



Business Plan to March 2011

1. Strategy

Marine South East (MSE) will continue to develop and implement activities that aim to:

- ✓ Help marine businesses to grow and raise their profitability, and thereby
- ✓ Contribute towards achieving key targets within SEEDA's regional economic strategy.

Two fundamental areas of business development have been identified which, if pursued effectively, would achieve these goals. These are:

- **Productivity improvement** *Create a framework for collaboration and workforce development which helps businesses to exploit technologies and good practices contributing to increased productivity*
- **Enhanced market share** *Help businesses to access high-growth global markets, by coordinating international trade support and by helping companies to develop innovative, world-leading products*

Success in these objectives depends upon industry operating within a supportive infrastructure for R&D, training, planning and regulation. Therefore a third objective is:

- **Promotion of the whole industry** *Generate an understanding of marine industrial capability & economic significance, supported by an appropriate evidence base*

In order to achieve these goals, and at the same time to contribute towards regional economic development goals, MSE will facilitate and manage activities in the following areas:

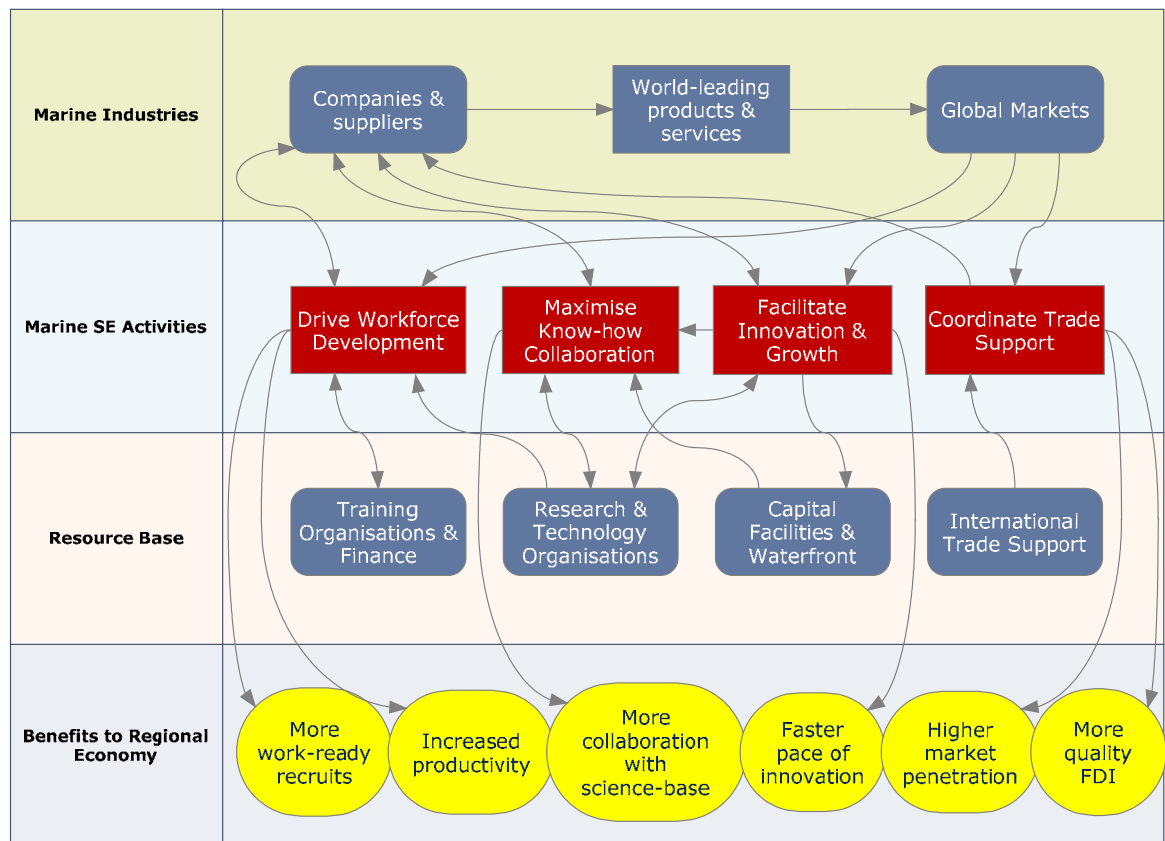
1. **Facilitate innovation & growth** – to help businesses expand their output and raise their value-add through product and process innovation. MSE will address this requirement in two ways:
 - **Build consortia** of innovative companies and technology providers targeting specific market growth opportunities. MSE will act as a catalyst to create consortia interested in specific innovation goals, help secure funding to support consortia activities, and provide project management capability;
 - **Identify barriers** to growth such as a lack of strategic facilities or suitable industrial premises for growing marine businesses, and initiate actions to overcome these barriers working with relevant third parties.
2. **Maximise know-how collaboration** – to ensure that businesses are aware of collaboration or good-practice opportunities and the means of exploiting them. MSE will undertake a range of activities to address this requirement, under two headings:
 - **Facilitated interaction** between organisations possessing complementary strengths, focused on areas of potential business opportunity
 - **Dissemination** of information to justify and motivate business engagement in collaborative activities
3. **Drive workforce development** – to ensure that the marine workforce is equipped with the competencies that businesses require, and presents an attractive career development path for recruitment. Existing training investment is fragmented, complex and fails to anticipate the skills that are needed to support wealth creation. Working with the many

