SUPPORTING INNOVATIVE AGRIFOOD SMES: A REVIEW OF THE SUPPORT ECOSYSTEMS IN THE UK, IRELAND, AND ICELAND

EIT Food North-West Regional Office

EIT Food – Europe’s leading food innovation initiative, working to make the food system more sustainable, healthy and trusted.

Knowledge & Innovation Center on Food, part of the European Institute of Innovation and Technology (EIT)

www.eitfood.eu
In late 2021, EIT Food’s North West regional office (EIT Food NW) conducted primary research to understand the innovation ecosystem landscape across our geographic region (Ireland, Iceland, and the UK) in order to identify what support for innovative agrifood SMEs already existed, and where there were gaps in the support infrastructure where EIT Food could leverage its specific expertise and extensive networks to maximise its impact, via collaboration with other national and regional organisations.

The research took into consideration the similarities and the differences across the region, including between the devolved nations of the UK. The recommendations highlight how EIT Food can support and harness the different regional infrastructures and facilities to benefit the wider geographic region, addressing the need for business support, communication, and coordination.
Using a service design methodology with an emphasis on primary qualitative research, the project team gathered the views of a broad range of constituents in the innovation ecosystem including small businesses. Indeed, small businesses were at the centre of the research and their unmet needs formed the basis for the development of the service offering.

We obtained detailed qualitative data by conducting interviews with 112 key ecosystem constituents across the region, including membership organisations, national and regional economic development agencies, higher education institutions, government agencies, and small to medium sized agrifood businesses.

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<tr>
<th>Organisation category</th>
<th>Eire</th>
<th>Iceland</th>
<th>Scotland</th>
<th>N. Ireland</th>
<th>Wales</th>
<th>England</th>
<th>USA</th>
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The research focused on SMEs involved in agrifood from ‘farm to fork’ which includes companies with technologies designed for improving the sustainability of agriculture and aquaculture, as well as those developing food products focused on targeted nutrition, alternative proteins, or circular food systems.

Although the businesses were diverse, several common characteristics emerged. They share EIT Food’s vision of a transformed, equitable and trustworthy food system and are likely to be mission-led, purpose-driven businesses motivated by changing the system and moving away from “winner takes all” business practices.

This can create significant challenges for them, as they are looking to introduce new products and services into the market, and they are often using new technologies and business models that require adoption by industry networks and supply chains, in combination with government policy shifts and citizen participation.

And at a business level, these businesses are still confronted with the common challenges of how to access customers, markets, technical expertise/know-how, physical technical facilities, funding, and business process expertise.

**COMMON CHARACTERISTICS OF OUR TARGET SMES**

**They are mission driven**
- Environmentally sustainable
- Innovation led

**They are scaling**
- Niche to mainstream
- Domestic to global

**They need to...**
- ...sell their product or service
- ...operate efficiently
- ...be financially sustainable
- ...be well connected

**BUT... they have to focus on their day-to-day challenges to survive**
Current SME Support Ecosystems

All the countries in the EIT Food NW region have common elements in their ecosystems though there are significant differences in the levels of support and how well they connect to each other. No matter how much progress had been made towards developing an effective innovation ecosystem, all of them share similar challenges:

- how to effectively disseminate the support available,
- how to reduce bureaucracy while maintaining robust scrutiny of public funds,
- how to pitch support at a level that would fuel growth rather than either prop up unviable projects or fund work that had no need of support,
- how to measure success while actively encouraging inherently risky innovation.

There are particular challenges around the need to provide tailored support for a relatively small sub-group of businesses. Most business and innovation support agencies have the remit to support a wide range of sectors and lack the specialised agrifood knowhow to support the companies that are of relevance to EIT Food.
Unmet Needs of Agrifood SMEs

While many of the challenges the SMEs face are not unique to the agrifood sector, there was a strong correlation across all of the six territories about the unmet needs of our target SMEs, due to the particular challenges of developing innovative new products and services in the relatively niche agrifood sector. They have challenges in accessing the specialist technologies and equipment they need to move along the technology readiness scale from bench to commercial product. Many have very specific niches where access to potential customers can be challenging. Their ability to connect with a reliable supply chain was also a common issue. For most, their country market is too small, and they need help to access the much larger EU and international markets. They need investment to develop their products and markets, but SME/investor relationships can be challenging, as investors tend to prioritise return on investment, and innovative developments in agrifood can take longer to reach profit because of the technical challenges and the need to gain regulatory approval.

Above all, these SMEs need speed with quick actionable information. Cashflow is critical.
We recommend a range of activities that would operate across the EIT Food North West region, and which are specifically targeted at the agrifood sector, thus complementing existing services and providing specialist support that will help innovative and ambitious agrifood businesses to scale and grow.

A collaborative approach across a wider geographic reach would enable these agrifood businesses to access additional resources from specialist service providers in both industry and academia that may not be available in their own regions.

Most of the resources required to implement the strategy already exist within the innovation ecosystems we reviewed, but the services provided are often sector agnostic, whereas a targeted approach would allow agrifood businesses to benefit from learning with their peers and to develop their own networks.

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**Plugging the Gap: Recommendations**

- Create an inclusive regional network of innovative agrifood SMEs and specialist service providers,
- Provide specialist training on business innovation and strategy for food SMEs,
- Leverage extended networks and broker introductions to provide access to technology, facilities, and funders,
- Run roadshows/tours focused on demonstrations of technology,
- Run high profile media campaigns/events/awards to showcase innovative SMEs in the network,
- Provide access to high quality resources and tools for professional development (technical and business); focused on innovation, operational process, and scale-up skills,
Successful implementation of these activities would result in consolidation and streamlining of support for innovative agrifood SMEs.

The benefits to agrifood SMEs are that they will have easier access to new technologies and new markets as well as tailored business support to enable them to attract investors and to develop sustainable, scalable long-term businesses. Ultimately, the strategy will lead to more sustainable agrifood businesses that will have a positive regional, national, and global economic impact.

EIT Food NW, with its expertise in the agrifood sector and its extensive international networks, could play a vital role in this SME support ecosystem, providing a conduit from regional to international networks of support.
About EIT Food

EIT Food is the world’s largest and most dynamic food innovation community. We accelerate innovation to build a future-fit food system that produces healthy and sustainable food for all.

Supported by the European Institute of Innovation and Technology (EIT), a body of the European Union, we invest in projects, organisations and individuals that share our goals for a healthy and sustainable food system. We unlock innovation potential in businesses and universities and create and scale agrifood startups to bring new technologies and products to market. We equip entrepreneurs and professionals with the skills needed to transform the food system and put consumers at the heart of our work, helping build trust by reconnecting them to the origins of their food.

We are one of eight innovation communities established by the European Institute for Innovation & Technology (EIT), an independent EU body set up in 2008 to drive innovation and entrepreneurship across Europe.

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