

Methods to improve the efficiency and effectiveness of Regional Foresight activities

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By Dr Clive Winters,
Coventry University Enterprises Ltd, United Kingdom

Executive Summary

This paper provides a detailed overview on the implementation process of regional Foresight in the European region of the West Midlands.

The region became involved in regional Foresight in 1999 as a direct result of the UK national programme implementing a policy of encouraging regions of the UK and small- and medium-sized enterprises (SMEs) to adopt Foresight. The development of a programme within the region was also one of the first programmes established by the development agency, Advantage West Midlands, established in April 1999 and was a delivery mechanism of its Regional Innovation Strategy (RIS) published in June 1999.

The central objective of the programme is “to utilise the proven and respected methodology adopted by the UK Foresight programme and to build on this for the development of a regional Foresight programme which actively involves the SME community in the region”.

The programme was part-financed by the European Regional Development Fund and the key partners in its delivery were Advantage West Midlands and Coventry University Enterprises.

Five sectors were identified for the focus of the initiative. These were characterised as a mixture of strategic and traditional industries for the region and areas of business activity that were expected to grow rapidly on the basis of predictions. As a result of the focus on business development the capacity that has been developed within the region has been individual rather than institutional.

It was central to the success of the programme to involve representatives of the SME community in the West Midlands in regional Foresight panels. These were comprised predominantly of leading industrialists and business sector representatives from within the region. These individuals were asked to perform one of the key functions of the foresight process in examining issues, utilising research and data and creating ‘visionary’ scenarios for the region and specifically individual sectors and to make recommendations on actions which could create a more competitive environment in the region.

To support these regional panels, research groups were established for the programme and were briefed to assimilate the results of existing research and to incorporate this information into a pool of knowledge, that included empirical and primary research commissioned by the project.

The primary objective of this regional programme was to support the development of the SME community within the region. Three dissemination routes were used during the initiative; seminars and workshops, SME assistance programme and SME interactive toolkit.

On a programme level the West Midlands approach to regional foresight has resulted in over 3000 SMEs advised, over 500 SMEs assisted and nearly 200 SMEs improved. On a more visible level the project has created 33 jobs and levered over £2,000,000 of investment.

Regional Foresight has now become an integral part of the work of Advantage West Midlands. Primarily linked to innovation, the use of Foresight is highlighted within the Agenda for Action (linked to the Regional Economic Strategy) and the agency has committed to the continuation of Foresight in the region until December 2004.

The paper explains the delivery of Foresight in the West Midlands, and then goes on to look at the impact of the project, as well as possibilities for future development. The paper concludes by identifying the knowledge and resource factors, which need to be in place in order to create an environment which is conducive to the successful delivery of a programme of Foresight activities.

It also highlights the fact that such a programme of activity should be driven by need (e.g. identified from the development of a RIS). The conclusions also identify the importance of national foresight programmes and other European programmes (e.g. RIS, Framework, IRE-IRC) for driving regions to adopt the Foresight methodology.

CONTENTS

1.0 Introduction

- 1.1 The UK Foresight Programme
- 1.2 The West Midlands Regional Development Agency
- 1.3 The West Midlands Region

2.0 The Design of Regional Foresight in the West Midlands

- 2.1 Aims and Objectives
- 2.2 The project Partners
- 2.3 Programme Design
 - 2.3.1 Selection of Foresight Sectors
 - 2.3.2 The Design of Regional Foresight Panels
 - 2.3.3 Provision of Information
 - 2.3.4 SME Engagement
 - 2.3.5 Marketing and Publicity of Regional Foresight
 - 2.3.5.1 Marketing and Publicity Information
 - 2.3.5.2 Regional Foresight Website and Knowledge Pool

3.0 Relationship to regional strategy

- 3.1 West Midlands Regional Innovation Strategy
- 3.2 West Midlands Regional Economic Strategy
- 3.3 Other Strategic documents

4.0 Delivery of Regional Foresight in the West Midlands

- 4.1 Regional Foresight Panels
- 4.2 Assistance to SMEs
 - 4.2.1 Seminars and Workshops
 - 4.2.2 SME Assistance Programme
 - 4.2.3 SME Toolkit
- 4.3 Programme Evaluation
- 4.4 Future Strategy
- 4.5 Comparison with other regions in the UK

5.0 Conclusion

1.0 **INTRODUCTION**

1.1 **The UK Foresight Programme**

The **UK Foresight** programme is the Government led initiative that looks at what might happen in the future and what we need to do now to secure long-term competitive advantage and enhanced quality of life.

Foresight brings together the voices of business, Government, the science base and others to identify the challenges and opportunities that we are likely to face over the next ten to twenty years or more. In doing so, foresight aims to bring about a culture of change for the better in the way business and the science base relate to each other and to the future.

The programme was launched in 1993 following the white paper on “science, engineering and technology, realising our potential”. It has a panel-based structure and operates on a five-year cycle. The current round of Foresight began in April 1999 and work is being taken forward through three thematic and ten sectoral panels, each looking at the future for a particular area.

All panels consider the implications of their findings for education, skills and training and sustainable development. The panels produced reports as one of their outputs from over one year’s intensive research, debate and discussion.

The **Business and the Regions Team** within the UK Foresight programme was established in April 1999 at the start of the current round of Foresight. It had been recognised that one of the areas where foresight had not been wholly successful in the first round was in engaging small and medium sized businesses and making Foresight relevant to them.

The team was set-up with two main aims

- To increase participation in Foresight by the business community, in particular small and medium sized businesses, and,
- To promote Foresight across all the regions of the UK including Scotland, Wales and Northern Ireland.

The focus of promoting foresight in the regions has been to embed Foresight in **Regional Strategic Planning**, particularly economic and innovation strategies.

