SCALEUP WORKSHOP – PROCEEDINGS

*These proceedings[1] compile key messages of the **European Scaleup Workshop** held in Brussels on 7th November 2022. The workshop was the second of its kind, with the first one organised by Nordic Innovation in Brussels on 16th October 2019. This time the workshop was co-organised in collaboration by Nordic Innovation, Vlerick Business School and Erasmus University Rotterdam (Centre for Entrepreneurship). The workshop gathered around 50 invited experts, practitioners and policymakers to discuss scaleup data and research as well as lessons learnt from selected scaleup programmes and on how to design effective scaleup policy measures.*

*The first part of the workshop was devoted to scaleup research (**Session 1 – Uncoding the DNA of a scaleup & success factors of a high growth firm**) and scaleup statistics and data (**Session 2 – The impact of scaleup – what do evidence & data reveal to us?**), while the second part focused on scaleup programmes (**Session 3 – Learnings from scaleup programmes**) and designing scaleup policies (**Session 4 – Addressing the scaleup gap from theory to practice – learnings for policymakers**), with the five break-out sessions on the topics: i. Policies for data & research; ii. Effective scaleup policies; iii. Supportive ecosystem measures; iiii. Diversity and inclusion in scaleup ecosystems; and lastly v. open session. The breakout sessions were summarised by the facilitators of each session.*

Background

The day was set off by a welcome by Dean, Prof. dr. Marion Debruyne, Vlerick Business School who highlighted the importance of the event, and in building a bridge between research to practice and implementation. Vlerick Business School's Scaleup Centre is undertaking academic research on scaleups but also collecting evidence-based knowledge from running programs for scaleups. Marion underlined how the feedback loop of theory to practice and back provides not only new insights but also influences the education of next generations of entrepreneurs and talents for scaleups at their business school.

As framed by opening words by ***Svein Berg***, Managing Director of Nordic Innovation, scaleups are important for countries' value-creation. He exemplified how there are four typical ways for a company to create economic value for the society: dividends paid to shareholders, taxes paid, interest paid and salaries to employees. Over +70% of the value created comes from latter category. Scaleups have a disproportionate impact on the economy and job creation – the Scaleups in the Nordics report 2020[2] shows that scaleups make up 0.37% of all enterprises in the Nordics but employ 7.2% of the workforce in the region. The definition of scaleups used by Nordic Innovation is otherwise the same as the OECD definition of high-growth companies, except for an additional threshold of at minimum of 2M€'s revenue [3].

The workshop objective was to **facilitate and strengthen the European scaleup ecosystem building** by getting together the key actors in the field to **share learnings and showcase best practices from the Nordics, the UK and other European countries.** As marked by Svein Berg, good policy comes from solid knowledge and understanding of the issue at hand.

Svein also named the ongoing pre-study by Nordic Innovation for screening possibilities to establish a Nordic Scaleup Institute, inspired by the UK Scale-Up Institute. Svein underlined that these kind of workshops and initiatives are key to boosting collaboration and pooling resources to better formulate scaleup

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[1] These proceedings have been drafted by Nordic Innovation. We assume all responsibility for any errors or omissions in the content. For further comments and questions regarding the proceedings you may contact Olivia Rekman (Olivia.Rekman@nordicinnovation.orgi) and Anna-Maija Sunnanmark (a.sunnanmark@nordicinnovation.org).
[2] A collaboration between the five Nordic countries' statistical offices and commissioned by Nordic Innovation.
[3] Definition of scaleups used by Nordic Innovation: scaleups are firms that have i. more than 10 employees, ii. Over 20% annual growth over a three-year period and iii. At minimum 2M € annual revenue.

support programs and policies. With more support, scaleups can become significant agents of change, solve societal challenges and function as instruments for renewing and boosting our economies.

Setting the scene -Scaleups and high-growth firms: What do we (need to) know

Prof. dr. Justin Jansen, Co-founder and Scientific Director Erasmus Centre for Entrepreneurship started off with a review of research carried out so far, pointing out why scaleups and high-growth firms (HGFs)[4] matter. Ever since Birch introduced the term 'gazelles' for describing a small set of HGFs that contributed disproportionately to national competitiveness (Birch, 1981), scholars have examined HGFs due to their perceived ability:

- to create jobs,
- to diffuse new product and technological innovations, and
- to drive productivity growth (Audretsch 2012; Du and Temouri, 2015; Henrekson and Johansson, 2010).

The ability to scale-up new businesses is considered to be vital in developing a competitive advantage and has even been suggested to trump differentiation as a firm's strategy. The long-term survival of new ventures and established firms hinges on their ability to develop first-mover advantages and to grow rapidly at (a global) scale, and thus a significant amount of attention has been dedicated to the notion of scaling or scaling-up.

