new customers, business partners (knowledge partners) in the target market/s were sent to the Lean Landing partners abroad. In all 276 SMEs participated in step 1.

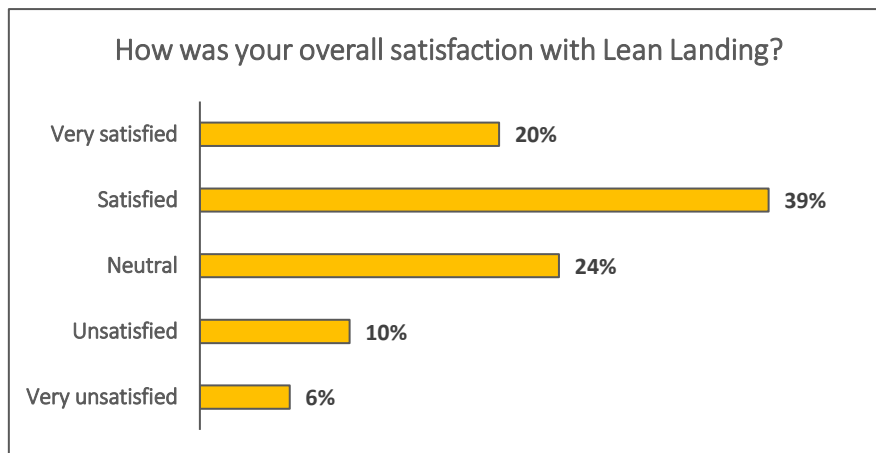
Step 2: When the inquiry and the micro SME was matches with potential customers or business partners found in a new market meetings was arranged and setup by the local Lean Landing partner from the target market, and the SME would travel abroad to have face to face meetings here. At the same time the SME would also meet the local Lean Landing partner who would provide useful market knowledge, market insights, feedback in order for the SMEs to better understand the challenges and opportunities in the new market. In all 169 SMEs participated in step 2.

Step 3 & 4: was only necessary if the SMEs needed these and were never a requirement from the projects side to go through if it didn't make sense and if the SMEs was already in a proactive process of entering the market. The 4 step soft landing programme was designed in a way that for a SME to fulfill step 2, 3 and 4 it was required to physically travel abroad to the new target market and have face to face meetings with potential customers, business partners and the local Lean Landing partner. For most micro SMEs financial resources are limited and going abroad for 2-3 days can be a bigger expense for most start-up companies even though 50 % is being reimbursed. Going abroad in step 2 to meet potential customers and business partners would make sense because it offered them an opportunity but traveling back for step 3 and 4 to have the follow up meetings with the same potential customers or business partners they met in step 2 often did not. Follow up meetings was instead held on Skype, phone-calls or by email. After step 2 it was up to the companies to decide whether to travel back and follow with the contacts they have met with in the new market and for some going onto step 3 and step 4 wasn't needed due to it was done virtually.

The Lean Landing represented a new, innovative approach to SME internationalisation where SMEs were encouraged to skip the months of analysing and planning their international activities and instead go straight to testing their product or service with potential business partners and customers in the market. The target group of SMEs who joined Lean Landing were micro SMEs or start-ups in the early stages of business development and most of them had no or limited experience with internationalisation. This meant that although the SMEs had high potential in terms of internationalisation making the first sale abroad can be a longer process. For some SMEs they have already entered the new target market, for some it's just around the corner or in the near future and for others it is uncertain when they will make their first international sale or establishing an international presence.

Overall, the Lean Landing project has succeeded in recruiting many micro SMEs into the project. And thereby giving these a chance to test their products and services in a new market. Regarding the SMEs' participation in the project activities, steps 1 and 2 were successfully met, whereas steps 3 and 4 were often not needed due to the above mentioned.

In the online questionnaire sent out to the SMEs participating in Lean Landing, 59 % of the SMEs indicated that they were 'very satisfied' or 'satisfied' with the Lean Landing project, while 24 % gave a 'neutral' response. 16 % stated that they were 'very unsatisfied' or 'unsatisfied' with the Lean Landing project.