Note: The UK National Foresight process was subject to review in 2001. Further details on the UK National programme are available via www.foresight.gov.uk

1.2 **The West Midlands Regional Development Agency**

Advantage West Midlands is the development agency for the UK West Midlands. Working in partnership with public, private and voluntary sector organisations, the agency co-ordinates, promotes and supports initiatives and programmes that

help to create a more prosperous region where people have access to opportunity.

Advantage West Midlands is one of the eight English Regional Development Agencies (RDA's) established by the UK Government from April 1999 (coincidentally the same time as the start of the second round of UK foresight and the creation of its Business and the Regions Team). Advantage's prime task is to provide strategic leadership, professional guidance and investment to secure the economic development of the West Midlands.

Foresight formed an early delivery of a core focus in the RDA strategy for the region. Namely the creation of a co-ordinated and regionally focused foresight programme that embraced the expertise and vision available from the region's industrialists and business support networks. It was initiated through discussion between the National Foresight business and the regions team and the Regional Development Agency. The programme fully supported the Regional Innovation Strategy and is based within the Innovation team of the agency.

1.3 The West Midlands Region

The West Midlands (see map below) lies at the heart of the United Kingdom and has a population of some 5.3 million people. It is the country's manufacturing and agricultural heartland and the hub of the national transportation network. A region with a proud and unique industrial heritage as the birthplace of the worldwide Industrial Revolution in the 18th century, the region has been, and remains, synonymous with innovation and change.



The West Midlands Region

The region, with its varied topography and startling contrasts between urban and rural communities, covers an area of 13,000 square kilometres, its western edge bordering Wales.

Historically the urban areas have been internationally famous for manufacturing of a wide variety of products. North Staffordshire is the centre of UK ceramics, Birmingham has long been known as the city of a Thousand Trades, Coventry grew with the cycle, vehicle and aircraft industries and the Black Country towns of Wolverhampton, Walsall and Dudley were the focus of metal production and fabrication.

Restructuring of those industries has reduced the number of people working in the sector, but the West Midlands is still the UK's main manufacturing centre. Manufacturing now produces 30% of the region's GDP and 27% of employees rely on manufacturing for their livelihood although growth in the service sector - particularly retail, distribution, hotel and catering and business services - has been the fastest of any UK region.

Many manufacturing businesses have diversified away from their traditional markets in order to reduce dependence on the automotive sector, but key products are also designed and made in plastics and rubber, electronics and telecommunications, food and drink, jewellery, glass and leather and ICT Software. As with other UK regions business growth has been in the small to medium enterprise sector.

2.0 THE DESIGN OF REGIONAL FORESIGHT IN THE WEST MIDLANDS

The programme has a **central objective**: To utilise the proven and respected methodology adopted by the UK's national Foresight programme and to build on this for the development of a regional Foresight programme which actively involves the SME community in the West Midlands and which includes clear dissemination and implementation mechanisms.

2.1 Aims and Objectives

The Regional Foresight programme sought to demonstrate that regional Foresight can encompass clear and tangible benefits for industry in adopting long term visionary planning for the region as a whole. It was designed to act as a first concrete step to begin to change the culture of business planning which currently exists in many of the region's business and industries (i.e. short term focus).

At a time when national government was and is still beginning to create an environment in which long term business planning is becoming a serious possibility, it is an appropriate step for the region's business support networks to demonstrate the advantages of doing so.

In order to achieve these strategic aims and to increase in quantifiable terms the number of companies in the West Midlands participating in the longer term

strategic planning, the programme had a number of long-term and short-term objectives.

The most important long-term objective was to provide a source of knowledge and expertise based on the work of the regional Foresight panels to instill confidence in the region's business and industrial communities.

Specifically the project was designed to:

- Create for the West Midlands region a regional Foresight programme which commands the same respect as that enjoyed by the national Foresight programme and in so doing to ensure that the West Midlands becomes a *'region of excellence'* in terms of the interaction between regional policy and business practice
- Create a regional Foresight programme, which is developed from the national Foresight model.
- Provide access to a knowledge base for SMEs considering involvement in adopting a culture of long-term business planning
- Offer non-discriminatory access to the Foresight process for small and large companies alike
- Organise a series of seminars to enable companies to understand the aims of the project and to be involved in measuring the results as the project progresses
- Offer an information resource in printed and electronic form on the work of the regional Foresight programme
- Target several important sectors in the West Midlands on which the work of the regional Foresight panels will be based and to ensure full inclusion of information currently available
- Provide access to best practice examples in other regions of the UK and Europe within the regional Foresight process so that companies in the West Midlands can see the tangible benefits of visionary planning
- Secure the involvement in the project of leading individuals from business and industry onto the regional Foresight panels
- Examine new mechanisms for implementing the conclusions of the regional Foresight panels which can be adopted in the short term as part of a longer term planning process
- Ensure that the Foresight process has a place within the long term regional strategy of the West Midlands
- Effect a small 'milestone' change in culture among selected sectors of West Midlands business and industry so that exemplar companies can assist in the sustainability of the Foresight project for the region in the longer term.
- Co-ordinate existing research and to commission new strategic research in the sectors chosen so as to ensure that a 'knowledge' base within Foresight is underpinned by information which is accurate and current. Specifically this will be targeted at the sectors selected by the project in the first instance.

The **benefits** identified in operating the project were identified as follows:

- More SMEs would have contact with the national Foresight programme which is recognised and respected internationally but not so well known within the regions of the UK
- It would raise the 'sights' of the West Midlands SME community by encouraging vision and long-term planning which in turn will lead to 'better business' for region's industry.
- It would encourage new ways for the SME community to receive and exchange information with policy makers and representative organisations in the region.
- It would provide better SME business support in relation to business planning and policy formulation
- It would encourage more SMEs in the region to utilise best practice in a number of areas of their business
- It would pro-actively involve a larger number of businesses in the 'design' of business support programmes created at regional and national level
- It would provide an over-arching and incremental change in the culture of SMEs vis-à-vis future business planning

2.2 The Project Partners

The project co-ordinator was **Advantage West Midlands**, the **Regional Development Agency** which formally came into existence in April 1999. The work in which Advantage West Midlands is involved incorporates functions which are targeted at improving the economic competitiveness and social well being of the region. For the most part, the Regional Development Agency is not a delivery mechanism for individual initiatives within the region but is concerned with the development of strategy and policy, which is implemented by the West Midlands regional partnership of business support organisations. Nevertheless, the Foresight initiative, developed in a regional context is an important strategic project for the Regional Development Agency, encompassing as it does the creation of visionary scenarios for the region in the longer term.