Research on HGFs has been primarily macro-oriented and focused on 'how many' and 'how much' rather than on 'how' and 'why' firms may achieve and sustain high growth (Henrekson & Johansson, 2010). Moreover, although findings suggest that HGFs are often younger, smaller and less common in high-tech industries (Henrekson & Johansson, 2010), scholars have not been able to derive a consistent set of underlying features of HGFs across different samples (Coad et al. 2014). Only recently, scholars have begun zooming into the dynamics of high growth and started discussing the notion of scaling when explaining how ventures or established firms may grow rapidly. We know very little therefore about specific actions, behaviors, and capabilities needed to successfully scaleup new businesses and to persist high growth over time (Daunfeldt & Halvarsson, 2015; Moschella et al., 2019; Weinblat, 2018).

Justin called for a high-growth firm and scaleup typology, and a need to differentiate between scaleups, since the challenges faced differ. With the backdrop of a matrix, 4 different types of scaleups where outlined: gazelles (young/high growth), scaleups (young/hyper growth), mature HGFs (mature/high growth) and superstars (mature/hyper growth).

Towards an integrated research agenda – high-growth as a multifaceted process

Justin laid out four focus areas for research moving forward.

1. **High-growth as a multifaceted process**: There is a need to move beyond examining universal determinants and consequences of the average HGF to offer a more fine-grained conceptualization of high growth as a multifaceted process in terms of pace, rhythm and persistence
2. **Multilevel-foundations of HGFs:** Bringing together micro- and macro-oriented research can help us better understand the implications of findings at micro levels within the context of the macro-economic environment and policies (and vice versa).
3. **Development phases of an HGF**: As HGFs evolve, grow, and diversify, they may require different capabilities, strategies, and structures (Huber, Sutcliffe, Miller, & Glick, 1993) or institutional support structures. Scaling should be considered a process, where scaling can be a capability of an organisation and scaleups have different needs of strategy, capabilities and competencies at different stages.

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[4] HGF is an organization: ".. *either with a minimum of 10 employees and an average annualized growth greater than 20 percent per year in terms of employees or turnover over a period of three years or with less than 10 employees and a growth of eight or more employees over a period of three years*"

4. **Short-term and long-term consequences of high growth:** Future research may distinguish between short-lived and discrete outcomes at multiple levels of analysis on one hand, and long-standing and more continuous consequences on the other. In addition, how may potential harmful effects be avoided as firms become larger and gain market dominance.

It is important to get a better understanding of how scaleups are able to persist high growth over time, while some stop growing and even exit the market – for example, here factors like stressful lifestyle for C-level executives may be relevant. What are the right policies and support programs to help in this regard? There is also a need to differentiate between scaleups at different stages, as there are no generic solutions.

As a solution to aggregate and collect knowledge, Justin described the purpose and scope of the **European ScaleUp Institute discussed by the founding partners**. These include:

- **Research:** quantitative & qualitative insights
- **Insights:** dashboards, reports, rankings
- **Outreach:** events, media, talks
- **Cases:** cases and books for curriculum development
- **Programs:** educational program, train-the-trainer, capability development
- **Tools and techniques**: gaming, assessments, innovative policies, algorithms to predict next scaleup

Session 1: Uncoding the DNA of a scaleup & success factors of high-growth

The session was moderated by Prof. dr. Veroniek Collewaert Director Scaleup Centre, Vlerick Business School. The panel consisted of Jan Lepoutre, Prof. dr. at ESSEC Business School, Prof. dr. Dimo Ringov, Director Scaleup & Growth Strategy Centre, ESADE and Prof. dr. Rudy Aernoudt, Corporate Finance, Ghent University & Senior Economist, European Commission (DG Growth).

The session touched upon what success factors and barriers are when it comes to scaleups in Europe today. Talent was first mentioned by **Jan Lepoutre.** He also mentioned that ESSEC Business School has just launched a talent factory. Jan also elaborated on why scaleups need different type of talent compared to startups, and concluded that the two key factors he sees important is to be flexible and have an agile mindset and be apt at organisational design to standardize and structure the organisation.

Prof. dr. Dimo Ringov stated that their research is very much **preoccupied with process**. He pointed out that we still don't agree on what a scaleup is (definition) and we don't have enough high-quality data yet. He sees 3 dilemmas:
1. How do you maintain rapid growth while maintaining control, move fast without breaking things?
2. Replication and adaptation – digital HGFs emphasize replication and new markets (local adaptation)
3. What do you design growth for – global value creation or a dominant position in a particular region? Business models and strategies are very different depending on different objectives.