organisations offering support at national and regional levels, MSE will help create a more business-led mechanism for developing the workforce of tomorrow.

4. **Coordinate trade support** – to ensure that resources for promoting international trade and inward investment are targeting priority markets for SE marine businesses. Existing support mechanisms are fragmented between national, generic support schemes, ad-hoc sectoral support, and regional support. MSE will work with its trade association partners as well as UKTI trade advisors to create and implement a coherent, long-term trade support strategy.

These activities can benefit from a range of generic support services provided by third parties. MSE's role will be to undertake higher level work with businesses which is likely to leverage provision generic support services. MSE will therefore co-operate with service providers within the resource base available to business.

This approach is illustrated in the diagram below:



2. Activities

The planned content in each above activity area is defined in the following sections. In addition, these activities will make use of a foundation task which is designed to examine the range of support which marine businesses find most valuable.

2.1. Foundation Task

The objective of this task is to provide the core capability which underpins all other activities. This work forms a significant part of delivery funded by SEEDA's core grant. Actions will include:

- Recruit up to 40 high-growth marine businesses across different segments of the industry, focusing especially on companies exerting supply chain leverage
- Work with these selected companies to explore major opportunities for increased turnover and/or profitability. It is anticipated that this will identify specific tasks under one or more of the added-value activities below.
- With support from SEEDA's research team, identify key markets, strengths and economic impact of the marine industries, in order to evidence the value of further investment in the sector
- Offer feedback to all relevant support organisations (BLs, MAS, IAS, LSC, UKTI etc) to help ensure maximum relevance of these support services to marine businesses
- Participate in key events, steering groups and other initiatives by third parties to highlight marine sector contribution to wealth creation
- Maintain a web-based resource of information about the regional marine industries, their markets and the facilities/infrastructure they need to operate.

2.2. Facilitate Innovation & Growth

2.2.1. Develop Consortia for Innovation

The objective of this task is to act as a catalyst for business-led consortia focused on specific innovation priorities. Actions will include:

- Identify and validate innovation priorities based on outputs from the Foundation Task and on market intelligence
- Assemble consortium members (businesses and research/technology providers) around an agreed innovation prospectus, and secure external funding where appropriate
- Implement management of the innovation project to completion.

2.2.2. Address Barriers to Growth

The objective of this task is to identify infrastructural factors that inhibit innovation and growth. Actions will include:

- Support SEEDA in the development and implementation of a waterfront strategy to help ensure availability of waterfront industrial premises
- Identify critical capital facilities needed to support innovation, and secure funding to explore investment and ownership options
- Work with sub-regional innovation teams and 'diamonds for growth' to ensure marine sector contributions to growth are fully realised.