The new Regional Development Agency – Advantage West Midlands has incorporated into its structure a number of constituent organisations which have extensive experience of delivering regional projects in the context of European structural funds and who have demonstrated professionalism and proven management techniques within these projects. This has included the work of the former West Midlands Development Agency (WMDA) and the English Partnerships organisations.

To secure delivery of this regional foresight programme, Advantage West Midlands worked with two principle partners in the region. They were:

The principal contractor for the programme was **Coventry University Enterprises Ltd (CUE Ltd)** which has been established as the wholly owned trading company of Coventry University since 1989, has developed considerable experience of delivering projects on a regional basis which are targeted at the SME community. This has included projects such as: Inside West Midlands Enterprise, The Innovation Relay Centre, MONTAGE, Inside West Midlands Academia, The Eurotecnecnet UK Co-ordination Unit

CUE Ltd also had significant experience of the management and delivery of events in the context of new regional, national and European funded initiatives such as the EU's Framework programmes, the Regional Innovation Strategy, the EU's Green Paper on Innovation and a variety of educational and vocational training initiatives.

The second contractor was the **Centre for Local Economic Development (CLED)** which was established in 1988 and has established itself as one of the region's premier research and consultancy organisations in the area of economic development. The work of the centre includes projects which have provided empirical data in several regional industrial sectors including the automotive sectors and the textile sectors.

2.3 Programme Design

2.3.1 Selection of Regional Foresight Sectors

The UK's national Foresight programme, which is recognised internationally as an example of tapping into the energy, experience and vision available to create possible scenarios for sectors, markets and the science base was used as the benchmark for this regional project.

At the outset of the national Foresight programme, the DTI selected a limited number of sectors for which Foresight panels were established. As the national programme has developed additional sectors have been targeted.

In selecting sectors to be targeted for this regional initiative, Advantage West Midlands and its partners identified five sectors that were characterised as a mixture of strategic and traditional industries for the region and 'areas' of business activity which are expected to grow rapidly on the basis of current predictions.

This mixture was chosen to provide the project, and more importantly the region, with a test bed on regional foresight activities which could help support or counter the predictions on which the selection is being made.

For these reasons the following sectors were identified as those on which the project would be focused. These sectors were identified as key sectors in the preparation work of the Regional Development Agency.

- Medical Technology
- Ceramics
- Engineering Design
- Tourism and Leisure
- Creative industries

2.3.2 The Design of Regional Foresight Panels

The regional Foresight programme had 2 distinct aims in the early part of the project:

1. The assimilation of the findings of the national thematic panels in the national Foresight programme. This 'assimilation process' was used to gauge the best means of implementing the conclusions of the national Foresight panels so that the Foresight process per se would have meaning and relevance to the West Midlands region.
2. The establishment of regional Foresight panels which would mirror but NOT replicate the work of the national Foresight thematic panels and which would add credibility to the implementation process and just as importantly, provide 'local ownership' of the Foresight process in the West Midlands region. This was achieved by involving industrial and other representatives from the West Midlands region in the regional Foresight panels so that the procedures for the organisation of the panels would be similar to those formed at national level but would not replicate the work conducted in the national Foresight panels.

The central feature of the UK Foresight programme has been the creation of a number of Foresight Panels which bring together leading representatives from Industry, Academia and the Service sectors. These individuals are tasked with assimilating research and other data currently available which is used in conjunction with their own visionary abilities to map out possible scenarios for business and industry, education, financial and other services and to examine issues relating to social and cultural development in society.

The work of these panels is used to identify possible trends, economic scenarios and the likely impacts on economy and society in the longer term. Typically this can include forecasts for 10 years plus which have significant implications for policy areas of government, most notably though not exclusively trade and industry.

It was central to the success of the programme to involve representatives of the SME community in the West Midlands in the regional Foresight panels. The Panels were comprised predominantly of leading industrialists and business sector representatives from within the region. These individuals were asked to perform one of the key functions of the foresight process in examining issues, utilising research and data and creating 'visionary' scenarios for the region and specifically individual sectors and to make recommendations on actions which can create a more competitive environment in the West Midlands.

There were three pro-active mechanisms by which representatives of the West Midlands SME Community were involved:

1. Representatives of SME enterprises who are recognised for their success in specific sectors were invited to join the regional Foresight panels as full members. This ensured that issues affecting SMEs were embedded into the discussion process.
2. In addition to the provision of research and information from the knowledge pool (see below) to the regional Foresight panels, which underpinned much of their deliberation, evidence from 'witnesses' representing the SME community also formed a part of the process.
3. In order to engage the SME community in the process at regional level, the Business Link network and other business support organisations were invited to contribute to the direction of the Regional Foresight Programme by:
 - Providing information and research conducted in the sub regions which can assist in the Foresight process
 - Attending as representatives of the SME community when meetings of the project management group took place
 - Providing evidence for the regional Foresight panels

2.3.3 Provision of Information

The design of the West Midlands Regional Foresight programme meant that members of the Regional Foresight Panels would be provided with resources (Regional Intelligence) in order to add to their knowledge of the region and its key sectors and to help them identify the key issues facing the region.

(Note: It would be unfair to expect senior representatives from industry to wade through large numbers of research reports without some degree of co-ordination and where necessary to provide additional data which would be gathered in the small scale research commissioned by the project.)