Rudy Aernoudt started off by pointing out the need for evidence-based research to build better policies. Out of all startups 35% are of European origin but only 3 % of all scaleups are European. It is important to learn what is different in European context since there is capital, resources and talent. He pointed out **the mindset – European SMEs do not always want to grow.** He gave an example of a Canadian scaleup that went bankrupt, but yet the scaleup had had an enormous impact for the region, creating spinoffs in the supply chain etc. Therefore, it is important to have a more holistic evaluation of what the real impact of scaleups is, and look at the impact they have (or had) on the region they are (or have) operating in.

HGFs are diverse in their nature and not at all homogenous. Rudy Aernoudt concluded that important success factors relate to funding, talent and market access and attitude in relation to the go-to-market – is the firm looking at local, regional or global domination?

Jan Lepoutre commented that it is important to understand what type of vertical and market the HGF is in. What is the business model and what type of actor is the HGF? How does the value chain look like and what are the inputs for the supply chain? We also need to look at the employment generation and the economic impact of HGFs. The focus on producing unicorns is misdirected – HGFs goes beyond unicorns. Further, there has been a shift in the last 7 months due to geopolitical situation – Europe needs much more focus on securing self-sufficiency in the supply chain.

Dimo Ringov commented that just as there are varieties in capitalism there are varieties in scaleups. An interesting aspect is also to understand how you scale in the context of not-for-profit organisations, where you can expect organisational culture to be very different and play a large role, just like the matter of mindset in European SMEs. Dimo also mentioned their survey for scaleups in the Barcelona region. Here talent, funding and market access have come up as important success factors for scaling but also **the regulatory environment.**

Rudy Aernoudt agreed that the obsession with unicorns (value at 1bn €) needs to stop especially with the new geopolitical situation with disruptions in the supply chain. He named strategically important industries such pharmaceuticals and critical materials such as chips which should not be outsourced to countries like China.

Jan Lepoutre went on to conclude that we don't have the right data yet. There is a survival bias in the data we collect - we don't have enough information on the organisations that do not scale. Dimo Ringov went on to say that we have very fragmented data as of now, what is needed is a more complete European dataset. Rudy commented that yes, data is one issue but more specific focus on producing policy recommendations is also important. What are the best practices and what kind of policy works best? When you go out and ask entrepreneurs what they need, they say "we need funding." We need to mobilize private funding and not just crowd it out with public funding. We do have a lot of public funding – close to 35% of the funding comes from public sources in Europe today.

Session 2: The impact of scaleups – what do data and evidence reveal to us?

The session was moderated by Anne Lidgard, Director at Swedish innovation agency VINNOVA.

Statistics on Scaleup Enterprises in the Nordics

Peter Høegh Nielsen, Statistics Denmark, kicked-off the session with his presentation. Peter has been responsible of coordinating the work together with the Nordic statistical offices on producing scaleup statistics in the five Nordic countries. The statistical analyses are commissioned by Nordic Innovation and been repeated three times so far (Scale-ups in the Nordics – Statistical Portrait 2008-2016 | Nordic Innovation; Scale-ups in the Nordics 2017 | Nordic Innovation; Scale-ups in the Nordics 2020 | Nordic Innovation). The publications are part of a larger goal to increase the knowledge base around scaleups since little scaleup data has been traditionally available in the Nordics[5].

Peter started off by defining what is meant by scaleups in the Nordic statistical analyses. The definition is the same as eligibility criteria used in Nordic Scalers program, involving enterprises with a minimum of 10 employees FTEs), an annual turnover at minimum of 2M€ in the start year of observation and an

[5] "*The publications are based on harmonised databases established in each national statistical office holding statistical information at enterprise covering variables from business register, business demography, structural business statistics and international trade in goods statistics*." Nordic Innovation (2020) *Scale-ups in the Nordics 2020.*

annual growth in the number of employees (FTEs) and/or in turnover more than 20% over a three-year period. Furthermore, scaleups are classified in the statistical analyses as:

- Employment scaleups
- Turnover and employment scaleups
- Turnover scaleups

The definition used in the statistical analyses differs slightly from OECD's working definition of high-growth companies in that the annual growth rate criterium is **20%** instead of 10% and t**he inclusion of a turnover threshold of €2M, and lastly, that turnover growth in addition to employment growth** are included. Peter noted that the reason for including scaleups by turnover growth is that these enterprises have proven their business model by already achieving considerable revenue over a period of time and therefore are to a larger extent contributing to sustainable economic growth. The growth can be organic growth as applied by Eurostat but also growth due to mergers and acquisitions.