As mentioned, 49 SMEs out of the 276 SMEs participating in the project have filled out the questionnaire, resulting in a response rate of 17 %. The response rate is relatively low which must be taken into account when making conclusions based on the questionnaire. For the responses that were 'unsatisfied' or 'very unsatisfied' main reason was that they were not transitioned from step 1 to step 2 and thereby didn't go abroad to meet new potential customers and/or business partners and to test their product or services. The matchmaking for all partners in the project was very time consuming and at times extremely difficult and therefore not all needs for the participating SMEs were met.

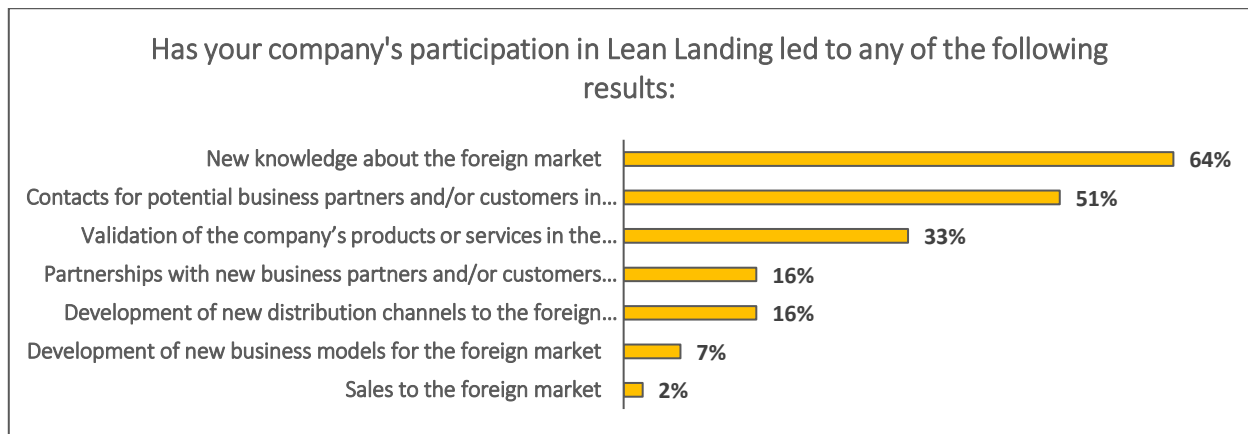
5.2 Organizations/ enterprises adopting new solutions

The objective was that 180 should enter a knowledge partnership that resulted in adopting new solutions to existing practices/procedures or equipment by modifying existing practices or introducing completely new ones by the project end. The Lean Landing project has defined knowledge partnership as a meeting or interaction between a SME and local project partners, potential customers or business partners in the foreign market. 169 SMEs have created such partnerships and adopted new solutions thus, this objective has not been achieved but almost.

The knowledge partnerships with local project partners, potential customers or business partners were created through three different match-making methods:

- **The one-to-one approach** where the project partners identified 2-3 potential customers or business partners for the SME to meet and set up meetings in the foreign market.
- **The workshop approach** where the project partners would identify several SMEs who wanted to visit a foreign market with the purpose of participating in a workshop with a theme like 'doing business in...'. At the same time individual meetings with potential customers or business partners were set up by the local partner while they were there.
- **The event approach** where the project partners taps into an existing event, e.g. trade fair or conference, with the purpose of attracting SMEs to their foreign market based on the event. The SMEs obtain market knowledge from the local Lean Landing partner and meets potential customers and business partners via the event set up by the local Lean Landing partner.

The online questionnaire sent out to the SMEs participating in Lean Landing showed that the SMEs' main outputs from the project were new knowledge of the foreign market (64 %), contacts for potential business partners and/or customers in the foreign market (51 %) and validation of the company's products or services in the foreign market (33 %). Only 2 % of the SMEs responding to the questionnaire have succeeded in making a sale to the foreign market.



The created partnerships were also expected to result in the SMEs developing new products, services or processes. SMEs that participated in step 2 had the opportunity to develop these based on the market knowledge, product/service validation and other knowledge they gained via the partnerships.