Research groups were established for the programme and were briefed to assimilate the results of existing research and incorporate this information into a pool of knowledge, which would include new empirical and primary research commissioned by the project.

2.3.4 SME Engagement

A principal aim of the second round of the UK Foresight Programme which began in April 1999 was to increase business participation and in particular the involvement of Small and Medium Sized Enterprises (see section 1.2) and this economic group was the focus of this regional foresight programme in the West Midlands region.

Private sector involvement in the West Midlands Regional Foresight programme would be achieved through:

1. A partnership with the West Midlands Industry Foundation (WMIF). The WMIF is a truly representative industry organisation which was responsible for the delivery of the Industry '96 series of events which celebrated the strengths of industry in the West Midlands and promoted both its heritage and continued development within the region, nationally and through exhibitions and other events internationally also.
2. Regional Foresight Panels that were comprised predominantly by leading industrialists and business sector representatives from within the region. These individuals performed one of the key functions of the foresight process in examining issues, utilising research and data and creation of 'visionary' scenarios for the region and specifically individual sectors and would make recommendations on actions which could create a more competitive environment in the West Midlands.
3. Private sector involvement was also obtained by the involvement of Industry Associations and Professional bodies in the dissemination of information and the regular programme of seminars which was targeted at their members. (e.g. The West Midlands Business Consortium – A network of over 50 West Midlands Business Clubs)

It was important to establish, at a very early stage, the distinct nature of this project as a REGIONAL Foresight activity with a clear focus on how Foresight could benefit SMEs and other organisations in the region. For this reason the project was designed to include a large launch seminar for the whole of the region followed by several mini launches at sub-regional level.

Working with the national Foresight programme managers, the programme also included in these seminars, practical case studies on how the Foresight process has affected the thinking of national government and provided some case studies of Foresight adoption from the West Midlands region.

Throughout the duration of the project, regular regional Foresight events were planned to explain the development of the project and to generate ideas on how the work of the regional Foresight could best be implemented to improve the long-term competitiveness of industry in the region. The stimulus for these ongoing seminars was the work undertaken by the regional Foresight panels.

2.3.5 Marketing and Publicity of Regional Foresight

2.3.5.1 Marketing and Publicity Information

A variety of printed literature and stationary was designed to support the promotion of the project and encourage the creation of a corporate image for the project as a whole. It was essential for the West Midlands region to be aware of the Regional Foresight programme at an early stage as the long-term

sustainability of the project would be dependent on the penetration into the consciousness of the region's industry.

The printed literature included brochures, letterheads and business cards and step-by-step guides to the Foresight process that would include case studies and clear descriptions of the results of the national Foresight process and addressed the potential benefits to West Midlands industry of their involvement in regional Foresight.

2.3.5.2 Regional Foresight Website and Knowledge Pool

One of the most important sources of marketing material for this project was the 'interactive' web based information made available to those in the region who might benefit from becoming involved in this West Midlands regional Foresight initiative.

A dedicated web site was created in order to provide information such as:

- Events generated by the project
- Relevant information on sectors and markets being examined by the Foresight panels

This web site also contained hyperlinks to other relevant web sites in order to maintain full transparency for the user in terms of related or complimentary initiatives such as the national Foresight programme, the web sites of the Regional Development Agency more generally, Department of Trade and Industry, Office of Science and Technology and selected web sites of other regions in Europe engaged in similar initiatives.

To view the West Midlands Regional Foresight website visit www.foresightwm.co.uk

In addition to the project website, publicity for the programme was developed through press releases detailing seminars being delivered by the network.

3.0 RELATIONSHIP TO REGIONAL STRATEGY

Listed below are the regional activities to which this West Midlands Regional Foresight programme is related.

3.1 West Midlands Regional Innovation Strategy and Action Plan

The West Midlands Regional Innovation Strategy was formally launched in June 1999 and highlights several areas of action which are addressed by the Regional Foresight Programme in the context of creating a knowledge based regional economy.

Specifically this document refers to the cornerstones of the strategy which include:

“Exploiting and improving regional capability via the constant review and **evaluation of sectors**, research and technology”

The Regional foresight programme is based upon the central premise that constant evaluation of ‘sectors, research and technology’ to create a foresight for the future direction of policies and practice in the region is essential.

In relation to the future financing of business and industry in the region, the Regional Innovation Strategy highlights the need to...“bring together a range of expertise – **technological know how, market knowledge**, business acumen – to provide the relevant information and vetting for finance applications. The RIS aims to fill this information gap by tapping into the range of knowledge and expertise that resides in the sector based networks of firms and service providers.”

The Regional Foresight programme addresses this issue by focussing on selected sectors in the work undertaken by the Regional Foresight panels in order to encourage a knowledge based regional economy in which the information gap is eradicated from long term business and economic planning.

The Regional Innovation Strategy also points to the need for “**structures and systems**” through which firms can become aware of background, generic information and can easily access specialist help when required. Background, generic knowledge is held by a variety of organisations, including large companies, universities, specialist research organisations, trade associations, materials manufacturers...which makes it difficult for firms, especially SMEs to access.

The Regional Foresight programme was designed to ensure that information is brought together where it has relevance to the objectives of Foresight and can be widely disseminated.

3.2 West Midlands Regional Economic Strategy and Agenda for Action

In addition to the Regional Innovation Strategy the West Midlands Foresight Programme is an integral part of the **Regional Economic Strategy** published in October 1999 and the related **Agenda for Action** published in Spring 2001.

The foresight programme meets aim 2 of the RES “to transform the West Midlands economy by supporting the development of new and existing sectors to meet the demands of the future” by planning for the future through scenario planning.

Within the Agenda for Action 2 specific actions directly relate to the West Midlands programme:

Action 7: Encourage Innovation, Foresight, and new product development in SMEs, and;

Action 12: Develop clusters through mapping and scoping, then developing business-led cluster action plans.