2.3. Maximise Know-How Collaboration

2.3.1. Facilitated Interaction

The objective of this task is to expand the ability of businesses to access know-how from other companies or from the science base. Actions will include:

- Knowledge networks involving the science & technology base focused on growth markets where advanced know-how can be applied
- Business networking (Marenet) to identify/confirm intervention needs and to gain feedback on existing activities

2.3.2. Dissemination

The objective of this task is to make sure businesses are aware of the extensive sources of support and expertise which exist outside their own in-house practices. Actions will include:

- Dissemination of good-practice case studies and other success stories (via the e-newsletter) in order to motivate businesses to engage with third parties
- PR activities involving press and media, within a wider communications plan.

2.4. Drive Workforce Development

2.4.1. Recruitment

The objective of this task is to ensure that capable people are attracted to a career in the marine sector, to maintain its capacity to grow. Actions will include:

- Work with businesses to maintain an information resource describing the sector as an exciting and secure career prospect
- Engage with schools and businesses to maximise awareness of maritime careers, in collaboration with other regional and national initiatives wherever possible
- Work with the public sector to ensure availability and suitability of resources to support apprenticeships.

2.4.2. Skill Development

The objective of this task is to create a business-led infrastructure for upskilling the marine workforce. Actions will include:

- Work with businesses to create a demand profile for training provision which can drive public and private sector investment
- Pilot novel approaches to stimulate private sector take-up of upskilling, and help promote access to funding for upskilling.

2.5. Coordinate Trade Support

2.5.1. Export Trade Coordination

The objective of this task is to achieve maximum effectiveness of investment in export promotion, targeting both mature and emerging overseas markets. Actions will include:

- Prioritise and coordinate export promotion activities across all segments of the marine industries, in cooperation with the Marine Sector Advisory Group and the export committee of the Marine Industry Leadership Council
- Work with market experts to facilitate access to key buyers and influencers by exporters, whilst liaising with UKTI International Trade Marine Advisors who deliver support to individual companies.

2.5.2. Inward Investment Support

The objective of this task is to maximise the contribution of inward investment to overall growth within the region's marine sector. Actions will include:

- Work with SEEDA to create and publish capability profiles that can support inward investment by marine companies
- Target specific overseas investor companies to bring complementary business competencies into innovation consortia and supply chains.

3. Governance and operations

3.1. Corporate Status

MSE is constituted as a not-for-profit company limited by guarantee. Its members are businesses able to demonstrate active operations within the marine industries. Membership is free, but requires members to guarantee the assets of the company up to a limit of one pound.

MSE is presently negotiating a major contract to manage a Maritime Innovation Forum on behalf of a university. This is likely to require trading through a company for profit, in order to separate MSE's activities which are non-commercial from those that are commercial. It is proposed to achieve this via a trading subsidiary company of MSE (MSE Trading Ltd) which would be wholly-owned by MSE, subject to agreement with SEEDA.

3.2. Corporate structure

The structure of the company is illustrated below:

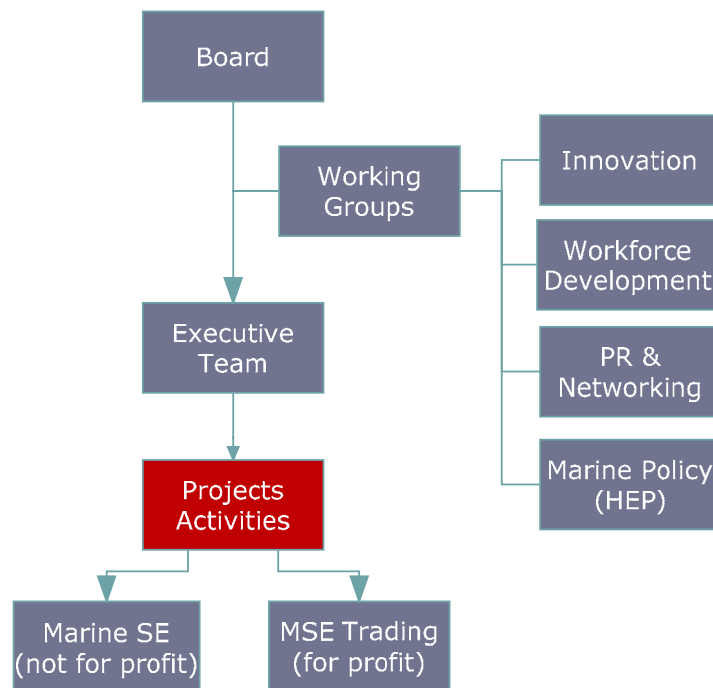


Fig. 2. Marine South East Corporate structure

3.3. Governance

3.3.1. The board

The company will be governed by a Board comprising up to 10 non-executive directors, a Company Secretary and the Chief Executive Officer. It is proposed that the non-executive directors would normally include:

- 6 business people (including the chair)
- 1 from a professional and learned society
- 1 from a university in the region with research interests in marine
- 2 from a Trade Association

The Board's role will be to determine the strategy and priorities for Marine South East and to ensure that SEEDA's grant funding is spent in accordance with the contract. In determining these priorities, the board will take advice from the working groups (see below).

3.3.2. Working groups

The Board is advised by a number of working groups and the Executive team, on the detailed implementation of its priorities. Each working group comprises co-opted representatives of businesses and other stakeholder organisations which have specific interest, expertise and experience relevant to that group.

The working groups are one of the key ways in which businesses and other industry stakeholders can get actively involved in the work of MSE, and their contribution to the effectiveness of the company will be vital. They are responsible for identifying gaps in capability or support, overseeing activities to address gaps, and evaluating those activities.

The board may also choose to set up fixed term task groups from time to time to address specific issues which require an intensive short term focus.

3.3.3. Governance issues

MSE will operate to the highest standards of corporate governance, consistent with a body which receives public funding. Financial reporting and compliance will be overseen by a leading firm of auditors, whose appointment is approved by the Board. Equal opportunities and health & safety policies will be maintained.

In any situation where a Director identifies a potential conflict of interest, the Director is required to declare such interests at the start of each board meeting and to withdraw from any discussions concerning those interests.

3.4. Stakeholder Interaction

With its limited size, MSE must act as a facilitator rather than a mainstream delivery organization. Effective liaison with key stakeholders is therefore essential, comprising businesses and 3rd party service providers.

3.4.1. Business Interaction

Business interaction is built into all MSE activities, especially in dissemination and networking. Although not legally required to hold an Annual General Meeting, MSE will hold an annual round-up event at which businesses to learn about all activities undertaken and planned for the future.

3.4.2. Service Provider Interaction

MSE recognizes the importance of avoiding duplication of business support effort and of optimizing the consistency of all business interactions. Therefore MSE will host at least two stakeholder events per year, at which all marine sector support organizations will be able to

hear about the totality of marine sector support activities, and to share ideas for improvement and consolidation.

4. Executive resources

The Executive team presently comprises:

A Chief Executive Officer (CEO) employed by MSE to:

- Lead the executive team
- Steer the development of major projects
- Build relationships with key businesses and other stakeholders
- Lead the raising of additional funding
- Manage the contractual relationship with SEEDA

A Programme Manager employed by MSE to:

- Support the CEO in the interaction with key businesses and stakeholders
- Oversee the planning and implementation of the project portfolio
- Assist the development of major initiatives and submission of funding proposals
- Contribute to project management responsibilities as required

Three Project Managers employed by MSE to:

- Work with third parties to help identify gaps in capability and support provision
- Help develop project proposals and funding bids
- Manage projects
- Report on project delivery against contract and overall performance indicators