In 2020, there were nearly 5600 scaleups in the Nordics. The total number of scaleups have decreased 12% since the last period (2016-2019). This is probably due to covid-19. The 5600 scaleups are responsible for creating nearly 200,000 jobs – a growth rate of 76% from 2017 to 2020. This is equivalent to nearly 36 jobs (FTEs) per scaleup**. Turnover and employment** scaleups showed the highest growth with nearly 104.000 FTEs or a growth rate of 161%. This represents a growth of 68 jobs (FTEs) per scaleup. The 5.600 scaleups in the Nordics created a total turnover of 234.2 billion EUR in 2020 or a growth of nearly 110% in the period 2017-2020. **Turnover scale-ups** accounted for the largest share of total turnover, 62% or €145.4bn in 2020.

Peter presented a breakdown of ownership structure for the Nordic scaleups. A majority (80% of scaleups) is mainly domestically owned. Highest share in Iceland (93%) and Finland (88 %). Foreign owned scaleups in Finland and Norway mainly owned from the other Nordic countries (38% resp. 37%). 46% of foreign owned scaleups in Denmark are owned by other EU countries, incl. UK. Interestingly, Sweden is an outlier with 55% of foreign owned scaleups having non-European owners. Part of the explanation can be found in what type of industry and activity the scaleup operates in and focuses on – e.g. there are more manufacturing industries in Sweden compared to other Nordic countries. Domestically owned scaleups are mainly active in activities related to domestic market (i.e. construction, retail, trade or other services activities). Foreign owned ones are found in the exporting scaleups within manufacturing and wholesale and knowledge-intensive services (Nordic average 44%). At the national level these trends are most evident for Denmark. To end with, Peter presented the statistics showing that Turnover scaleups have the largest productivity per employee representing 83% of total goods exports.

Peter pointed out a road ahead when it comes to producing data on scaleups in the Nordics and potential collaboration areas at the European level. So far, we have looked at populations of scaleups in isolation one period at a time – but we need to identify how many scaleups are surviving over several periods of times. There is also a need to account for growing inflation by introducing measurement of turnover in fixed prices. In the pproject launched jointly with the OECD and Nordic Innovation, the partners will investigate the characteristics of scaleups in the period prior to and after the three-year growth period. The project will also link information about the employees (gender, age, education, work experience of founders, directors and board members) and compare scaleups with non-scaling enterprises in these dimensions, as well as analyse the scaling process and characteristics of scaleups.
Peter presented the brand-new data related to *Do scaleups continue being scaleups? (Case: Denmark)*. Denmark had nearly 2.000 scaleups in 2016-2019, whereof 25% were also scaleups in the following growth period 2017-2020. 58% of **Turnover and employment scaleups** in 2016-2019 were still scaleups

in the following period. 26% of **Employment scaleups** in 2016-2019 were still scaleups in the following period. 24% of **Turnover scale-ups in 2016-2019** were still scaleups in the following period.

The impact of scaleups

Irene Graham, Director at the UK Scale-Up Institute presented the findings from their latest Scaleup Review 2022 to be published on 15 November 2022. Irene's title for the presentation was *Why scaleups matter*.

Scaleups[6] are more productive than their peers, generating an average of £338.000 turnover per employee. **Scaleups are innovative:** 3 in 4 scaleups have introduced or improved a product/service/process innovation in the last three years, twice as much as large firms, and they are significant adopters of new technologies. **Scaleups are international:** Half of the scaleups are involved in international trade, in a range of markets across the world. They are looking to expand internationally despite the Brexit. **Scaleups are found across all sectors**, the majority of them operate outside technology sectors. **Scaleups help create high-quality jobs with more satisfied employees** – employing 3.2M workers. **Scaleups are diverse:** 39% of all scaleups have at least one female director. **Scaleups are good corporate citizens**: Over half describe themselves as being in a social business, operating in the green economy or meeting ESG goals. 70% of scaleups offer opportunities for young people through work experience, internships or apprenticeships. They offer apprenticeships at twice the rate as typical firms. **They plan to grow**: 9 out of 10 scaleups expect to grow again in the coming year. Half expect 20%+ growth, 1 in 4 expect to achieve 50%+ growth in
either turnover or employment.

Scaleups are growth champions – 26% up in growth since 2013 and 42% more productive than average. In the UK, there was 5.9M SMEs in 2020 generating £2.3Trn for the UK economy. Out of these, 33.995 were scaleups, contributing to more than half of the added value for UK's economy - £1.2Trn[7]. These scaleups employed 3.1M people and had an average turnover of £373.000 per employee.