This integration of Foresight within these regional economic development strategies highlights the importance given to this approach for the development of the region.

3.3 Other Strategic Documents

The **Single Programming Document** for the 1997-99 West Midlands ERDF Objective 2 programme under which this Regional Foresight programme was part-funded outlines the priority measures in relation to structural funding and regional strategy.

It identified Market and Technology Vision as a key measure, with the aim to: "encourage SMEs to develop a **long-term vision** and provide support and engage in the change of products, processes and markets as identified as necessary to support business growth."

The core aim of establishing a regional Foresight programme in the West Midlands was to engage SMEs in the region in the process of adopting a long term vision to address possible changes in products, processes and markets within sectors.

In addition to this the need for Regional Foresight activity in the UK has been supported by the **House of Commons Select Committee** on Science and Technology, who in their sixth report in April 2001 raised the need for increased involvement of SMEs in Foresight, and recommended that:

"Government must actively promote Foresight to a broad range of industrial sectors, and in particular to SMEs. The learned societies, trade associations and the Regional development agencies would provide useful focal points for this activity".

This is also supported by the **UK Small Business Service**, who identified the need for foresight on a wider scale: "Businesses need to have foresight or be able to tap into organisations who do. They need to engage in Scenario Planning, rehearsing the future and asking "What if" questions" (David Irwin, Head of the Small Business Service, May 2001).

4.0 DELIVERY OF REGIONAL FORESIGHT IN THE WEST MIDLANDS

4.1 Regional Foresight Panels

In the delivery of the programme it was established that foresight panels should be created in several of the key sectors identified by the Regional Development Agency. Prior to the creation of these panels focus groups were established to define the objectives for the panel, its membership and the background research required.

Following the meeting of the focus groups, the Centre for Local Economic Development (CLED) was tasked with developing a review of the various sectors related to the programme. These reports were designed to give a broad picture of the sector to serve as a framework within which discussions relating to the issues faced by the sectors in the West Midlands could take place.

The reports produced by CLED gave an overview of the Strengths, Weaknesses, Opportunities and Threats (SWOT) faced by the sector and the Social, Technological, Economic, Environmental and Political (STEEP) issues.

The STEEP analysis examines the macro-environment faced by the sector, this is the environment in which a business operates, but which an individual organisation, has no real control, ie.

- **social** change
- **technological** change
- the state of the **economy**
- the state of the **environment**
- the **political** climate

The second area that was evaluated in relation to the sectors in relation to the development of a scenario was:

- the Strengths and Weaknesses of the sector
- the Opportunities and Threats

The development of Regional Foresight **scenarios** is aided by the development of a regional sector or cluster based SWOT and STEEP analysis, providing a common understanding of the regional economy, not just in its towns and cities. From this position it is possible to identify where competitive advantage in the region exists and to diagnose weaknesses in the general environment.

This assessment enables a region to map its future activity around its customers, its supply base, learning and skills and its universities. Essentially this process is also adopted in developing a Regional Economic Strategy – capturing the distinctiveness of the region and developing goals to identify the next level forward.

The regional foresight panels in the West Midlands region were drawn from key regional actors including universities, research centres, public sector organisations and private sector companies. The meetings of Regional Foresight panels in the West Midlands region were facilitated by an experienced consultant

who encouraged the group by reviewing the work undertaken by CLED to evaluate the distinctive capabilities and core competencies of the region on which the future could be developed.

Key driving forces for the development of each sector and for the region were identified by each foresight panel. Further research was then undertaken in these areas (e.g Trends in Medical Device Technology from the US) and then within a regional context scenarios were developed.

These scenarios focussed on a period of between 5 to 10 years and included a time-line identifying key events and interventions. In addition to a direct focus on sector developments the scenarios also included more social issues including the ageing population and issues such as health in inner city areas.

4.2 Assistance to SMEs

Traditionally Foresight methods and approaches have been used in a policy-making context in large companies and public sector organisations. In this instance the objective of the programme was to actively involve the SME community within the Region.

3 key dissemination mechanisms were identified in the delivery of the programme.

1. Seminars and Workshops
2. SME Assistance programme
3. SME Foresight Toolkit

By adopting a sectoral approach within the region the programme management team quickly became aware of key bodies in the region with an SME membership. Rather than directly target individual SMEs a strategic decision was taken to work with these membership organisations related to our chosen sectors.

This focus enabled the programme management team to identify the major issues concerning regional SMEs and to design seminars and workshops to address these.

4.2.1 Seminars and Workshops

Throughout the course of the programme seminars and workshops were delivered in relation to Manufacturing, Information and Communications Technology, Professional Services (Finance), Building technologies (Electrical Contractors) and the Retail sector.

An example of the seminar profile generated by this regional foresight programme is an event held in 2001 in the area of Information and Communication Technologies in collaboration with a local business group. The event addressed information contained in the findings of the UK Foresight Programme and regional work in this sector. The seminar addressed these

issues with presentations from major International, National and Regional businesses. With over 150 SMEs attending this event and with the event being supported by regional universities, and other public sector bodies the event was considered a major success in the development of the West Midlands region.

Similarly the programme provided facilitated support to businesses within the Ethnic Minority community of the West Midlands to enhance their capability to enter new markets by adopting a foresight approach.

Through a series of 4 practical workshops businesses were taken through the key stages of identifying new markets, evaluating their capability and examining the external business environment.

4.2.2 SME Assistance Programme

The programme has also worked with individual SMEs and networks to encourage them to think proactively about their future. Project work in this area has assisted these organisations in developing a vision for their future, and evaluating their Strengths, Weaknesses, Opportunities and Threats and examining the Social, Technological, Economic, Environmental and Political issues that could affect their business. This has been by far the most important aspect of the work and has resulted in the establishment of new SME networks, the development of new products and companies accessing new markets.