A Marketing and Information Manager, working as an in-house consultant reporting to the CEO, to:

- Manage the website and database
- Manage PR and other marketing communications activity
- Organise events and respond to enquiries from businesses
- Assist with the preparation of additional funding proposals

An Administrator employed by MSE with responsibility for:

- General office management and contract administration
- Maintaining the in-house database
- Bookkeeping, providing input to the company's SAGE accounting system
- Gathering and collating of the monitoring data required by the SEEDA contract

A Director of Finance, sub-contracted on an as-required basis reporting to the Board, to:

- Oversee payroll, book-keeping procedures and preparation of quarterly management accounts
- Ensure robustness of financial systems and compliance with HMRC requirements
- Prepare annual accounts and liaise with the company's auditors as required
- Advise the Board on the financial situation of the company, its forward planning, and its financial governance

Additional experts are taken on through fixed term contracts as and when needed to carry out specific project work (subject to the necessary additional funding being raised). As and when such experts become fully committed to MSE activities, they may be offered employed status.

4.1. Offices

The main office is located on the Southampton Science Park, central to the Solent maritime sub-region. The Administrator is located at the office during core hours (0900 to 1530, Monday to Friday). Other executive staff work remotely as required, using the office for team meetings and project meetings.

One of the Project Managers is located in the Kent maritime sub-region. He presently works from home but hot-desk office facilities in the Ramsgate/Dover area are being investigated.

5. Financial plan

The business plan is projecting an ambitious growth trajectory, based on a growing portfolio of projects targeting specific benefits in line with the activity plan. Achievement of this growth will depend on success in securing competitive funding for projects. This requirement will stretch the team, but is believed to be achievable.

5.1. Forecast income

Marine SE has secured competitive funds from a variety of sources during its first years of operation, and plans to grow this source of revenue. In addition, SEEDA plans to provide grant income amounting to £200k per year from October 08, continuing on from grant income of £250k per year up to September 08.

Forecasts for the period of this plan are detailed below.

£k	08-09	09-10	10-11
SEEDA grant & deferred income	221	200	200
Innovation projects	170	270	330
Networking & collaboration	10	11	12
Workforce development	70	80	80
International trade coordination	60	120	120
Sundry	8	8	8
GRAND TOTAL	539	689	750

5.2. Forecast expenditure

Based on expenditure profiles for the past year, and estimated variable costs incurred on new projects, the following expenditure budget has been defined:

£k	08-09	09-10	10-11
Fixed costs	446	467	489
Variable costs	69	200	231
Contingency	24	22	30
GRAND TOTAL	539	689	750

Note: the above figures assume that additional projects will be performed by consultants (under variable costs). In reality, one or more permanent staff members would probably be recruited as and when the project portfolio expands.

6. Measuring success

6.1. Key performance indicators

The new performance measures set by SEEDA as a condition of its grant funding are still subject to contract. They are likely to be based on the outcome measures across the sector consortia collectively presented in the proposal to SEEDA, namely:

SECTOR CONSORTIA SHARED TARGETS 2008-11		
Measures	Shared 3 year target	Average per consortium
INPUTS (Direct)		
The amount of public and private sector investment (financial and in-kind) which the Consortia lever into programmes to address the region's sector priorities.	£21m	£3m
OUTPUTS (Direct)		
The number of businesses assisted by the consortium to improve their performance. <i>(Contributes to SEEDA Tasking Framework 'businesses supported').</i>	2,100 ¹	300
OUTCOMES (Direct and indirect)		
New economic value generated for the region as a result of the Consortia's activities. That value could be equity investment, sales turnover, inward investment or R&D investment. <i>(Contributes to RES Targets 1,2,3).</i>	£70m	£10m

The above targets are subject to amendment by SEEDA prior to finalising the grant contract for the period 1 October 2008 to 31 March 2011.

¹ This target is consistent with the principles outlined in 'SEEDA's investment policy for innovation 2008-11' which identified that SEEDA should target about 2,000 businesses for intensive innovation support.