There is a pool of potentials scaleups of 16.000 businesses, with potential for 1.4M employees and £410bn in turnover added. This scaleup pipeline has also helped to identify with data from local authority district which regions have the highest scaleup density. Scaleup growth varies across every area of the country. **Scaleups also scale multiple times – 64% scale more than once**[8]. Visible scaleup companies have increased by 37%, and in the latest edition there are 7.474 scaleups identified. Out of these, 493 are femaleled and 1.550 are using equity.50% have been scaling for 2+ years and 31% have been scaling for 3+ years. Here top sectors and top regions have also been identified in the scaleups[9].

There are three factors out of eight that make a difference for driving local growth in scaleups. These are **skill & talent**, **clusters & hubs** and **access to equity[10]**. Further, the qualitative factors **knowledge sharing** (peer-to-peer networks, local supply chains, NEDs), **active university engagement** (training, R&D collaboration, scaleup graduate interactions) and **local collaboration** (collective ecosystem, cooperation, ambition & identity) have been identified as significant.

Location is important for scaleup growth, as sectoral and regional clusters are identified as a key driver for scaleup growth. The UK Scale-Up Institute is producing scaleup sectoral cluster maps which helps show trends in the sector clusters that are driving local scaleup growth. The UK Scaleup Institute has

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[6] The UK Scale-Up Institute uses the OECD definition of high-growth companies.
[7] Source: ONS IDBR 2010-2020 for total scaleup turnover, ONS Business Population Estimates 2020 for total SME turnover
[8] UK Scale-Up Institute's analysis of Structural Business Structure Database 2018-2020 with 231.272 firms in the database.
[9] Based on *The Scaleup Index,* by UK Scale-Up Institute and *Companies House* data
[10] *Access to skilled talent, large firms, public transport, start-up density, start-up survival rate* and *lending* are the other five factors.

identified five key scaleup challenges: (1) Talent and skills, (2) access to markets, (3) leadership capacity and capability, (4) finance and (5) infrastructure. UK Scale-Up Institute has data on what scaleups value the most, where e.g. access to markets is rated highest and closely thereafter talent and skills. Scaleups also state they want to collaborate more with universities and R&D facilities, other companies and the government.

Irene also presented data showing that scaleups offer opportunities for young people (70%) twice the rate than other firms. Furthermore, 1 out of 5 scaleups say 25% or more of their staff come from outside the UK. Irene presented the work they have done on predictors of being a scaleup. In the order of importance, the factors that stand out include: innovation, export, growth ambition, age of 10-15 years, seeking/using core finance and planning capital investment. In broader sense, what the UK Scale-Up Institute has observed are two types of scaleup personas and approaches to growth: (1) the highly structured and planned evolution-scaleup and (2) the spontaneous and 'in the moment evolution'-scaleup. This mainly influence the way the scaleups approach talent, whereas innovation and international focus are better predictors of scaleup growth. Irene ended with a call for concerted policies to breakdown scaleup barriers, based on their 2021 recommendations[11], and highlighted the need for longitudinal data on scaleups.

Understanding scaleups – progress in measurement

Alexander Lembcke, Head of Unit at OECD's Centre for Entrepreneurship, SMEs, Regions and Cities, and Ludger Odenthal, Team leader at DG Growth, European Commission, presented the results of the ongoing, collaborative projectn. The project involves five pilot countries (Finland, Italy, Portugal, Slovak Republic and Spain) and fifteen countries in the second phase[12].

There is a need for more and better data on scaleups especially as new EU policies are being more specific and require more detailed data and economic analysis. Existing aggregate data is often found to be too general for operational policy purposes. Microdata is seen as indispensable to fill the existing data gap. The OECD-European Commission's project builds on strategic partnerships with national statistical institutes and relevant microdata providers, with the goal lay the groundwork for more regular use of microdata in policy making. The project's results so far are presented in the report from 2021, targeting the 'measurement' pillar – building evidence on the characteristics of the growth trajectories of SMEs that scale up. In October 2022, the second report was launched, addressing the 'policy' pillar, involving pilot cross-country analysis of policies in support of scalers in two policy areas (access to finance, data governance)[13].

Scaling up is a signal of broader transformation. One of the key findings is that **there are more scalers in less knowledge-intensive services than in high-tech**. Further, scalers create most new jobs and account for most additional sales. Employment scalers create 4/% in Italy and 69% in Finland of all jobs. Turnover scalers generate 51% in Spain to 71% in Finland and Portugal of additional sales. Most scalers sustain their transformation – up to 70% of Employment scalers remain at their new scale or grow further. Scalers are long-term job creators – e.g. in Portugal 5.400 SMEs became scalers and created 180.000 jobs between 2014-2016. Despite some failing or shrinking, the same firms added another 66.000 jobs in the aggregate between 2017 and 2019.