The companies involved to date have been business start-ups, young businesses and long-established businesses that work in manufacturing and Information and Communication Technology industries. Throughout the work, a series of Foresight case studies has been developed showing the application of foresight in SMEs; these case studies are available from our website (www.foresightwm.co.uk).

Engaging SMEs in the programme has been a complex task. The West Midlands, as a diverse region, has a plethora of business support activity and it has proved difficult to develop the programme to ensure the engagement of our regional SMEs. In this environment the programme benefited greatly from its linkage to the national Foresight programme and by being managed by the regional development agency.

In addition the programme has linked its activity to the work of local business groups ensuring that the needs of their member SMEs are met. In the programme's work with these SMEs the project team also tried to ensure that their business objectives were met. This was achieved by relating the seminars and workshops to topical issues including accessing new markets or developing new products and sessions were designed to ensure that every SME left with a either a new technique they could apply, a view of their future markets or a new business idea. This activity has been supported by the development of the Foresight toolkit that can be viewed on our website www.foresightwm.co.uk

4.2.3 SME Toolkit

In delivering assistance to SMEs the programme management team recognised the need for a “vehicle” to enable other businesses to adopt the principles of Foresight. Funding was then allocated to develop an interactive toolkit for use by SMEs.

The toolkit was designed to be highly user-friendly both in terms of the content and the way it is used.

It is:

1. Interactive: as an expert on their business, people are required to respond to questions and to input information - reflection on the answers help them to understand more fully ‘where the business needs to be’.
2. Informative: by using various well known planning and evaluation tools people can develop a much more structured approach to business planning.
3. Clearly and logically structured into 6 manageable sections which can be worked through at an individuals own pace.

The six sections of the toolkit are:

1. What is the business vision - what are the business aims and objectives, where do we want to be, where should we want to be?
2. What is the business mission - what is the business purpose, what do we want to be known for, what do we see as our responsibility to the business stakeholders?
3. Analysing the marketplace - what does the future hold - what are the internal strengths and weaknesses of the business, what are the external opportunities and threats - how will these either help or hinder the business in achieving its vision?
 - Use the STEEP Analysis framework to evaluate the key issues in the wider business environment and from this, develop conclusions and areas for action.
 - Use Porter’s Five Forces model to analyse the balance of power and the key issues in the more immediate business environment and from this, develop conclusions and areas for action.
 - Use SWOT Analysis to identify how prepared the business is to achieve its vision, what opportunities exist and what threats may hinder the business from achieving its vision.
4. Developing the marketing strategy - how should we market our business and products - how do we go about selling the right products to the right people in the right place at the right price and with the right level of promotion and communication? Owing to the large size of this section, it

is broken down into further sub-sections, each sub-section dealing with a specific part of the marketing mix.

5. Putting it all together - Compiling the business and marketing plan.

6. What next? provides you with further sources of information and support which should help you to develop the business vision.

The toolkit is accessible through the Foresight West Midlands website located at www.foresightwm.co.uk. Throughout the Autumn of 2001 seminars were held in the West Midlands for SMEs to support them in the use of the toolkit.

4.3 Programme Evaluation

On a programme level the West Midlands approach to regional foresight has resulted in over 3000 SMEs advised, over 500 SMEs assisted and nearly 200 SMEs improved. On a more visible level the project has created 33 jobs and levered over £2,000,000 of investment.

From a business point of view the outcome of the programme in the West Midlands is best summed up by one of the companies involved:

“The amount of enthusiasm and ideas generated by the process has been astounding and certainly makes me feel that finally we have found an organisation that is truly committed to the improvement of business in our area” (Letter to the author, April 2001)

On a practical level, from a regional and business viewpoint, the **outcomes** have been (individual case studies can be accessed on the web www.foresightwm.co.uk):

New Business Start-ups – A relatively overlooked benefit of Foresight activity is the establishment of new businesses. Evaluating future trends and drivers is a valuable activity for companies in this area enabling the identification of niche market opportunities.

The West Midlands Regional Foresight programme has directly participated in three business start-ups in the area of metal fabrication, design and business services.

Strategic Partnerships between regional companies – By working with companies on a long-term basis over the programme the team were able to identify linkages between companies and how they could work together and collaborate to compete.

An excellent example of this is two companies who are based only 16km from each other who work in the area of ICT, one with an advanced knowledge of computer networks and the other with software development skills who came together to develop a new product.

Development of New products – A significant area of activity within the West Midlands area in the current economic climate is diversification and modernisation and this is a key policy area for the West Midlands Regional Development Agency. This is particularly important for companies who are in a supply chain (e.g. automotive) who are subject to economic downturn and changes in the fortune of their customers.

Foresight provides a unique opportunity for businesses to take a long term view of their options and to evaluate diversification opportunities. An example of this is a manufacturer of engraving tools and products based in Birmingham who had been trading successfully for over 50 years. Through the use of a foresight approach within the business the company began to develop a future vision based on the use of lithophane technology.

Evaluation of strategic direction within the business – For many businesses life is often considered to be a process of continual “firefighting” and continuing to work in current markets with current services. This was a primary reason for developing the West Midlands Foresight programme – to encourage SMEs in the region to take a strategic view of their future and consider where they stand.

An example of a positive approach to this type of situation can be seen with an ICT business within the region that identified strategic options to their development that could build on their current skills and capabilities. In evaluating the threats to their business the company reviewed the technological changes that could impact on them or their markets. As a result they are now evaluating how their organisation can support a growth in teleworking, when in 2010 it is estimated that more than half of the working population will spend more than half of the week in a home office.

Strategic response to succession planning – With the Ageing Population now a growing issue in the UK (see Foresight.gov.uk for their ageing population reports) succession planning is now an immediate concern for many businesses. Through a Foresight approach businesses can evaluate their strategic future and for many this will be a prime opportunity to debate the future of a company who have key staff nearing retirement.