Overall, Lean Landing have created knowledge partnerships between SMEs, local project partners, potential customers and business partners, research institutes etc. in foreign markets, which have resulted in new adopted solutions and new developed product, services or processes. Furthermore, these partnerships have given the participating SMEs valuable market knowledge and business contacts to further develop the businesses and their international activities. Below are a few examples:

Meptek

Meptek is combining VR and presentation technics for school kids in order for them to present them-self better in front of others when doing public or class speeches. By receiving local insights from the local Lean Landing partner in London and meeting with several UK teaching institutions, Meptek went back to Denmark after their first trip and got the required accreditations for the UK market which was needed. Months later they landed their first client in the UK. They are now selling their product and service to this client and are in a process of setting up their first office in the market.

Scenesalg

Scenesalg specializes in selling scenes in all sizes and they already had their focus on the Norwegian market before entering Lean Landing. By meeting with potential Norwegian customers, using the knowledge and insights from one of the local Lean Landing partners in Norway, Scenesalg were able to better understand the

market and have now sales all over Norway and are at the moment the biggest player in the Scandinavian market.

5.3 Increased turnover, export and/or job creation

The objective was that the participating micro SMEs should increase turnover, export or job creation by 20 %. The project application does not clearly state how many of the participating SMEs are expected to achieve this objective. It is logical to assume that only the 169 SMEs that have created a partnership and adopted a new solution or developed a new products, service or process as a result of the project can be expected to achieve this objective in the long term.

In the online questionnaire sent out to the SMEs participating in Lean Landing, 37 % of the SMEs that have created a knowledge partnership stated that they had either experienced an increase of 20 % or more or that they were expecting an increase of 20 % or more in turnover, export or job creation. Applied directly to the entire population of 169 SMEs, this is equivalent to 59 SMEs that have already experienced or is expecting an increase of 20 % or more in turnover, export or job creation. Even with the uncertainties of a very low response rate, it is evident that the Lean Landing project will not achieve this objective at this point in time. There are, however, several explanations for this.

Firstly, the effects of new (internationalisation) efforts takes time to materialise. Typically, it is 2-3 years before an intervention such as Lean Landing can be expected to have an effect of 20 % or more on turnover, export and job creation in the SMEs. Therefore, it is improbable that this effect on turnover, export and job creation in the SMEs can be measured at this point in time (especially given the fact most of the SMEs joined Lean Landing in the second half of the project period). Also, several SMEs have commented on this fact in the online questionnaire.

Secondly, most of the SMEs participating in Lean Landing were micro SMEs or start-ups in the early stages of business development and most of them had no or limited experience with internationalisation. This means that many of these SMEs are still a few steps away from making their first international sale or establishing an international presence.

Overall, the Lean Landing project has not achieved the objective of 20 % increase in turnover, export and job creation in the participating SMEs. Yet, this result is not unexpected considering and the effects of the intervention can only be expected after 2-3 years. At the same time, it is difficult to predict with any degree of certainty whether a 20 % increase in turnover, export and job creation in the participating SMEs will occur over the next 2-3 years.

6. Conclusions

The purpose of Lean Landing was to develop and implement a soft-landing network and concept between incubators, accelerators and partners in the North Sea Region to support the internationalisation efforts of 250 micro SMEs and start-ups.

Lean Landing has succeeded in developing and implementing a lasting soft-landing network and concept consisting of 16 incubators, accelerators and partners from six countries in the North Sea Region. By focusing on co-creation and relationship building, the Lean Landing project appears to have built a strong network with a sound physical and digital infrastructure. The project partners have indicated that they will continue the network as an active soft-landing network after the end of the Lean Landing project although funding remains an unresolved issue. More organizations from the EU will be invited to join the network in the future to come, which is also one of the post-project objectives

Lean Landing has also successfully recruited 276 micro SMEs and start-ups, to participate in the Lean Landing soft landing programme. Via the activities, Lean Landing has created 169 knowledge partnerships between SMEs, local project partners, potential customers and business partners in the foreign market and 169 micro SMEs got to test their product or services in a new market. Furthermore, these same 169 SMEs adopted new solutions to their existing practices/procedures and developed new products, services or processes during the project period. The SMEs' satisfaction with the Lean Landing project has been largely positive and the online questionnaire indicates that the participating SMEs have obtained valuable market knowledge and business contacts to further develop their businesses and their international activities.