We need to better understand what the general patterns of scaleups are. There are different models of scaling up. Justin Jansen's suggested typology is focused on the scaling period, whereas for innovation,

[11] See full list here: 2021 Recommendations - ScaleUp Institute
[12] OECD (2021), *Understanding Firm Growth: Helping SMEs Scale Up*, OECD Studies on SMEs and Entrepreneurship, OECD Publishing, Paris, https://doi.org/10.1787/fc60b04c-en.
[13] Unleashing SME potential to scale up - OECD

the period before is more important. Alexander and Ludger presented four different transformation models that underpin scaling up, depending on the factors that trigger growth: (1) **disruptive innovator** – where technological innovation that translates into a competitive advantage; (2) **demand-driven scaler** – external and temporary increase in demand; (3) **more-of-the-same scaler -** additional output with the same business model, and; (4) **gradual innovator** – human capital and new production processes.

Due to time constraints, the session ended with moderator Anne Lidgard opening the floor for a few questions. One of the questions posed by the audience was related to what one should avoid doing when supporting scaleups. Irene Graham said to avoid scattering funding and creating a fragmented funding landscape. Instead, do set up fewer initiatives of higher quality and then make sure to measure and evaluate impact. She also mentioned that it is important to scan the market of what already existstoday in terms of initiatives to identify a market gap, so you do not crowd out the private sector and the importance of having a clear exit strategy. There is a need for longitudinal datasets, which can be imperfect but if consistent then these can be very valuable. For too long, there has been talk about SMEs without differentiating. Scaleups are central to the economy and have different needs.

Session 3: Key learnings from scaleup programmes

The session was moderated by Stuart Rock, from the UK Scale-Up Institute with panelists Anna-Maija Sunnanmark (Nordic Scalers, Nordic Innovation), Prof. dr, Veroniek Collewaert (Scale-up Masterclass, Vlerick Business School), David Golding, (EDGE, Innovate UK) Marta Testi (ELITE program) and Lars Crama (Up!Rotterdam). The session started with a brief presentation of each program, followed by discussion on the recruitment, participation fees, a selection process and eligibility criteria, program structure as well as results, KPIs and learnings from failures and success factors of the programs.

ELITE

The ELITE program launched in 2012 by Borsa Italianais now part of Euronext. Over 2.000 companies have graduated since the start. It is described as an MBA for companies (in contrast to what is often offered to entrepreneurs as single individuals). Typically, participating companies have an annual turnover of 5-6M€. The eligibility criteria for companies are based on qualitative screening (i.e. interviews), flow scan analysis, revenue, private equity/debt funding as well as vision and ambition to grow or willingness to be part of an ecosystem. What has been an important success factor for ELITE is not only to focus on the scaleups but also on the supporting organisations around the scaleups. KPIs for the program are fourfold: growth in size, marginality and employment as well as in financial transactions. These include e.g. private equity raised, IPOs as well as M&As. The program is structured around membership fees plus sponsorships and advisors – the participation fee is 15k€, but learning is that it is not the cost that is a hinderance but rather it is the time. During the 6-month program topics dealt with the companies are for instance digital challenges, experience sharing and ways to finance growth for SMEs with over 60-70M€ revenue. The program is a hybrid with the first part requiring physical attendance. ELITE has three ways of sourcing and recruiting companies: proactive research and outreach, through corporate advisors as well as through private equity firms.

Scale-up Masterclass

Vlerick Business School currently offers its 5th edition of a self-paced hybrid scaleup masterclass for founders and C-level executives that encompasses seven modules over three months. The modules are customer journey design, go-to-market strategy, international markets, building an HR organisation, recruiting and managing talent, product management and organisation, raising finance and interacting with investors, alongside with an online webinar/Q&A after each module with a possibility to collaborate with experts, to discuss challenges and to join the peer-to-peer community. The eligibility criteria for the program are based on key challenges faced by participating executives (to group them together) and future growth ambitions. The main KPI is the so-called learning impact indicator with a more qualitative and long-term focus, determined by the feedback of the participants on their courage to apply for jobs or move their company to the next level. The cost is 3.8k€ for C-level participation, where SoMe and marketing are used to recruit suitable companies who then are interviewed. This serves as both information gathering and selection purposes. The participants are matched into buddy groups where they can learn from each other with the aim of building a peer-to-peer network. One of the success factors has been to leverage a global network of speakers with leading academics and business leaders. The biggest challenge has been to keep participants on board in the program.