A key delivery route for the regional foresight programme in the West Midlands was **workshops and seminars**. Due to the geographical spread of the region it was essential to “move” events around the region. A large variety of events took place from over 150 people attending an ICT event to 6 people attending a Foresight Interactive Toolkit workshop. The events were also distinctly different with leading industry figures (some of whom were involved in the National Foresight programme) presenting their views at larger events and with the author and other facilitators leading smaller groups.

All of the events were evaluated using a standard feedback sheet. With over 500 companies attending the events this provided a valuable feedback mechanism for the project. The results show that the workshops and seminars were very well received by the business community with nearly all of those companies attending looking to embed Foresight within their business process. A more important perspective on these workshops and seminars is the response rate to invitations to these events. At around 5% this shows the difficulty with engaging with SMEs on a large-scale and highlights the resources needed to make this type of regional foresight approach a viable exercise.

Again in this area of activity there is significant evidence to show the **support** of the programme in the West Midlands region, as this quote from the manager of a local IT network GO2WestMidlands with over 30 SME members shows:

“The network we have created has really captured peoples imagination and interest is now spreading beyond typical boundaries” (Birmingham Post 2nd January 2001)

An independent consultant evaluated the **interactive Foresight toolkit** developed during the programme. The aim of this project was to complete a small study to try and determine the most effective way to enable SMEs to participate in the learning of the Foresight product. Two methods were chosen for comparison. The first using the toolkit as a foundation, was a workshop delivered in a traditional face-to-face style. The second was the distribution of the toolkit in CD-Rom for participating companies to use in their own time and at work or home.

Twenty-five companies were contacted and asked if they would participate in a small-pilot project. These companies were selected from a broad spectrum of the businesses in the Coventry and Warwickshire region of the West Midlands and because they were in the target sector of SMEs rather than bigger organisations.

The first group of companies were sent the toolkit to evaluate, they were also sent a questionnaire which they were asked to return within two weeks. Two weeks later the organisations were contacted and a second questionnaire was sent out to identify any further comments, but especially to understand its ongoing use within the organisation. This group felt that the content and the potential results were good, although it was noted that face-to-face delivery at least at the start of the programme would have been more appealing and would enable the investigation of the harder concepts through discussion.

The second group of companies were asked to part in a participative workshop. They were each provided with copies of the notes. The workshop was facilitated and all participants were enabled to contribute throughout the session. At the end of the session, questionnaires were provided and participants asked to take them away to complete. The results identified that interaction with others was felt to be invaluable and the interaction with others from outside the company was seen as especially useful in drawing out fresh ideas. It was also noted that even though the content is the same, the facilitation brings it to life and enables a wider and deeper understanding to be developed

All organisations commented that the interactive toolkit was very useful, that the content was sound and that they would be pleased to use it to benefit their business processes.

The West Midlands Regional Foresight programme has become one of several **best practice approaches** to foresight in the UK (other regions are North East, Scotland and Northern Ireland) and was recognised by the UK department of Trade and Industry in its publication “the Foresight Effect” and has also been highlighted in their reports on regional foresight. The programme has also received publicity from the Confederation of British Industry (CBI) in their “Fit for the Future” publication.

The West Midlands regional foresight programme has clearly added value during its period of operation but many **lessons have been learned** along the way, including;

- The **timing** of a regional foresight initiative is vital to its success. The initial Foresight programme in the West Midlands region was of 2-years duration. As with many similar initiatives it takes much longer to embed the process in the region and this can be seen in the adoption of Foresight in the North-East of England, Scotland and Northern Ireland within the UK.
- The **engagement of SMEs** is a long and difficult process. The support of an SME focussed Steering Committee was very valuable to the programme, but this could not replace the advantages of having case studies of the adoption of foresight by SMEs in the region to publicise the process.
- The **financing** of regional foresight initiatives should be in line with the outputs being delivered. It is interesting to note the level of finance given to other regions for Foresight in the UK, where the budget is sufficient only to cover personnel costs. In these circumstances many of the approaches discussed in this paper would not be viable.
- The **management** of regional foresight initiatives should include a steering committee made up of SME representatives and the public sector. In addition the successful delivery of regional foresight is best achieved with regional development agencies working in partnership with universities and/or innovation and technology centres, who have more contact with SMEs within the region.

4.4 Future Strategy

Regional Foresight has now become an integral part of the work of Advantage West Midlands. Primarily linked to innovation the use of foresight is highlighted within the Agenda for Action (linked to the Regional Economic Strategy).

Following the successful programme outlined above the Agency has committed to the continuation of Foresight in the region until December 2004. A formal model has been developed for the delivery of this programme. The programme will assist Small and Medium Sized Enterprises in identifying future trends and opportunities to generate business growth, through the facilitation of businesses

and business networks. The programme will use a three-phase process of engagement:

Phase 1: Will identify the key long-term trends and drivers in technologies/markets. Working with key business groups the findings of this “futures research” will be brainstormed and the findings consolidated. This will identify the key strategic issues facing a particular group. Information will be gathered from the Foresight reports and other sources of research.

Phase 2: Themed workshops will be developed based on the key strategic issues facing the group – these will be targeted at known clients within the area of activity and will additionally attempt to engage with new clients.

Phase 3: Where applicable, networks (4/5 companies) will be established to support collaboration, the development of ideas and to share experiences. In addition practical “how to” sessions can be developed based around identified key strategic issues relevant to companies.

The weakness of the West Midlands foresight approach to date has been ensuring its development into mainstream delivery. This extension of the programme will enable the region to further develop its foresight activity before it becomes fully mainstreamed within the UK Small Business Service and their Business Link network.

In addition to supporting the development of the RDA cluster approach, the newly emerging foresight programme in the West Midlands region will support the development of High Technology corridors, where there is particular potential to attract and grow high technology industries included in the target clusters.