Up!Rotterdam

Up! Rotterdam provides startups and scaleups with better access to talent, (international) markets, and capital. It includes top 200 fastest growing companies in Rotterdam based on OECD definition of HGF, in addition to1M€ raised in funding. The program is structured around invitations and word-of-mouth and has created an alumni network which organizes dinner gatherings for CEOs. One of the learnings comes from coordinating 35 actors in the ecosystem and their +150 events under a year by trying to collect them under one website. However, this turned out to be trickier than first thought because of the technical issues with interoperability, APIs, etc. Instead, what worked was creating a scaleup festival week with 2000 participants where all these key actors have been asked to bring their best to the event. The best success and engagement with the Alumni network has been inviting only the CEOs to the dinner (seven persons at each table with one leader coordinating), and making WhatsApp groups, google sheets, excel sheets on the biggest challenges and to facilitate how they connect. These dinners have been a success as CEOs can share insights, their stories and build a network. The main KPIs for the program are startup/scaleup ratio, revenue growth and the speed of entering international markets.

Nordic Scalers

Nordic Scalers initiated by Nordic Innovation has been run in two periods: Nordic Scalers pilot (2017 – 2019) and Nordic Scalers 2.0 (2021 – 2023). The mission of the initiative is to position the Nordics as a globally leading scaleup hub. The ongoing Nordic Scalers 2.0 involves three programs which are run quite independently under a common Nordic Scalers umbrella (Nordic Scalers by Epicenter & Friends, Nordic Scalers GlobalScaleX, Nordic Scalers ScaleUp Academy). The program focus on competence building, involving coaching, mentoring and networking elements. The eligibility criteria are at minimum of 10 employees, at minimum of 2M€ revenue and at minimum of 20& growth in the last 3 years. The qualitative selection criteria include for instance quality of the team, match with the program goals, growth ambition and commitment. During the pilot, yhe metrics of the program included metrics like media coverage, customer/investor leads, number of agreements, P2p networks. The best metrics has been positive feedback from the participating companies and their testimonials. During Nordic Scalers 2.0 a set of specific KPIs have been created covering areas like attraction, selection, diversity and social impact. During its existence Nordic Scalers has involved a lot of experimentation on what works and strong focus on that the program doesn't crowd out private actors. During the pilot, Nordic Innovation covered 100% of the expenses but during Nordic Scalers 2.0 the national innovation agencies co-fund part of the participation fees). The main challenge in the beginning was the identification and recruitment companies. Face-to-face meetups, founder dinners and invitation-only events have worked better than e.g. workshops. The length of current programs varies from 10 weeks to 12 months. The most important elements peer-to-peer sessions combined with company specific mentoring where company specific challenges can be tackled together with a dedicated mentor. One of the success factors has been that the program has been a program by serial entrepreneurs for entrepreneurs.

EDGE

Innovate UK's program EDGE identifies top 200 scaleups annually. Since the scaleup companies have specific needs, it maps these specific needs and responds to them by addressing challenges like IP, and international expansion of companies and facilitates peer-to-peer networking. The eligibility criteria include factors like growth mindset The KPIs of the program include e.g. overall company growth, employment growth and profitability but covers also more qualitative metrics such as success stories and testimonials from the participating companies. In terms of financing, Innovate UK finances the participation of the companies as of now. The program is not openly advertised but rather through word-of-mouth and selection is quite exclusive. Today, there are 26 scaleup directors across the UK, and EDGE appoints them to work directly with the companies and uses a matrix of to ensure tailored one-to-one support that match the needs of the companies. There has been a lot of emphasis on creating a peer-to-peer-network recently. What has worked well for fortifying the peer-to-peer-network is holding one large event every six months, e.g. at London Stock Exchange related to finance. Peer-to-peer networks work well because of the confidentiality and the trust being built, and due to the relationship dynamics and increased knowledge sharing.

Session 4: Addressing the scaleup gap from theory to practice: learnings for policy-makers. How can scaleup policy support the European ecosystem in light of today's discussions, and be integrated better with regional/national initiatives

The session was moderated by Leonardo Fuligni, Deputy Director at Erasmus Centre for Entrepreneurship. Due to last minute changes, Isidro Laso, Policy Adviser in Cabinet to European Commissioner for Innovation, Research, Culture, Education and Youth, Mariya Gabriel, was not able to join the session to present the new European Innovation Agenda, launched by EIC in July 2022.