4.5 Comparison with other regions in the UK

The West Midlands Regional Foresight programme has become one of several best practice approaches to foresight in the UK (other regions are North East, Scotland and Northern Ireland) and was recognised by the UK department of Trade and Industry in its publication the Foresight Effect and has also been highlighted in their reports on regional foresight. The programme has also received publicity from the Confederation of British Industry (CBI) in their “Fit for the Future” programme.

The more established foresight regions in the UK, Northern Ireland, Scotland and the North-East, have invested greatly in the development of their Foresight activities, which have been operational for between 5 and 7 years. In comparison to these regions the West Midlands has developed a significant Foresight programme within a shorter timescale, with activity now in its third year.

Examination of the approaches used for the development of industrial sectors within these 3 regions and the West Midlands reveals a consistent approach to Foresight of working with sector panels, assimilating the findings of National Foresight work with regional research and disseminating the findings through conferences and facilitation work with companies.

While the West Midlands Regional Foresight programme began in 1999 at the same time as the UK Foresight Programme established their Business and the Regions team, other regions have been slower to develop their capability and capacity.

With limited financial resources (often only covering staff costs) other regions including South West and London have focussed on delivering the findings of nationally developed reports at regional events. Whilst well received, this type of approach is inconsistent with the development of Regional Foresight activity in the more advanced regions where foresight is an integral activity of economic development strategy.

An evaluation of the relationship between the National programme and activity within the West Midlands reveals that elements of the national programme were embedded at the regional level (e.g. panels, dissemination events), however the regional steering group were constantly evaluating the position of the regional programme to ensure that it met the requirements of local SMEs (more focussed on practical business outputs). This was seen as the greatest area of difficulty, with the National Programme developing ideas (largely academic in focus) for engaging with the business community from a limited knowledge base with the expectation of these being successfully delivered by local partners. In reality over time the profile of successful regions in the UK is that they embed the work of the national programme as and when appropriate to the needs of SMEs and within the context of regional development (focussed on business growth).

Detailed examination of innovation success within the regions of the UK reveals that the West Midlands, North East, Scotland and Northern Ireland regions of the UK are not growing as fast as other parts of the UK. Could this be a strategic reason as to why these regions have chosen to adopt foresight?

In addition a comparison of the management of regional foresight approaches across the UK reveals a series of interesting findings:

- A wide cross-section of organisations are involved in delivering foresight in the regions including; Development Agencies (including the Welsh Development Agency and Scottish Enterprise), Government Offices, Universities, technology and innovation centres and private companies.
- Regional Foresight activity in the more developed regions is undertaken by organisations other than a development agency, although they are key strategic partners in the process. In comparison in less developed regions foresight activity is undertaken by in-house staff. Within the West Midlands the capacity for delivering foresight exists at an individual rather than an institutional level. This is primarily as a result of the business focus of the programme, both at the SME and the regional development level (within the RDA).

(e.g. In the West Midlands Foresight has been delivered by Coventry University Enterprises, although it is a key programme of the regional development agency. Similarly in the North East the regional Foresight programme is delivered by RTC North in close liaison with their RDA One North East.)

In addition to this foresight activity, the North East region is a leading figure in the adoption of young foresight. This programme sits alongside the UK Department of Trade and Industry Foresight programme and provides opportunity for students (14-years of age) to design products and services for the future (from conceptualisation, to design, to adaptability in the marketplace) as part of the UK design and technology curriculum. Through the use of industry mentors Young Foresight encourages students to anticipate future trends and consumer behaviour and design products that will perform well in a world that hasn't yet arrived.

As with many other regions of the UK there is significant opportunity for regions to establish networks of Foresight professionals to embed thinking within regional and local government in a more holistic way (e.g. focussing on other areas including physical and urban regeneration), ensuring the institutional development of Foresight within the region.

5.0 CONCLUSION

Regional foresight in the West Midlands has gained increasing acceptance as a system for promoting visionary thinking within SMEs and sector groups.

The case study provides an interesting comparison to other regional foresight approaches within the UK which are either more established (North-East, Scotland and Northern Ireland), those regions who are beginning to develop their capability and those who to date have no formal foresight approach.

The successful development of a regional foresight approach is dependant on a variety of factors including:

Appropriate funding support - This is essential to develop and support regional panels and expert groups, including secondary and primary research and dissemination of information. Without the use of the Structural Funds and further public sector support the Foresight programme in the West Midlands would NOT have been developed.

Involvement of appropriate organisations – The leading regions within the UK in the practice of regional foresight are all either led by or involve organisations other than an RDA or Government Office.

- **Skills** – A reason for this could be the level of available skills within public sector agencies to deliver a practical programme of this nature.
- **Engagement** – Similarly such public sector agencies are not fully engaged with private sectors organisations and particularly SMEs who are the focus of this activity.

Timescale – The timescale involved in the successful development of a regional foresight programme can be estimated at around 5 years (based on the experiences of Scotland, Northern Ireland and the North-East of the UK). Appropriate resources can reduce the timescale for embedding the programme.

Need – A review of the regions in the UK adopting foresight successfully reveals that collectively they are the ones most affected by industrial change during previous decades. Identifying a “Driver” for the adoption of regional foresight is the first stage in the development of a programme within a region. Within the West Midlands the development and implementation of a RIS provided a focus.

Conclusions can also be drawn from the UK Foresight model for embedding Foresight within regions. In 1999 only four regions in the UK were involved in foresight at a local level. Following the creation of the UK Foresight Business and the Regions Team in April 1999 that had increased to 11 regions by the end of 2001. Following a review of the UK Foresight Programme funding for regions has now ended (March 2002) and it is now expected that a number of regions in the UK will not continue with foresight. National programmes therefore play an important strategic role in the development of regional foresight initiatives and this should be enhanced by promoting foresight within other European Commission programmes e.g. IRE-IRC, Framework, RIS+, RIS for Associated States, giving support for the development of well structured and balanced approaches.