Philippe Huberdeau, Secretary General Scale-Up Europe, framed the discussion by sharing learnings since the launch of Scale-Up Europe two years ago. The purpose of the initiative is to build a scaleup ecosystem in Europe and leveraging already existing initiatives. An important issue to consider is the limited availability of scaleup data on European level. Scale-Up Europe has carried out a dialogue between policy makers from all EU member countries and with the European Commission. In addition, 150-200 scaleup founders and VC investors have been engaged to gather evidence to better formulate recommendations for policy. The outcome is a community-driven action plan presented in a report, published in June 2021, including 21 specific policy recommendations, some of which have already been started to be implemented [14]. The focus areas include:

- Finance: There is a need for more private funds at later stage to address the market failure.
- Deep-tech: There is a longer time to market and a larger gap in financing and in accessing private funds for deep-tech scaleups, which has made this a particular focus for the European Innovation Council (EIC), with an option for early-stage equity to crowd in private funds, with e.g. instrument such as EIC Accelerator and EIC Scale Up 100.
- Talent: The efforts to attract tech talent to Europe with the end goal of having a collective, single tech visa and collaboration between agencies in 26 member countries. A large pool of untapped societal and economic potential in increasing diversity in teams.
- Corporate collaboration for improved access to market: There has been efforts to enhance interaction and ecosystem collaboration between corporates through e.g. matchmaking.

The main goal is to create and maintain technology and digital capabilities in Europe by building on existing initiatives on European level rather than creating new public or private initiatives.

The break-out session was structured around five topics:
Policies for data & research

[14] Scale-Up Europe: 21 ideas to spawn tech giants in Europe | Sifted

Effective scaleup policies
Supportive scaleup ecosystems
Diversity & Inclusion in scaleup ecosystems
Open session

Each facilitator of the respective break-out session summed up the discussions. For policy creation, further data/research is needed to identify or define scaleups to create a policy on scaleups in the first place, create manuals/typology for scaleups, and make sure that policy addresses the 'dark sides' of scaleups (since scaleups are often concentrated in capital areas, the remaining areas should also be considered to eliminate inequality in the scaleup ecosystem from a demographic perspective), along with examining the reasons behind why a majority of scaleups are owned by foreign entities and what the new geopolitical environment means for scaleups. There is a need to increase the harmonization of data and finding ways to make it easier to access data.

The issue of harmonizing and leveraging existing microdata is also highly relevant when it comes to devising effective scaleup policies. Effective scaleup policies are built by creating a favorable environment and a broad framework in Europe where scaleups can thrive instead of 'picking winners'.

Instead of targeting policies towards specific scaleup sectors such as high tech or digital, an attention towards diversification of policies towards different sectors would be effective since most companies that already have scaled up are tech or knowledge intensive firms. There is a lack of global initiatives/events on competence building and lack of global acceleration programs that can be helpful for connecting entrepreneurship ecosystems on a global level rather than on a regional level. The attention should shift towards sharing a common vision to connect regions on a global level. The importance of engaging in peer-to-peer-networks was highlighted, to leverage trust to get actors to share knowledge.

The data we have on diversity in scaleups very much reflect that of society at large and the entrepreneurial ecosystem. Specific attention should be given to the inclusion of female founders into the scaleup ecosystem in terms of funding and participation. The diversity and societal impact of scaleups and their measurement should be taken into more consideration besides purely concentrating on the economic/financial impact and measures (e.g., revenue growth, employment).

The open session discussed matters relating to how we connect ecosystems more systematically and how the workshop could be organized in the future, including suggestion for participant-driven meeting. The issue of going beyond just economic impact of scaleups but also looking at social and ecological impacts was brought up. The definition of different types of scaleups was discussed during the data session – a suggested topic to be discussed in next workshop was how we can differentiate even better between different scaleups to address their different needs.

Closing remarks by Svein Berg, Director Nordic Innovation

Svein Berg, Director of Nordic Innovation, summed up the impressions from the day. He pointed out the clear message of the importance of scaleups for the society and economy in the value creation. Yet there is a puzzle: 35% of all SMEs are European, but only 10% scaleups are European. Also, the gap in scaleup data and knowledge needs to be bridged, but there are possibilities of leveraging the data we already have. We need to collaborate even more across borders to share data, knowledge, and best practices. Scaleups are an engine for societal transformation, but so far, we only measure the economic impact and not the social and environmental impact. When it comes to diversity and inclusion and equality, Svein mentioned that even in the Nordics which is normally progressive when it comes to diversity and inclusion, only 1.3% of all VC investments go to female founders which demonstrates the efforts needed also in this area.

Svein ended the session with, *"coming together is a start, working together is progress, staying together is success"*, quoting Henry Ford and thanking all the organizers and participants.